SINGLE AUDIT REPORT

STATE OF OKLAHOMA 2012

For the year ended June 30, 2012

Independently serving the citizens of Oklahoma by promoting the accountability and fiscal integrity of governmental funds.

Oklahoma State Auditor & Inspector
Gary A. Jones, CPA, CFE
Single Audit Report
For The Fiscal Year Ended June 30, 2012

Prepared by
Office of the State Auditor and Inspector

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

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March 28, 2013

TO THE HONORABLE MARY FALLIN, GOVERNOR
OF THE STATE OF OKLAHOMA 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, 2012. The audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996 and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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,

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
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Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Opinion on the Supplementary Schedule of Expenditures of Federal Awards
Independent Auditor’s Report

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

Compliance

We have audited the compliance of the State of Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. We did not audit compliance with those requirements that are applicable to the major federal programs administered by the Department of Commerce, the Department of Wildlife Conservation, Water Resources Board, or the Department of Environmental Quality, all of which were audited in accordance with the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. All of the federal programs for the above referenced agencies represent 2.27% of total expenditures for federal programs reported on the Schedule of Expenditures of Federal Awards. These entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to compliance with the compliance requirements for the above-mentioned entities, is based solely upon the reports of the other auditors.

The State of Oklahoma’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Oklahoma’s management. Our responsibility is to express an opinion on the State of Oklahoma’s compliance based on our audit and 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, 2012. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oklahoma’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Oklahoma’s compliance with those requirements.
As described in items 12-345-004, 12-345-011, and 12-345-012, in the accompanying schedule of findings and questioned costs, the State of Oklahoma did not comply with requirements regarding:

- Reporting applicable to 20.509-Formula Grants for Other than Urbanized Areas
- Subrecipient Monitoring and Special Test-R3-Subrecipient Monitoring applicable to 20.509-Formula Grants for Other than Urbanized Areas

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

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Oklahoma, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:


Internal Control Over Compliance

Management of the State of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Oklahoma’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be 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 a reasonable possibility that material noncompliance with a
A significant deficiency in internal control over compliance is a deficiency, or 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.

12-090-001 12-090-002 12-265-001 12-265-004 12-265-007
12-265-008 12-265-009 12-265-011 12-265-013 12-305-001
12-305-003 12-305-005 12-340-002 12-340-003 12-340-004
12-345-001 12-345-002 12-345-005 12-345-007 12-345-008
12-805-001 12-805-002 12-805-003 12-805-004 12-805-005
12-807-001 12-807-002 12-807-003 12-807-009 12-830-001
12-830-003 12-830-004 12-830-007 12-830-008 12-830-010
12-830-011

Schedule of Expenditures of Federal Awards

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 for the State of Oklahoma as of and for the year ended June 30, 2012, and have issued our report dated January 30, 2013, which contained an unqualified opinion on those financial statements. Our report also included emphasis paragraphs on the unfunded actuarial accrued liability of the Teachers’ Retirement System and the net deficit of the Multiple Injury Trust Fund, and the identification of financial statements audited by other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Oklahoma’s financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The Selected Activities for Internal Service Type Funds section listed in the table of contents has not been audited by us, and accordingly, we express no opinion on it.

The State of Oklahoma’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of Oklahoma’s responses and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the State of Oklahoma’s major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the State of Oklahoma’s compliance but not to provide an opinion on the effectiveness of the State of Oklahoma’s internal control over compliance.
This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the State of Oklahoma’s compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

March 28, 2013 except as to the Schedule of Expenditures of Federal Awards, for which the date is January 30, 2013
Schedule of Expenditures of Federal Awards
By Federal Grantor
Schedule of Expenditures of Federal Awards
By Federal Grantor
<table>
<thead>
<tr>
<th>CFDA Expenditures/Expenses</th>
<th>Agency</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
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</tr>
<tr>
<td>Plant and Animal Disease, Pest Control, and Animal Care</td>
<td>Department of Agriculture</td>
<td>$688,946</td>
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<tr>
<td>Conservation Reserve Program</td>
<td>Department of Agriculture</td>
<td>$99,934</td>
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<tr>
<td>Market Protection and Promotion</td>
<td>Department of Agriculture</td>
<td>6,272</td>
</tr>
<tr>
<td>Specialty Crop Block Grant Program - Farm Bill</td>
<td>Department of Agriculture</td>
<td>283,142</td>
</tr>
<tr>
<td>Cooperative Agreements with States for Intrastate Meat and Poultry Inspection</td>
<td>Department of Agriculture</td>
<td>1,591,638</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>Department of Human Services</td>
<td>951,936,399</td>
</tr>
<tr>
<td>State Administrative Matching Grants for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program</td>
<td>Department of Human Services</td>
<td>48,817,777</td>
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<tr>
<td>School Breakfast Program (SBP)</td>
<td>Department of Education</td>
<td>53,723,924</td>
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<tr>
<td>National School Lunch Program (NSLP)</td>
<td>Department of Education</td>
<td>144,455,800</td>
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<tr>
<td>Special Milk Program for Children (SMP)</td>
<td>Department of Education</td>
<td>20,392</td>
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<tr>
<td>Summer Food Service Program for Children (SFSPC)</td>
<td>Department of Education</td>
<td>3,233,991</td>
</tr>
<tr>
<td>Special Supplemental Nutrition Program for Women, Infants, and Children</td>
<td>10.557 State Department of Health</td>
<td>87,769,316</td>
</tr>
<tr>
<td>Child and Adult Care Food Program</td>
<td>Department of Education</td>
<td>57,215,571</td>
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<tr>
<td>State Administrative Expenses for Child Nutrition</td>
<td>Department of Human Services</td>
<td>411,099</td>
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<tr>
<td>Commodity Supplemental Food Program</td>
<td>Department of Human Services</td>
<td>2,612,462</td>
</tr>
<tr>
<td>Emergency Food Assistance Program (Administrative Costs)</td>
<td>10.568 Department of Human Services</td>
<td>524,137</td>
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<tr>
<td>Emergency Food Assistance Program (Food Commodities)</td>
<td>10.569 Department of Human Services</td>
<td>3,968,985</td>
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<tr>
<td>Senior Farmers Market Nutrition Program</td>
<td>Department of Human Services</td>
<td>58,337</td>
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<tr>
<td>WIC Grants to States</td>
<td>State Department of Health</td>
<td>72,156</td>
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<tr>
<td>Suppemental Nutrition Assistance Program, Process and Technology Grants</td>
<td>Department of Human Services</td>
<td>152,662</td>
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<tr>
<td>Fresh Fruit and Vegetable Program</td>
<td>Department of Education</td>
<td>2,412,743</td>
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<td>Cooperative Forestry Assistance</td>
<td>Department of Agriculture</td>
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<td>Forest Legacy Program</td>
<td>Department of Agriculture</td>
<td>2,383</td>
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<td>Soil and Water Conservation</td>
<td>Conservation Commission</td>
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<td>Environmental Quality Incentives Program</td>
<td>Department of Agriculture</td>
<td>54,428</td>
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<tr>
<td>Wildlife Habitat Incentive Program</td>
<td>Department of Wildlife Conservation</td>
<td>72,242</td>
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<tr>
<td>ARRA - Watershed Rehabilitation Program</td>
<td>Conservation Commission</td>
<td>6,076,891</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>1,390,700,427</td>
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<tr>
<td><strong>U.S. Department of Commerce</strong></td>
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<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
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<td></td>
</tr>
<tr>
<td>Public Safety Interoperable Communications Grant Program</td>
<td>Department of Public Safety</td>
<td>2,012,062</td>
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<tr>
<td>ARRA-Broadband Technology Opportunities Program (BTOP)</td>
<td>Department of Libraries</td>
<td>(151,737)</td>
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<tr>
<td>ARRA - State Broadband Data and Development Grant Program</td>
<td>Office of Management and Enterprise Services</td>
<td>27,621,178</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>30,124,067</td>
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<tr>
<td><strong>U.S. Department of Defense</strong></td>
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</tr>
<tr>
<td>Direct Programs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement Technical Assistance For Business Firms</td>
<td>Department of Career &amp; Technology Education</td>
<td>531,765</td>
</tr>
<tr>
<td>Military Construction, National Guard</td>
<td>Oklahoma Military Department</td>
<td>2,098,196</td>
</tr>
<tr>
<td>Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&amp;M) Projects</td>
<td>Oklahoma Military Department</td>
<td>32,646,004</td>
</tr>
<tr>
<td>National Guard Challenge Program</td>
<td>Oklahoma Military Department</td>
<td>3,993,807</td>
</tr>
<tr>
<td>Troops to Teachers</td>
<td>Department of Education</td>
<td>245,255</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
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<td>39,515,027</td>
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<tr>
<td><strong>U.S. Drug Enforcement Administration</strong></td>
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<tr>
<td>Direct Programs:</td>
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<td></td>
</tr>
<tr>
<td>Other Federal Assistance - Marijuana Eradication</td>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>469,459</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>469,459</td>
</tr>
</tbody>
</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
## OKLAHOMA
Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
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</thead>
<tbody>
<tr>
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<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
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<td>Direct Programs:</td>
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<td>Community Development Block Grants/State's Program</td>
<td>14.228</td>
<td>Department of Commerce</td>
<td>23,320,930</td>
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<tr>
<td>and Non-Entitlement Grants in Hawaii</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ARRA - Community Development Block Grants/State's</td>
<td>14.255</td>
<td>Department of Commerce</td>
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<td>Program and Non-Entitlement Grants in Hawaii</td>
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<td></td>
<td>25,328,915</td>
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<td>Emergency Solutions Grant Program</td>
<td>14.231</td>
<td>Department of Commerce</td>
<td>555,381</td>
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<tr>
<td>Shelter Plus Care</td>
<td>14.238</td>
<td>Mental Health and Substance Abuse</td>
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<td>Services</td>
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<td>Community Development Block Grants/Brownfields Economic Development Initiative</td>
<td>14.246</td>
<td>Department of Commerce</td>
<td>137,200</td>
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<td>ARRA - Homelessness Prevention and Rapid Re-Housing Program</td>
<td>14.257</td>
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<td>2,267,677</td>
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<td><strong>Subtotal</strong></td>
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<td>28,493,492</td>
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<td><strong>U.S. Department of the Interior</strong></td>
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<tr>
<td>Direct Programs:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Regulation of Surface Coal Mining and Surface</td>
<td>15.250</td>
<td>Department of Mines</td>
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<tr>
<td>Effects of Underground Coal Mining</td>
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<tr>
<td>Abandoned Mine Land Reclamation (AMLR) Program</td>
<td>15.252</td>
<td>Conservation Commission</td>
<td>1,675,024</td>
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<td>Water SMART (Sustaining and Manage America's Resources for Tomorrow)</td>
<td>15.507</td>
<td>Water Resources Board</td>
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<td>Federal Oil and Gas Royalty Management State and Tribal Coordination</td>
<td>15.427</td>
<td>State Auditor and Inspector</td>
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<td>Recreation Resource Management</td>
<td>15.524</td>
<td>Department of Agriculture</td>
<td>36,927</td>
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<td></td>
<td>15.524</td>
<td>Department of Tourism and Recreation</td>
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<td>Sport Fish Restoration Program</td>
<td>15.605</td>
<td>Department of Wildlife Conservation</td>
<td>6,312,708</td>
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<td>Wildlife Restoration and Basic Hunter Education</td>
<td>15.611</td>
<td>Department of Wildlife Conservation</td>
<td>5,635,195</td>
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<td>Fish and Wildlife Management Assistance</td>
<td>15.608</td>
<td>Department of Wildlife Conservation</td>
<td>495,450</td>
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<td>Clean Vessel Act</td>
<td>15.616</td>
<td>Department of Environmental Quality</td>
<td>315,655</td>
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<td>Enhanced Hunter Education and Safety Program</td>
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<td>140,090</td>
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<td>Partners for Fish and Wildlife</td>
<td>15.631</td>
<td>Conservation Commission</td>
<td>47,500</td>
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<td>Landowner Incentive Program</td>
<td>15.633</td>
<td>Department of Wildlife Conservation</td>
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<td>State Wildlife Grants</td>
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<td>State Wildlife Grants</td>
<td>15.634</td>
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<td>232,873</td>
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<td>State Justice Statistics Program for Statistical</td>
<td>15.648</td>
<td>Office of Juvenile Affairs</td>
<td>82,470</td>
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<td>Analysis Centers</td>
<td>15.650</td>
<td>Department of Wildlife Conservation</td>
<td>99,813</td>
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<td>ARRA - Habitat Enhancement, Restoration and Improvement</td>
<td>15.656</td>
<td>Department of Wildlife Conservation</td>
<td>15,004</td>
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<td>U.S. Geological Survey Research and Data Collection</td>
<td>15.808</td>
<td>Water Resources Board</td>
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<td>Historic Preservation Fund Grants-In-Aid</td>
<td>15.904</td>
<td>Historical Society</td>
<td>900,343</td>
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<td>Outdoor Recreation - Acquisition, Development and Planning</td>
<td>15.916</td>
<td>Department of Tourism and Recreation</td>
<td>358,582</td>
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<td>Cost Reimbursement Contracts:</td>
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<td>American Battlefield Protection</td>
<td>15.926</td>
<td>Historical Society</td>
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<tr>
<td>McGee Creek Project</td>
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<td>216,888</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td>18,698,857</td>
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<td><strong>U.S. Department of Justice</strong></td>
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<td>Direct Programs:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Sexual Assault Services Formula Program</td>
<td>16.017</td>
<td>District Attorneys Council</td>
<td>235,045</td>
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<td>Juvenile Justice and Delinquency Prevention -</td>
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<tr>
<td>Allocation to States</td>
<td>16.540</td>
<td>Office of Juvenile Affairs</td>
<td>581,109</td>
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<td>Missing Children's Assistance</td>
<td>16.543</td>
<td>State Bureau of Investigation</td>
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<tr>
<td>Title V - Delinquency Prevention Program</td>
<td>16.548</td>
<td>Office of Juvenile Affairs</td>
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<td>National Criminal History Improvement Program (NCHIP)</td>
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<td>Crime Victim Assistance</td>
<td>16.575</td>
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<td>Crime Victim Compensation</td>
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<td>Crime Victim Assistance/Discretionary Grants</td>
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<td>Drug Court Discretionary Grant Program</td>
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<td>Mental Health and Substance Abuse</td>
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<td>ARRA - Violence Against Women Formula Grants</td>
<td>16.588</td>
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<td>Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program</td>
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<td>Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program</td>
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<td>District Attorneys Council</td>
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</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
## OKLAHOMA
### Schedule of Expenditures of Federal Awards By Federal Grantor for the Fiscal Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Federal Grantor/Pass-Through Grantor</th>
<th>Program Title</th>
<th>Agency</th>
<th>Agency State</th>
<th>Expenditures/Expenses</th>
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<td>Public Safety Partnership and Community Policing Grants</td>
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<td>16.710</td>
<td>State Bureau of Investigation</td>
<td></td>
<td></td>
<td></td>
<td>2,977</td>
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<tr>
<td>16.710</td>
<td>Department of Public Safety</td>
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<td>806,452</td>
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### U.S. Department of Labor

#### Direct Programs:
- Labor Force Statistics
- Compensation and Working Conditions
- Employment Service/Wagner-Peyser Funded Activities
- Disabled Veterans’ Outreach Program (DVOP)
- Local Veterans’ Employment Representative Program
- Unemployment Insurance
- ARRA-Unemployment Insurance
- Trade Adjustment Assistance
- WIA Adult Program
- ARRA- WIA Adult Program
- WIA Youth Activities
- ARRA- WIA Youth Activities
- WIA Dislocated Worker Formula Grants
- WIA Dislocated Workers
- ARRA- WIA Dislocated Workers
- Workforce Investment ACT (WIA) National Emergency Grants
- H-1B Job Training Grants
- Work Opportunity Tax Credit Program (WOTC)
- Temporary Labor Certification for Foreign Workers
- ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
- Consultation Agreements
- Mine Health and Safety Grants
- Homeless Veterans Reintegration Program
- Subtotal

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
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<td>17.804</td>
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<td>17.245</td>
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<td>17.258</td>
<td>Department of Commerce</td>
<td>(8,024)</td>
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<td>17.259</td>
<td>Department of Commerce</td>
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<td>17.259</td>
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<td>17.275</td>
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<td>17.504</td>
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<td>17.600</td>
<td>Department of Mines</td>
<td>107,800</td>
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<td>17.805</td>
<td>Department of Commerce</td>
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### U.S. Department of Transportation

#### Direct Programs:
- Airport Improvement Program

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<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
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<td>20.106</td>
<td>Oklahoma Aeronautics Commission</td>
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<tr>
<td>20.106</td>
<td>Oklahoma Space Industry Dev. Authority</td>
<td>490,140</td>
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</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
### OKLAHOMA
Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
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<tbody>
<tr>
<td></td>
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<td>Agency</td>
<td>State</td>
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<td>Highways Research and Development Program</td>
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<td>Department of Transportation</td>
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<tr>
<td>Highway Planning and Construction</td>
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<td>Department of Transportation</td>
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<td>ARRA - Highway Planning and Construction</td>
<td>20.205</td>
<td>Department of Transportation</td>
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<td>Recreational Trails Program</td>
<td>20.219</td>
<td>Department of Tourism and Recreation</td>
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<td></td>
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<td>Highway Training and Education</td>
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<td>National Motor Carrier Safety</td>
<td>20.218</td>
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<td>Safety Data Improvement Program</td>
<td>20.234</td>
<td>Department of Public Safety</td>
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<td>20.238</td>
<td>Department of Public Safety</td>
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<td>Metropolitan Transportation Planning</td>
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<td>Formula Grants for Other Than Urbanized Areas</td>
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<td>ARRA - Formula Grants for Other Than Urbanized Areas</td>
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<td>Department of Transportation</td>
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<td></td>
<td>Department of Transportation</td>
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<td>Department of Human Services</td>
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<td>and Persons with Disabilities</td>
<td>20.516</td>
<td>Department of Transportation</td>
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<td>New Freedom Program</td>
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<td>Department of Transportation</td>
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<td>Department of Public Safety</td>
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<td>Alcohol Impaired Driving Countermeasures Incentive Grants I</td>
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<td>Department of Public Safety</td>
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<td>Safety Belt Performance Grants</td>
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<td>Department of Public Safety</td>
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<td>State Traffic Safety Information System Improvement Grants</td>
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<td>Incentive Grant Program to Increase Motorcyclist Safety</td>
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<td>National Highway Traffic Safety Administration (NHTSA) Discretionary</td>
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<td>Department of Emergency Management</td>
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<td>All-Volunteer Force Educational Assistance</td>
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<td>Department of Veterans Affairs</td>
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<td>Surveys, Studies, Research, Investigations, Demonstrations, and</td>
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<td>Department of Environmental Quality</td>
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<td>Special Act Purpose Activities Relating to the Clean Air Act</td>
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<td>ARRA - National Clean Diesel Emissions Reduction Program</td>
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<td>Department of Environmental Quality</td>
<td>282,524</td>
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</tbody>
</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
### OKLAHOMA

**Schedule of Expenditures of Federal Awards By Federal Grantor for the Fiscal Year Ending June 30, 2012**

<table>
<thead>
<tr>
<th>CFDA Expenditures/Expenses</th>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>Expenditures/Expenses</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Congressionally Mandated Projects</td>
<td>66.202 Water Resources Board 15,067</td>
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<tr>
<td></td>
<td>Water Pollution Control State, Interstate, and Tribal Program Support</td>
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<td>State Underground Water Source Protection</td>
<td>66.433 Corporation Commission 385,818</td>
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<td>Water Quality Management Planning</td>
<td>66.454 Water Resources Board 98,098</td>
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<td>ARRA - Water Quality Management Planning</td>
<td>66.454 Water Resources Board 12,730</td>
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<td></td>
<td>ARRA - Capitalization Grants for Clean Water State Revolving Fund</td>
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<td>Nonpoint Source Implementation Grants</td>
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<td>Regional Wetland Program Development Grants</td>
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<td>Capitalization Grants for Drinking Water</td>
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<td>ARRA - Capitalization Grants for Drinking Water State Revolving Fund</td>
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<td>Performance Partnership Grants</td>
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<td>Environmental Information Exchange Network Grant Program and Related Assistance</td>
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<td>Consolidated Pesticide Enforcement Cooperative Agreements</td>
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<td>Toxic Substances Compliance Monitoring Cooperative Agreements</td>
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<td>Pollution Prevention Grants Program</td>
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<td>Multi-Media Capacity Building Grants for States and Tribes</td>
<td>66.709 Corporation Commission 4,866</td>
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<td>Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements</td>
<td>66.802 Department of Environmental Quality (893,870)</td>
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<td>Underground Storage Tank Prevention, Detection and Compliance Program</td>
<td>66.804 Corporation Commission 520,445</td>
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<td>Leaking Underground Storage Tank Trust Fund Corrective Action Program</td>
<td>66.805 Corporation Commission 1,182,507</td>
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<td></td>
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<td>State and Tribal Response Program Grants</td>
<td>66.817 Department of Environmental Quality 402,528</td>
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<td></td>
<td>Brownfields Assessments and Cleanup Cooperative Agreements</td>
<td>66.818 Department of Environmental Quality 58,813</td>
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<td></td>
<td>ARRA - Brownfields Assessments and Cleanup Cooperative Agreements</td>
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### U.S. Department of Energy

**Direct Programs:**

<table>
<thead>
<tr>
<th>Expenditures/Expenses</th>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>Expenditures/Expenses</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>State Energy Program</td>
<td>81.041 Department of Environmental Quality 158,600</td>
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<td></td>
<td>ARRA - State Energy Program</td>
<td>81.041 Department of Commerce 693,576</td>
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<tr>
<td></td>
<td>Weatherization Assistance for Low-Income Persons</td>
<td>81.042 Department of Commerce 1,682,682</td>
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<tr>
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<td>ARRA - Weatherization Assistance for Low-Income Persons</td>
<td>81.042 Department of Commerce 19,532,901</td>
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<td></td>
<td>Renewable Energy Research and Development</td>
<td>81.087 Department of Commerce 54,526</td>
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<tr>
<td></td>
<td>Electricity Delivery and Energy Reliability, Research, Development, and Analysis</td>
<td>81.122 Corporation Commission 127,772</td>
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<td>ARRA - Energy Efficient Appliance Rebate Program</td>
<td>81.127 Department of Commerce 179,545</td>
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<td>ARRA - Energy Efficiency and Conservation Block Grant Program</td>
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<td>Subtotal</td>
<td>50,547,538 $</td>
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### U.S. Department of Education

**Direct Programs:**

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<tr>
<th>Expenditures/Expenses</th>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>Expenditures/Expenses</th>
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<tr>
<td></td>
<td>Adult Education - Basic State Grant to States</td>
<td>84.002 Department of Education 5,493,288</td>
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<td>Title I Grants to Local Educational Agencies</td>
<td>84.010 Department of Education 203,825,198</td>
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<td>ARRA - Title I Grants to Local Educational Agencies, Recovery Act</td>
<td>84.389 Department of Education 10,770,894</td>
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<td>Migrant Education - Coordination Program</td>
<td>84.144 Department of Education 70,670</td>
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<td>Migrant Education - State Grant Program</td>
<td>84.011 Department of Education 1,715,291</td>
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<td></td>
<td>Title I State Agency Program for Neglected and Delinquent Children and Youth</td>
<td>84.013 Department of Education 740,816</td>
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<td>Special Education - Grants to States</td>
<td>84.027 Department of Education 151,876,213</td>
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<td>Special Education - Preschool Grants</td>
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<td>ARRA - Special Education - Grants to States, Recovery Act</td>
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<td>ARRA - Special Education - Preschool Grants, Recovery Act</td>
<td>84.392 Department of Education 149,927</td>
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See Accompanying Notes to the Schedule of Expenditures of Federal Awards
<table>
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<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Agency Expenditures</th>
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<td>Career and Technical Education - Basic Grants to States</td>
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<td>ARRA - Independent Living States Grants, Recovery Act</td>
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<td>Rehabilitation Services Independent Living Services for Older Individuals Who are Blind</td>
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<td>Special Education - Grants for Infants and Families</td>
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<td>ARRA - Special Education - Grants for Infants and Families, Recovery Act</td>
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<td>Byrd Honors Scholarships</td>
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<td>Safe and Drug-Free Schools and Communities - State Grants</td>
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<td>Education Technology State Grants</td>
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<td>ARRA - Education Technology State Grants, Recovery Act</td>
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<td>Grants to States for Workplace and Community Transition Training for Incarcerated Individuals</td>
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<td>Rural Education</td>
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<td>English Language Acquisition State Grants</td>
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<td>Mathematics and Science Partnerships</td>
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<td>Department of Education</td>
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<td>Improving Teacher Quality State Grants</td>
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<td>Department of Education</td>
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<tr>
<td>Grants for State Assessments and Related Activities</td>
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<td>Striving Readers</td>
<td>84.371</td>
<td>Department of Education</td>
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<td>School Improvement Grants</td>
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<td>Department of Education</td>
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<td>ARRA - School Improvement Grants, Recovery Act</td>
<td>84.388</td>
<td>Department of Education</td>
<td>14,122,032</td>
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<tr>
<td>ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act</td>
<td>84.394</td>
<td>Office of the Governor</td>
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<td>38,664,831</td>
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<td>ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act</td>
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<td>Office of the Governor</td>
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<td>ARRA - Education Jobs Fund</td>
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<td>Office of the Governor</td>
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**Subtotal**: 627,224,108

**National Archives and Records Administration**

Direct Programs:

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<th>Expenditures</th>
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<td>National Historical Publications and Records Grants</td>
<td>89.003</td>
<td>Department of Libraries</td>
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<td>Help America Vote Act Requirements Payments</td>
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<td>State Election Board</td>
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**Subtotal**: 14,436,554

**U.S. Department of Health and Human Services**

Direct Programs:

<table>
<thead>
<tr>
<th>Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures</th>
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<tbody>
<tr>
<td>Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation</td>
<td>93.041</td>
<td>Department of Human Services</td>
<td>58,479</td>
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<td>Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals</td>
<td>93.042</td>
<td>Department of Human Services</td>
<td>198,890</td>
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<td>Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services</td>
<td>93.043</td>
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<tr>
<td>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers</td>
<td>93.044</td>
<td>Department of Human Services</td>
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<td>Special Programs for the Aging - Title III, Part C - Nutrition Services</td>
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<td>Nutrition Services Incentive Program</td>
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<td>Department of Human Services</td>
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**See Accompanying Notes to the Schedule of Expenditures of Federal Awards**
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
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<tr>
<td>Theme: Special Programs for the Aging - Title IV and Title II</td>
<td>93.048</td>
<td>Department of Human Services</td>
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<td>Discretionary Projects</td>
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<td>Oklahoma Insurance Department</td>
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<td>Alzheimer's Disease Demonstration Grants to States</td>
<td>93.051</td>
<td>Department of Human Services</td>
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<td>National Family Caregiver Support, Title III, Part E</td>
<td>93.052</td>
<td>Department of Human Services</td>
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<td>Public Health Emergency Preparedness</td>
<td>93.069</td>
<td>State Department of Health</td>
<td>8,316,349</td>
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<td>Environmental Public Health and Emergency Response</td>
<td>93.070</td>
<td>State Department of Health</td>
<td>415,759</td>
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<td>Medicare Enrollment Assistance Program</td>
<td>93.071</td>
<td>State Department of Health</td>
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<td>Lifespan Respite Care Program</td>
<td>93.072</td>
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<td>Healthy Marriage Promotion and Responsible Fatherhood Grants</td>
<td>93.086</td>
<td>Department of Human Services</td>
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<td>Enhance the Safety of Children Affected by Substance Abuse</td>
<td>93.087</td>
<td>Mental Health and Substance Abuse Services</td>
<td>536,059</td>
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<td>Emergency System for Advance Registration of Volunteer</td>
<td>93.089</td>
<td>State Department of Health</td>
<td>136,199</td>
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<tr>
<td>Affordable Care Act (ACA) Personal Responsibility Education Program</td>
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<td>State Department of Health</td>
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<td>Food and Drug Administration Research</td>
<td>93.103</td>
<td>Department of Agriculture</td>
<td>92,265</td>
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<td>Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)</td>
<td>93.104</td>
<td>Mental Health and Substance Abuse Services</td>
<td>2,469,930</td>
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<td>Maternal and Child Health Federal Consolidated Programs</td>
<td>93.110</td>
<td>State Department of Health</td>
<td>237,672</td>
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<td>Project Grants and Cooperative Agreements for Tuberculosis Control Programs</td>
<td>93.116</td>
<td>State Department of Health</td>
<td>727,497</td>
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<td>Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices</td>
<td>93.130</td>
<td>State Department of Health</td>
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<td>ARRA - State Primary Care Offices</td>
<td>93.414</td>
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<td>Injury Prevention and Control Research</td>
<td>93.136</td>
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<td>State and Community Based Programs</td>
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<td>Mental Health and Substance Abuse Services</td>
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<td>Projects for Assistance in Transition from Homelessness (PATH)</td>
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<td>State Department of Health</td>
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<td>Childhood Lead Poisoning Prevention Projects - State and Local</td>
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<td>State Department of Health</td>
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<tr>
<td>Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children</td>
<td>93.217</td>
<td>State Department of Health</td>
<td>4,295,719</td>
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<tr>
<td>Affordable Care Act (ACA) Abstinence Education Program</td>
<td>93.235</td>
<td>State Department of Health</td>
<td>75,298</td>
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<td>Substance Abuse and Mental Health Services - Projects of Regional and National Significance</td>
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<td>Mental Health and Substance Abuse Services</td>
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<td>Universal Newborn Hearing Screening</td>
<td>93.251</td>
<td>State Department of Health</td>
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<td>Occupational Safety and Health Program</td>
<td>93.262</td>
<td>State Department of Health</td>
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<td>Immunization Cooperative Agreements</td>
<td>93.268</td>
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<td>93.712</td>
<td>State Department of Health</td>
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<td>Adult Viral Hepatitis Prevention and Control - Investigations and Technical Assistance</td>
<td>93.283</td>
<td>State Department of Health</td>
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<td>State Partnership Grant Program to Improve Minority Health</td>
<td>93.296</td>
<td>State Department of Health</td>
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<td>ACA - Maternal, Infant and Early Childhood Home Visiting Program</td>
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<td>Direct Patient Access Employees of Long Term Care Facilities and Providers</td>
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<td>State Department of Health</td>
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<td>PPfH 2012 National Public Health Improvement Initiative</td>
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<td>State Department of Health</td>
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<td>Affordable Care Act - Aging and Disability Resource Center</td>
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<td>Affordable Care Act - Medicare Improvements for Patients and Providers</td>
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<td>Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work</td>
<td>93.520</td>
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<tr>
<td>The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infectious Program (EIP) Cooperative Agreements; PPfH</td>
<td>93.521</td>
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<td>State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges</td>
<td>93.525</td>
<td>Health Care Authority</td>
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<tr>
<td>PPfH 2012 - Prevention and Public Health Fund (Affordable Care Act) Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds</td>
<td>93.539</td>
<td>State Department of Health</td>
<td>101,010</td>
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<td>The Patient Protection and Affordable Care Act of 2010 (ACA)</td>
<td>93.541</td>
<td>State Department of Health</td>
<td>391,929</td>
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<tr>
<td>The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program</td>
<td>93.544</td>
<td>State Department of Health</td>
<td>59,388</td>
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<td>Transitional Living for Homeless Youth</td>
<td>93.550</td>
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<tr>
<td>Promoting Safe and Stable Families</td>
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<td>Department of Human Services</td>
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See Accompanying Notes to the Schedule of Expenditures of Federal Awards
## OKLAHOMA
### Schedule of Expenditures of Federal Awards By Federal Grantor for the Fiscal Year Ending June 30, 2012

<table>
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<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
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<td>Temporary Assistance for Needy Families (TANF)</td>
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<td>Department of Human Services</td>
<td>39,511,578</td>
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<td>ARRA - Child Support Enforcement</td>
<td>93.563</td>
<td>Department of Human Services</td>
<td>3,723,400</td>
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<td>Child Support Enforcement Research</td>
<td>93.564</td>
<td>Department of Human Services</td>
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<td>Refugee and Entrant Assistance - State Administered Programs</td>
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<td>Low-Income Home Energy Assistance</td>
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<td>Child Care and Development Block Grant</td>
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<td>Supreme Court</td>
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<td>Community-Based Child Abuse Prevention Grants</td>
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<td>State Department of Health</td>
<td>889,135</td>
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<td>Grants to States for Access and Visitiation Programs</td>
<td>93.597</td>
<td>Department of Human Services</td>
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<td>Chafee Education and Training Vouchers Program (ETV)</td>
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<td>Child Support Enforcement Demonstrations and Special Projects</td>
<td>93.601</td>
<td>Department of Human Services</td>
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<td>Adoption Incentive Payments</td>
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<td>Family Connection Grants</td>
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<td>Head Start</td>
<td>93.600</td>
<td>Department of Commerce</td>
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<td>Voting Access for Individuals with Disabilities - Grants for States</td>
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<td>State Election Board</td>
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<tr>
<td>Developmental Disabilities Basic Support and Advocacy Grants</td>
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<td>Department of Human Services</td>
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<td>Children's Justice Grants to States</td>
<td>93.643</td>
<td>Department of Human Services</td>
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<td>Adoption Opportunities</td>
<td>93.652</td>
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<tr>
<td>Foster Care - Title IV-E</td>
<td>93.658</td>
<td>Department of Human Services</td>
<td>32,155,733</td>
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<td>ARRA - Foster Care - Title IV-E</td>
<td>93.658</td>
<td>Department of Human Services</td>
<td>65,234</td>
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<td>Adoption Assistance</td>
<td>93.659</td>
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<td>29,947,382</td>
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<td>ARRA - Adoption Assistance</td>
<td>93.659</td>
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<td>25,473</td>
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<td>Social Services Block Grant</td>
<td>93.667</td>
<td>Department of Human Services</td>
<td>35,016,450</td>
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<td>Child Abuse and Neglect State Grants</td>
<td>93.669</td>
<td>Department of Human Services</td>
<td>388,408</td>
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<td>Family Violence Prevention and Services/Grants for Battered</td>
<td>93.671</td>
<td>Attorney General</td>
<td>1,094,073</td>
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<td>Women's Shelters - Grants to States and Indian Tribes</td>
<td>93.674</td>
<td>Department of Human Services</td>
<td>2,732,246</td>
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<td>Chafee Foster Care Independence Program</td>
<td>93.674</td>
<td>State Department of Health</td>
<td>458,145</td>
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<tr>
<td>ARRA - Preventing Healthcare-Associated Infections</td>
<td>93.717</td>
<td>Health Care Authority</td>
<td>1,459,475</td>
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<td>ARRA - State Grants to Promote Health Information Technology</td>
<td>93.719</td>
<td>State Department of Health</td>
<td>359,525</td>
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<td>ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)</td>
<td>93.724</td>
<td>State Department of Health</td>
<td>6,510</td>
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<td>ARRA - Communities Putting Prevention to Work-Chronic Disease Self-Management Program</td>
<td>93.725</td>
<td>Department of Human Services</td>
<td>139,228</td>
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<td>ARRA - Communities Putting Prevention to Work-Chronic Disease Self-Management Program</td>
<td>93.725</td>
<td>State Department of Health</td>
<td>110,694</td>
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<td>Children's Health Insurance Program</td>
<td>93.767</td>
<td>Health Care Authority</td>
<td>249,922</td>
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<td>Medicare - Hospital Insurance</td>
<td>93.773</td>
<td>State Department of Health</td>
<td>789,264</td>
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<td>ARRA - Survey and Certification Ambulatory Surgical Center Healthcare - Associated Infection (ASC-HAI) Prevention Initiative</td>
<td>93.720</td>
<td>State Department of Health</td>
<td>11,545</td>
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<td>State Medicaid Fraud Control Units</td>
<td>93.775</td>
<td>Attorney General</td>
<td>1,327,288</td>
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<td>State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare</td>
<td>93.777</td>
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<td>5,807,053</td>
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<td>Medical Assistance Program</td>
<td>93.778</td>
<td>Medical Assistance Program</td>
<td>3,052,471,466</td>
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<td>ARRA-Medical Assistance Program</td>
<td>93.778</td>
<td>Health Care Authority</td>
<td>44,699,078</td>
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<td>Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations</td>
<td>93.779</td>
<td>Department of Human Services</td>
<td>8,465</td>
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<tr>
<td>Money Follows the Person Rebalancing Demonstration</td>
<td>93.791</td>
<td>Oklahoma Insurance Department</td>
<td>819,316</td>
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<td>National Bioterrorism Hospital Preparedness Program</td>
<td>93.889</td>
<td>Health Care Authority</td>
<td>4,124,374</td>
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<td>HIV Care Formula Grants</td>
<td>93.917</td>
<td>State Department of Health</td>
<td>4,580,582</td>
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<td>Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease</td>
<td>93.918</td>
<td>State Department of Health</td>
<td>8,429,889</td>
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<tr>
<td>Cooperative Agreements to Support Comprehensive School Health Programs To Prevent the Spread of HIV and Other Important Health Problems</td>
<td>93.938</td>
<td>Department of Education</td>
<td>123,430</td>
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<tr>
<td>HIV Prevention Activities - Health Department Based</td>
<td>93.940</td>
<td>State Department of Health</td>
<td>2,190,816</td>
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<tr>
<td>Human Immunodeficiency Virus (HIV) - Acquired</td>
<td>93.944</td>
<td>State Department of Health</td>
<td>523,827</td>
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</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
## OKLAHOMA
### Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs</td>
<td>93.946</td>
<td>State Department of Health</td>
<td>159,432</td>
</tr>
<tr>
<td>Trauma Care Systems Planning and Development</td>
<td>93.952</td>
<td>State Department of Health</td>
<td>59,137</td>
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<tr>
<td>Block Grants for Community Mental Health Services</td>
<td>93.958</td>
<td>Mental Health and Substance Abuse Services</td>
<td>3,914,480</td>
</tr>
<tr>
<td>Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>93.959</td>
<td>Mental Health and Substance Abuse Services</td>
<td>15,550,416</td>
</tr>
<tr>
<td>Preventive Health Services - Sexually Transmitted Diseases Control Grants</td>
<td>93.977</td>
<td>State Department of Health</td>
<td>1,208,082</td>
</tr>
<tr>
<td>Preventive Health and Health Services Block Grant</td>
<td>93.991</td>
<td>State Department of Health</td>
<td>452,657</td>
</tr>
<tr>
<td>Maternal and Child Health Services Block Grant to the States</td>
<td>93.994</td>
<td>State Department of Health</td>
<td>4,990,367</td>
</tr>
<tr>
<td>Other Federal Assistance - X-Ray Inspections</td>
<td>-</td>
<td>State Department of Health</td>
<td>61,928</td>
</tr>
<tr>
<td>Cost Reimbursement Contracts: Implementation Alcohol/Drug Data Collection</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>5,576</td>
</tr>
<tr>
<td>State Outcome Measurement &amp; Management System</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>152,488</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>3,785,022,480</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Corporation for National and Community Service | | |
| Direct Programs: | | |
| Learn and Serve America - Higher Education | 94.005 | Department of Education | (11,018) |
| Foster Grandparent Program | 94.011 | Department of Human Services | 453,626 |
| Volunteers in Service to America | 94.013 | Department of Education | 28,464 |
| **Subtotal** | **471,072** | | |

| Social Security Administration | | |
| Direct Programs: | | |
| Social Security - Disability Insurance | 96.001 | Department of Rehabilitation Services | 39,461,797 |
| **Subtotal** | **39,461,797** | | |

| U.S. Department of Homeland Security | | |
| Direct Programs: | | |
| Non-Profit Security Program | 97.008 | Department of Public Safety | 6,861,205 |
| Boating Safety Financial Assistance | 97.012 | Department of Public Safety | 2,205,417 |
| Community Assistance Program State Support Services | | |
| Emergency Management Institute (EMI) - Independent Study Program | 97.027 | Department of Emergency Management | 354,022 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Department of Emergency Management | 58,369,794 |
| Hazard Mitigation Grant | 97.039 | Department of Emergency Management | 8,690,479 |
| National Dam Safety Program | 97.041 | Water Resources Board | 173,576 |
| Fire Management Assistance Grant | 97.046 | Department of Emergency Management | 120,820 |
| Pre-Disaster Mitigation | 97.047 | Department of Emergency Management | 70,898 |
| Emergency Operations Center | 97.052 | Department of Public Safety | 68,485 |
| Citizens - Community Resilience Innovation Challenge | 97.053 | Department of Public Safety | 137,065 |
| Interoperable Emergency Communications Grant | 97.055 | Department of Public Safety | 502,922 |
| Metropolitan Medical Response System | 97.071 | Department of Public Safety | 495,983 |
| State Homeland Security Program (SHSP) | 97.073 | Department of Public Safety | 6,225,829 |
| Law Enforcement Terrorism Prevention Program (LETPP) | 97.074 | Department of Public Safety | 339,328 |
| Buffer Zone Protection Program (BZPP) | 97.078 | Department of Public Safety | 606,418 |
| Earthquake Consortium | 97.082 | Department of Emergency Management | 148,494 |
| Repetitive Flood Claims | 97.092 | Department of Emergency Management | 273,170 |
| **Subtotal** | **89,450,115** | | |

| **Total Federal Assistance** | $ 7,581,871,959 | | |

Noncash Assistance

~ Partially Noncash Assistance

* Tested as a major program as defined by OMB Circular A-133

$ Program audited as a major program by independent auditor

& Programs defined as a cluster by OMB Circular A-133

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies


A. Reporting Entity

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

B. Basis of Presentation

The Schedule presents expenditures and expenses for the fiscal year ended June 30, 2012. The Schedule reports total federal award expenditures and expenses for each federal program as identified in the Catalog of Federal Domestic Assistance (CFDA). Federal awards without identified CFDA numbers have been identified as “Other Federal Assistance”.

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

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

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

Major programs are defined by levels of expenditures and expenses and risk assessments established in the OMB Circular A-133.
Notes to the Schedule of Expenditures of Federal Awards

C. Basis of Accounting

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

Note 2. State Unemployment Insurance Fund

Expenditures for unemployment insurance (CFDA 17.225) include State Unemployment Insurance (UI) funds as well as federal UI funds. The State portion of UI funds amounted to $265,805,076. The federal portion of UI funds amounted to $290,495,719 and additional funds of $1,659,672 were provided by the ARRA.

Note 3. Federally Funded Loan Programs

The Water Resources Board (WRB) administers the Oklahoma Clean Water Facility Construction Revolving Loan Account Program. The program had loans outstanding of $396,110,792 at June 30, 2012. A federal grant from the U.S. Environmental Protection Agency provides approximately 80% of the program’s loan funding, with State funds matching the remaining 20%.

The Oklahoma Department of Environmental Quality (ODEQ) administers the Oklahoma Drinking Water State Revolving Fund Program. The program had loans outstanding of $444,820,694 at June 30, 2012. The Oklahoma Drinking Water State Revolving Fund Program utilizes Federal Capitalization grants, from the U.S. Environmental Protection Agency under CFDA 66.468, required State matching funds equal to 20% of federal funds received, and interest income for drinking water loan assistance. Included in the schedule of federal expenditures are funds withdrawn for loans, State matching funds used for loans and program operating costs. During fiscal year 2012, the ODEQ withdrew federal funds in the amount of $8,852,282. Of these funds, no funds were used for disbursements on loans originated.

Note 4. Cost Recovery of Federal Program Expenditures

During fiscal year 2012, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of $17,766,718 on sales of formula to participants in the Special Supplemental Food Program for Women, Infants, and Children (CFDA No. 10.557). The rebate contracts are authorized by 7 CFR 46.26(m) as a cost containment measure. The cash rebates were treated as a credit against prior food expenditures.

The Oklahoma Department of Transportation has incurred significant expenditures on construction projects that have exceeded the contract amounts approved by the federal grantor. These project expenditures are held in suspense until modified contracts are approved by the federal grantor and the expenditures subsequently reimbursed. Project expenditures totaling $10,886,000 were in suspense at June 30, 2012, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.
Notes to the Schedule of Expenditures of Federal Awards

Note 5. Audits Provided by Auditors Other Than Principal Auditor

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce
Oklahoma Department of Wildlife
Oklahoma Water Resources Board

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.

Note 6. Department of Education Grant Transfers

The Department of Education made the following transferability payments between programs for the fiscal year 2012:

<table>
<thead>
<tr>
<th>Transferred To:</th>
<th>Improving Teacher Quality State Grants (CFDA #84.367)</th>
<th>Safe &amp; Drug Free School &amp; Communities State Grants (CFDA #84.186)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title I Grants to LEAs (CFDA #84.010)</td>
<td>$1,690,895.09</td>
<td>$</td>
</tr>
<tr>
<td>Education Technology State Grants (CFDA #84.318)</td>
<td>$928,440.20</td>
<td>$1,087.28</td>
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<tr>
<td></td>
<td>$2,619,335.29</td>
<td>$1,087.28</td>
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</table>

Note 7. Department of Transportation Federal Soft Match Provision

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

The Department utilized $90,831,403 of the soft match provision for projects billed during fiscal year 2012. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration (FHWA) for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to FHWA.
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Schedule of Findings and Questioned Costs
Schedule of Findings and Questioned Costs
Financial Statements

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

Internal control over financial reporting:

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

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

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


Federal Awards

Internal control over major programs:

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

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

Type of auditor’s report issued on compliance for major programs: Unqualified for all major programs except for 20.509 –Formula Audits for Other than Urbanized Areas (both ARRA and non-ARRA) which was qualified.

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

Dollar threshold used to distinguish between type A and type B programs: ................................ $22,745,616

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

Identification of Major Programs:

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<thead>
<tr>
<th>Program and CFDA Number</th>
<th>State Agency</th>
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</thead>
<tbody>
<tr>
<td>SNAP Cluster 10.551 Supplemental Nutrition Assistance Program (SNAP)</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>10.561 State Administrative Matching Grants for Supplemental Nutrition Assistance Program</td>
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### Schedule of Findings
#### Summary of Auditor’s Results

<table>
<thead>
<tr>
<th>Program and CFDA Number</th>
<th>State Agency</th>
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</thead>
<tbody>
<tr>
<td><strong>Child Nutrition Cluster</strong></td>
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<tr>
<td>10.553 School Breakfast Program (SBP)</td>
<td>Department of Education</td>
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<tr>
<td>10.555 National School Lunch Program (NSLP)</td>
<td>Department of Human Services</td>
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<td>10.555 National School Lunch Program (NSLP)</td>
<td>Department of Education</td>
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<tr>
<td>10.556 Special Milk Program for Children (SMP)</td>
<td>Department of Human Services</td>
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<tr>
<td>10.559 Summer Food Service Program for Children (SFSPC)</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>10.559 Summer Food Service Program for Children (SFSPC)</td>
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<tr>
<td>10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)</td>
<td>Department of Health</td>
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<tr>
<td>10.558 Child and Adult Care Food Program</td>
<td>Department of Education</td>
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<tr>
<td>10.558 Child and Adult Care Food Program</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>11.557 ARRA - Broadband Technology Opportunities Program (BTOP)</td>
<td>Office of Management and Enterprise Systems</td>
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<tr>
<td>11.557 ARRA - Broadband Technology Opportunities Program (BTOP)</td>
<td>Department of Libraries</td>
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<tr>
<td><strong>CDBG Cluster</strong></td>
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<td>14.228 Community Development Block Grants</td>
<td>Department of Commerce</td>
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<td>14.255 ARRA-Community Development Block Grants</td>
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<td>14.257 ARRA – Homelessness Prevention</td>
<td>Department of Commerce</td>
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<tr>
<td><strong>Fish and Wildlife Cluster</strong></td>
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<tr>
<td>15.605 Sport Fish Restoration Program</td>
<td>Department of Wildlife</td>
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<tr>
<td>15.611 Wildlife Restoration and Basic Hunter Education</td>
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<tr>
<td>15.615 Cooperative Endangered Species Conservation Fund</td>
<td>Department of Wildlife</td>
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<tr>
<td>15.656 ARRA – Habitat Enhancement, Restoration and Improvement</td>
<td>Department of Wildlife</td>
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<td>17.225 Unemployment Insurance</td>
<td>Employment Security Commission</td>
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<td>17.225 ARRA - Unemployment Insurance</td>
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<tr>
<td><strong>WIA Cluster</strong></td>
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<tr>
<td>17.258 Workforce Investment Act - Adults</td>
<td>Department of Commerce</td>
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<tr>
<td>17.258 ARRA - Workforce Investment Act - Adults</td>
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<tr>
<td>17.259 Workforce Investment Act – Youth Activities</td>
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<tr>
<td>17.259 ARRA - Workforce Investment Act – Youth Activities</td>
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<tr>
<td>17.278 Workforce Investment Act Dislocated Worker Formula Grants</td>
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<tr>
<td><strong>Highway Planning &amp; Construction Cluster</strong></td>
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<tr>
<td>20.205 Highway Planning and Construction</td>
<td>Department of Transportation</td>
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<tr>
<td>20.205 ARRA - Highway Planning and Construction</td>
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<tr>
<td>20.219 Recreational Trails Program</td>
<td>Department of Tourism &amp; Recreation</td>
</tr>
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</table>
## Schedule of Findings
### Summary of Auditor’s Results

<table>
<thead>
<tr>
<th>Program and CFDA Number</th>
<th>State Agency</th>
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<tbody>
<tr>
<td>20.509 Formula Grants for Other Than Urbanized Areas</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>20.509 ARRA - Formula Grants for Other Than Urbanized Areas</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>20.932 ARRA - Surface Transportation Discretionary Grants for Capital Investment</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>64.015 Veterans State Nursing Home Care</td>
<td>Department of Veterans Affairs</td>
</tr>
<tr>
<td>66.458 Capitalization Grants for Clean Water State Revolving Fund</td>
<td>Water Resources Board</td>
</tr>
<tr>
<td>66.458 ARRA - Capitalization Grants for Clean Water State Revolving Fund</td>
<td>Water Resources Board</td>
</tr>
<tr>
<td>66.468 Capitalization Grants for Drinking Water State Revolving Fund</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>66.468 ARRA - Capitalization Grants for Drinking Water State Revolving Fund</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>81.041 State Energy Program</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>81.041 State Energy Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>81.041 ARRA - State Energy Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>81.042 Weatherization Assistance for Low-Income Persons</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>81.042 ARRA - Weatherization Assistance for Low-Income Persons</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>81.127 ARRA – Energy Efficient Appliance Rebate Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>81.128 ARRA – Energy Efficiency and Conservation Block Grant Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>Title I, Part A Cluster</td>
<td>Department of Education</td>
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<tr>
<td>84.010 Title I Grants to Local Educational Agencies</td>
<td>Department of Education</td>
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<tr>
<td>84.389 ARRA - Title I Grants to Local Educational Agencies, Recovery Act</td>
<td>Department of Education</td>
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<tr>
<td>Special Education Cluster (IDEA)</td>
<td>Department of Education</td>
</tr>
<tr>
<td>84.027 Special Education - Grants to States</td>
<td>Department of Education</td>
</tr>
<tr>
<td>84.173 Special Education - Preschool Grants</td>
<td>Department of Education</td>
</tr>
<tr>
<td>84.391 ARRA - Special Education - Grants to States, Recovery Act</td>
<td>Department of Education</td>
</tr>
<tr>
<td>84.392 ARRA - Special Education - Preschool Grants, Recovery Act</td>
<td>Department of Education</td>
</tr>
<tr>
<td>84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States</td>
<td>Department of Rehabilitation Services</td>
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FINDING NO: 12-265-001
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education and United States Department of Agriculture
CFDA NO: 84.010, 84.367, 84.027, 84.173, 10.558, 10.553, 10.555, 10.556, 10.559
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies, Title IIA-Improving Teacher Quality State Grants, Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool), Child and Adult Care Food Program, Child Nutrition Program Cluster
FEDERAL AWARD NUMBER: S010A110036A-11B, SB367A110035, H027A110051-11B, H173A110084, 6OK300329, 6OK300349
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: Appendix A to 2 CFR part 25 - I. Central Contractor Registration and Universal Identifier Requirements:

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

1. Must notify potential subrecipients that no entity may receive a subaward from you unless the entity has provided its DUNS number to you.

2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

The June 2012 OMB Circular A-133 Compliance Supplement Part M. Subrecipient Monitoring states: Determining Subrecipient Eligibility – In addition to any programmatic eligibility criteria under E, “Eligibility for Subrecipients,” for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award.

Condition: The Department was unable to provide documentation of sufficient action to ensure its non-ARRA subrecipients provided a valid DUNS number prior to issuance of the state fiscal year ’12 subaward. However, it should be noted that on November 21, 2011 the Department’s Federal Programs Office sent a DUNS Registration/CCR Database memorandum to all Local Education Agencies (LEAs) explaining the DUNS federal compliance requirement and requested the LEA provide their DUNS number and CCR expiration date by December 5, 2011.

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

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

Recommendation: We recommend the Department continue to develop a monitoring system to ensure its non-ARRA subrecipients of federal awards have a DUNS number prior to receipt of its subaward.
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Views of Responsible Official(s)

Contact Person: Ramona Coats, Assistant Superintendent of Federal Programs – Title I and Child Nutrition
Cynthia Valenzuela, Executive Director, Special Education Services

Anticipated Completion Date: July 2013

Corrective Action Planned: The Child Nutrition/Federal Programs offices found out during the 2011 State Audit that DUNS numbers were required to be collected from all institutions receiving federal funds. Upon learning this requirement, the Child Nutrition office added a DUNS number field to all 2012 (Federal fiscal year) application systems (Child Nutrition Cluster and Child and Adult Care Food Program) in order to collect this data. The Federal Programs office manually collected DUNS information during the 2012 state fiscal year and began collecting DUNS information as part of the federal assurances that all districts complete during the state fiscal year 2013 application process through the new online Grants Management System (see attached timeline and backup documentation).

In a meeting on 10/9/2012 with the Office of the Comptroller at the State Department of Education, it was discovered that not only was every institution mandated to have a DUNS number, but that the DUNS number had to be registered. It was learned that the DUNS number is not valid without a Central Contractor’s Registration (CCR) expiration date. The SAM.GOV website was given to the Child Nutrition staff for further research. This Web site was to contain the CCR expiration date information. In the meantime, the State Auditors’ office called and said that every DUNS number checked for the Child and Adult Care Food Program (CACFP) did not show up in the SAM.GOV Web site. The Child Nutrition Executive Director, Joanie Hildenbrand explained that, because Child Nutrition just found out about the CCR expiration date, it could be that none of the DUNS numbers collected in 2012 were correct.

The Child Nutrition Director of Finance, Laura Meissner, and the Child Nutrition computer programmer, Daniel Powell, attempted to create a login for the SAM.GOV system and were unable to access the nonpublic information. Entities who register their DUNS number with SAM can request that their information be private and, therefore, inaccessible to the Child Nutrition office. Because Child Nutrition thought that it must have a way to access this information for each entity paid, Laura called the SAM helpdesk and was told that by using her government-issued e-mail, private information access would be granted. However, the SAM helpdesk did not realize Laura was from a STATE agency and not from a FEDERAL agency. So, when her STATE-issued e-mail was used, she continued to only have access to the public information. Laura submitted a helpdesk ticket through FSA.GOV inquiring about how state agencies could obtain access to the private information. She was sent a survey to complete on how the helpdesk responded to her inquiry, but no answer given.

Laura then found a place on the SAM.GOV site where she could request access to the Sensitive Level data and requested this access. Daniel Powell also submitted a request to allow the Child Nutrition system to access the sensitive level of information. With this access, it was thought that Child Nutrition would be able to search current DUNS numbers, with SAM dates that have not expired using the Tax Identification Number (TIN) of each CACFP institution, since the TIN data is already collected. Part of the reason why DUNS numbers might not have matched when the State Auditors’ office tried to verify some of them could be that the data in the Child Nutrition system was not formatted in the same way as SAM.GOV. When Daniel accessed the system and input some of the CACFP DUNS numbers (in a different format), he was able to find these institutions. However, the Child Nutrition staff does concede that most DUNS numbers collected from the CACFP participants were probably bogus.

As of 10/11/12, both Daniel and Laura are still waiting for the requests to the Sensitive Level data to be approved by SAM.GOV. At a USDA meeting in Atlanta, GA, January 28-February 1, 2013, Oklahoma was able to discuss the DUNS number issue with several other states. It was learned that the registration of the DUNS number produces a CERTIFICATE, which can be printed and submitted to the State Agency. After this meeting, the Child Nutrition staff began researching the CERTIFICATE. We also needed instructions for institutions on How to Obtain a DUNS Number and How to Register a DUNS Number.
After a meeting on 2/6/2013, with the Oklahoma State Auditor and Inspector office (SAI), SAI assisted the Child Nutrition staff in obtaining instructions that we could send out to our participants, explaining how to obtain a DUNS number and how to register one. In further research it was discovered that the CERTIFICATE that an institution can print out, once the DUNS number is properly registered, is 25 pages long. SAI confirmed that the first page of the 25-page document was all that needed to be collected by each institution since this was the page that contained the actual institution’s name and CCR expiration date.

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

After months of research, the Oklahoma State Department of Education/Federal Program/Child Nutrition staff commits to implementing the following in order to obtain a valid DUNS number that is registered correctly:

- A memo to all institutions (CNP Cluster, CACFP, and Summer Food Service Program (SFSP) will be sent out on April 1, 2013. The memo will contain a copy of what the first page of the 25-page CERTIFICATE looks like. The memo will also contain SAM.GOV instructions telling the institution how to obtain a DUNS number as well as how to register one. It will require that each institution submit in hard copy the first page of the CERTIFICATION. (See Attachment.)

- Child Nutrition Programs contracts with Northrop Grumman for the CACFP application and claiming system. Northrop Grumman will create a data entry place for the registration expiration on the application. (The DUNS number is already there.) When the Child Nutrition staff receives the first page of the CERTIFICATION form, showing that an institution has properly registered its DUNS number, the DUNS number and expiration date will be input into the system by the Child Nutrition staff. This information will be tied to the certification of the claims so that each time an institution certifies a claim for payment, the system will check the expiration date of the DUNS number. Claims will not be paid for the month in which the DUNS number registration has expired.

- For the Child Nutrition cluster and the Summer Food Service Program (SFSP), either Northrop Grumman will assist us in creating a data entry place on the applications for the registration expiration dates or a helpdesk ticket will be filed with Office of Management and Enterprise Services (OMES) to do it. Whichever entity does the work, the expiration dates will be tied to the claims in the same manner as the CACFP system.

- When the DUNS number registration date eventually expires for an institution (and this will occur annually at different times of the year depending on when an institution applied for registration), a message will be posted when the institution tries to certify a claim for payment. The message will tell the institution that the DUNS number registration date has expired and that it must submit a new CERTIFICATE (page one only) for any future claims to be paid. Once the institution submits a new CERTIFICATE, the information will be input by the Child Nutrition staff and claims will resume being paid.

- No July 2013 claim for reimbursement will be paid for the Child Nutrition cluster, CACFP, or the SFSP unless there is a valid DUNS number with an unexpired registration date.

- No institution will have access to its DUNS number or registration date in the systems. This information will be entered by the Child Nutrition staff only so that institutions cannot change the expiration date when a claim is rejected.
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- Other federal programs listed above: The Department has taken the following steps in developing a system to collect and monitor DUNS numbers for its subrecipients. In November 2011, Federal Programs began collecting the DUNS’s number and the CCR expiration date forms from the districts. This was followed by notification to the districts on a continuing basis to update the information as necessary. Special Education Services (SES) also collected all the DUNS number/CCR expiration dates for FY 2012. A memorandum was sent to all school districts requesting current information. All information was received and is maintained in the SES office. Federal programs continued to collect updated information providing the SES with current reports, making this information available to the SES office for a duplicative collection. Between May through July of 2012, the CCR system was replaced by SAM.gov and all data was migrated. SAM also provided an extension to all registrants to re-register their DUNS number. In August 17, 2012, the Department submitted a request to the OMES Helpdesk to have fields added to the online school and district directory to help aid in obtaining DUNS numbers and Expiration Dates. It has been scheduled as a system enhancement. By the beginning of FY 2013, the GMS system implemented the collection of DUNs numbers and the expiration dates for each local education agency (LEA), as part of the application process for the SES. This information continues to be collected annually. Districts are required to provide this information. It is part of the assurances that they must complete before they are able to start on their application.

FINDING NO: 12-265-003
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.010
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies
FEDERAL AWARD NUMBER: S010A110036A-11B
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 34 CFR section 200.19(b)(1)(i)-(iv) states, “Other academic indicators. (b) High schools—(1) Graduation rate. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State: (i)(A) A State must calculate a “four year adjusted cohort graduation rate,” defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. (B) For those high schools that start after grade nine, the cohort must be calculated based on the earliest high school grade. (ii) The term “adjusted cohort” means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort. (A) The term “students who transfer into the cohort” means the students who enroll after the beginning of the entering cohort’s first year in high school, up to and including in grade 12. (B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. (I) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort. (iii) The term “students who graduate in four years” means students who earn a regular high school diploma at the conclusion of their fourth year, before the conclusion of their fourth year, or during a summer session immediately following their fourth year. (iv) The term “regular high school diploma” means the standard high school diploma that is awarded to students in the State and that is fully aligned with the State’s academic content standards or a higher diploma and does not include a GED credential, certificate of attendance, or any alternative award.”

The June 2012 OMB Circular A-133 Compliance Supplement, Part L- Reporting 2. Performance Reporting-Annual Report Card, High School Graduation Rate - (OMB No. 1810-0581) (SEAs/LEAs) Key Line Item –
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Beginning with annual report cards providing assessment results for the 2010-2011 school year, a State and its LEAs must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv). Additionally, States and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate) in adequate yearly progress (AYP) determinations beginning with AYP determinations based on assessments administers in the 2011-2012 school year. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of the ESEA (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Condition: The Department did not submit the Annual Report Card, High School Graduation Rate - (OMB No. 1810-0581) to the United States Department of Education as required per 34 CFR section 200.19(b)(1)(i)-(iv).

Cause: The Department’s current Student Data Management System titled the WAVE has not been fully developed to calculate the four-year cohort graduation rate.

Effect: The Department is not in compliance with the above stated performance reporting requirement.

Recommendation: We recommend the Department continue to develop and implement a state-wide data management system to effectively complete a valid calculation of the four-year cohort graduation rate to ensure compliance with the performance reporting requirement.

Views of Responsible Official(s)
Contact Person: Maridyth McBee, Assistant State Superintendent of Accountability and Assessments
Anticipated Completion Date: Starting with 2012-13 School Year
Corrective Action Planned: We have received a waiver from the USDE regarding the cohort graduation rate due to our student data management system not being able to gather the information needed. Beginning with the 2012-13 school year, we will begin reporting a historically adjusted cohort graduation rate with LEAs certifying information regarding cohort years of current students and dropouts from previous years.

FINDING NO: 12-265-004 (Repeat Finding)
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.389, 84.391, 84.392
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies, Recovery Act; Special Education - Grants to States, (IDEA, Part B) Recovery Act; and Special Education – Preschool Grants, (IDEA, Preschool) Recovery Act
FEDERAL AWARD NUMBER: S389A090036A; H391A090051; H392A090084
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR §176.50(c) states, “Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (http://www.ccr.gov) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (http://www.dnb.com) is one of the requirements for registration in the Central Contractor Registration.”
Appendix A to 2 CFR part 25 I. Central Contractor Registration and Universal Identifier Requirements:

A. Requirement for Central Contractor Registration (CCR) – Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award or receive their final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

Additionally, 34 CFR §80.40 states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”

Finally, Subpart C §.300(b) of OMB Circular No. A-133 states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: When a subrecipient school district updates its registration, Oklahoma State Department of Education’s Federal Programs Office updates its database in order to reflect the new registration information. However, Oklahoma State Department of Education did not verify that the registrations submitted by the LEAs were current, therefore, were unable to properly evaluate whether subrecipient school districts were in compliance with the CCR registration requirement.

Cause: The Department did not have adequate controls in place to ensure the CCR registration submitted by LEAs was current.

Effect: The Oklahoma State Department of Education did not comply with 2 CFR §176.50(c).

Recommendation: We recommend that Oklahoma State Department of Education implement controls to ensure CCR registrations are current.

Views of Responsible Official(s):

Contact Person: Ramona Coats, Assistant Superintendent of Federal Programs; Cynthia Valenzuela, Executive Director, Special Education Services

Anticipated Completion Date: July 2013

Corrective Action Planned:

- The Department had taken the following steps to address the issue. In November 2011, Federal Programs began collecting the DUNS’s number and the CCR expiration date forms from the districts. This was followed by notification to the districts on a continuing basis to update the information as necessary. Special Education Services (SES) also collected all the DUNS number;CCR expiration dates for FY 2012. A memorandum was sent to all school districts requesting current information. All information was received and is maintained in the SES office. Federal programs continued to collect updated information providing the SES with current reports, making this information available to the SES office for a duplicative collection. Between May through July of 2012, the CCR system was replaced by SAM.gov and all data was migrated. SAM also provided an extension to all registrants to re-register their DUNS number. In August 17, 2012, the Department submitted a request to the OMES Helpdesk to have fields added to the online school and district directory to help aid in obtaining DUNS numbers and Expiration Dates. It has been scheduled as a system enhancement. By the beginning of FY 2013, the GMS system implemented the collection of DUNs numbers and the expiration dates for each local education agency (LEA), as part of the application process for the SES. This information continues to be collected annually. Districts are required to provide this information. It is part of the assurances that they must complete before they are able to start on their application.
It should be noted that the Department is limited in its ability to verify the CCR information if the subrecipients have elected to keep their information private. The Department relied on the certification by the district Superintendent to ensure accuracy of the reported information. The Department will continue its efforts to request access to sensitive level data in SAM.gov that will enhance its search capabilities.

FINDING NO: 12-265-005
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.027, 84.173
FEDERAL PROGRAM NAME: Special Education-Grants to States, (IDEA, Part B) and Special Education-Preschool Grants, (IDEA, Preschool)
FEDERAL AWARD NUMBER: H027A110051-11B, H173A110084
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 34 CFR § 300.149 – SEA responsibility for general supervision states in part:

(b) The State must have in effect policies and procedures to ensure that it complies with the monitoring and enforcement requirements in § 300.600 through 300.602 and § 300.606 through § 300.608.

34 CFR § 300.600 – State monitoring and enforcement states in part:

(a)(2) The State must - Make determinations annually about the performance of each LEA using the categories in § 300.603(b)(1);
(a)(4) Report annually on the performance of the State and of each LEA under this part, as provided in § 300.602(b)(1)(i)(A) and (b)(2)
(e) In exercising its monitoring responsibilities under paragraph (d) of this section, the State must ensure that when it identifies noncompliance with the requirements of this part by LEAs, the noncompliance is corrected as soon as possible, and in no case later than one year after the State's identification of the noncompliance.

Condition: The Department does not have policies and procedures for FY 2012 to ensure that they comply with the monitoring and enforcement requirements in 34 CFR § 300.600(a)(2), (a)(4), and (e). The Department monitors one sixth of LEAs annually and does not make annual determinations about the performance of each LEA. In addition, the Department has not demonstrated that it has procedures and practices that are reasonably designed to ensure all noncompliance issues are resolved in a timely manner.

Cause: The Department did not make revisions to their monitoring policies and procedures timely (1) regarding the identification of noncompliance that provide for (a) reviewing Part B compliance data in its database at least once each year, and (b) as appropriate, make findings of noncompliance when data shows less than 100% compliance with a Part B requirement; (2) to document that OSDE has made findings of noncompliance based on the data it collects through its database as well as other monitoring processes; and (3) to assure that it will include data regarding the correction of all findings of noncompliance. The Department did not have enough time during fiscal year 2012 to implement monitoring revisions.

Effect: The Department did not comply with 34 CFR 300.600(a)(2), (a)(4), and (e).

Recommendation: We recommend the Department adopt policies and procedures to ensure they comply with monitoring and enforcement requirements annually. In addition, we recommend the Department demonstrate procedures and practices that are designed to address the resolution of all noncompliance issues in a timely manner.
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Views of Responsible Official(s)
Contact Person: Cynthia Valenzuela, Executive Director, Special Education Services (SES)
Anticipated Completion Date: Completed
Corrective Action Planned: The OSDE-SES received a Continuous Improvement Visit (CIV) in September of 2011. At that time the SES was found to be in non-compliance with monitoring procedures. At that time the SES was directed to suspend current monitoring activities and go back to previous year and verify correction rather than conduct new monitoring. As a result, new procedures were developed and provided to the USDE-OSEP in May of 2012. In November of 2012 the SES received approval of the new monitoring procedures. In addition, Special Education Services has experienced untimely delays when requesting accurate data from the newly organized Office of Management and Enterprise Services (OMES), regarding determinations of district performance that triggers the selection of districts to be monitored. Lack of skilled technology and meaningful collaboration with OMES has impeded our production of accurate and timely data. OSDE is working with OMES administration and staff to address these issues.

FINDING NO: 12-265-006
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education and United States Department of Agriculture
CFDA NO: 84.027, 84.173, 10.558, 10.553, 10.555, 10.556, 10.559
FEDERAL PROGRAM NAME: Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool), Child and Adult Care Food Program, Child Nutrition Program Cluster
FEDERAL AWARD NUMBER: H027A110051-11B, H173A110084, 6OK300349, 6OK300329
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Reporting – Federal Funding Accountability and Transparency Act
QUESTIONED COSTS: $0

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

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

2 CFR § 170.220 – Reporting subaward and executive compensation information - in part, (a) To accomplish the purpose described in § 170.100, an agency must include the award term in Appendix A to this part in each award to a non-Federal entity under which the total funding will include $25,000 or more in Federal funding at any time during the project or program period.

2 CFR § 170 – Appendix A – I. Reporting Subawards and Executive Compensation (a) Reporting of first-tier subawards.
1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates $25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. Where and when to report.
   i. You must report each obligating action described in paragraph a.1. of this award term to http://www.fsrs.gov.
   ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. What to report. You must report the information about each obligating action that the submission instructions posted at http://www.fsrs.gov specify.

Condition: Based on conversation with management from Oklahoma State Department of Education and review of website www.USASpending.gov, the Department did not timely submit the report of subaward obligations and key data elements into www.fsrs.gov to ensure compliance with the Federal Funding Accountability and Transparency Act.

Cause: The Department was not aware of the Federal Funding Accountability and Transparency Act for reporting requirements.

Effect: The Oklahoma State Department of Education was not in compliance with the Federal Funding Accountability and Transparency Act for reporting in 2012.

Recommendation: We recommend the Oklahoma State Department of Education submit a report of the applicable subaward obligations and key data elements no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/modification was made.

Views of Responsible Official(s)

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

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: Special Education Services - The OSDE SES was initially not aware of some of the requirements of the FFATA reporting and did not receive much guidance from the USDE. Later in the year when the OSDE was informed of the reporting requirements; it did submit a partial FFATA report. It had difficulties with inactive CCR registration, incorrect DUNs numbers, and other issues pertaining to migration of data from CCR.gov into the new SAM.gov website. As a result, the reporting was not complete. However, the SES staff is working closely with OMES IT staff to resolve the pending issues and complete the report.

Contact Person: Joanie Hildenbrand, Executive Director, Child Nutrition Programs

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: Child Nutrition Cluster: During the 2012 State Audit, it was brought to the attention of Child Nutrition that all claims paid in excess of $25,000 per month must be reported to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System. The Child Nutrition office was notified of this reporting in a memo two different times, in November 2010 and July 2011, by the United States Department of Agriculture. However, the memo indicated that this reporting was for federal grants. Since Child Nutrition Programs (CNPs) are entitlement programs and not grants, Child Nutrition was unaware that this memo was a concern. There was nothing in the memo that indicated the reporting was to be done for all Child Nutrition Programs and the United States Department of Agriculture never mentioned the requirement in conference calls or training sessions after the memo was distributed. After learning that Child Nutrition was included in this mandate, the research began and a meeting was scheduled with the Office of Management and Enterprise Services (OMES) to try and understand the process. It was during this meeting on October 1, 2012, that Dawn Williams from OMES stated that as long as she had the figures, she could report them to FFATA. Since Child Nutrition had the DUNS numbers, it was thought that this information would be easy to collect and Dawn would be able to do the reporting of all claims paid for all Child Nutrition Programs from October 1, 2010 through present. Child Nutrition tried to send Dawn this information but the FFATA system rejected it.
In the meantime, the State Auditors’ office said that every DUNS number checked for the Child and Adult Care Food Program (CACFP) did not show up in the SAM.GOV Web site. The Child Nutrition Executive Director, Joanie Hildenbrand, explained that, because Child Nutrition just found out about the CCR expiration date, it could be that none of the DUNS numbers collected in 2012 were correct. (That is why the FFATA system rejected the reporting.)

The Child Nutrition Director of Finance, Laura Meissner, and the Child Nutrition computer programmer, Daniel Powell, attempted to create a login for the SAM.GOV system and were unable to access the nonpublic information. Entities who register their DUNS number with SAM can request that their information be private and, therefore, inaccessible to the Child Nutrition office. Because Child Nutrition must have a way to access this information for each entity paid, Laura called the SAM helpdesk and was told that by using her government-issued e-mail, private information access would be granted. However, the SAM help desk did not realize Laura was from a STATE agency and not from a FEDERAL agency. So, when her STATE-issued e-mail was used, she was still only able to access the public information again. Laura submitted a helpdesk ticket through FSA.GOV inquiring about how state agencies could obtain access to the private information. She was sent a survey to complete on how the helpdesk responded to her inquiry, but no answer given.

Laura then found a place on the SAM.GOV site where she could request access to the Sensitive Level data and requested this access. Daniel Powell also submitted a request to allow the Child Nutrition system to access the sensitive level of information. With this access, Child Nutrition would be able to search current DUNS numbers, with SAM dates that have not expired using the Tax Identification Number (TIN) of each CACFP institution, since the TIN data is already collected. Part of the reason why DUNS numbers might not have matched when the State Auditors’ office tried to verify some of them could be that the data in the Child Nutrition system is not formatted in the same way as SAM.GOV. When Daniel accessed the system and input some of the CACFP DUNS numbers (in a different format), he was able to find these institutions.

As of 10/11/12, both Daniel and Laura are still waiting for the requests to the Sensitive Level data to be approved by SAM.GOV.

On 10/10/12, the Child Nutrition office received a phone call from the USDA Southwest Regional Office stating that on 10/11/12, the USDA regional office was hosting an all-day meeting about how states should report to FFATA and what information USDA would need for this reporting. Information concerning the outcome of the meeting was going to be sent to the states once decisions were made. To date (3/18/2013), no such correspondence has been received from USDA to assist Child Nutrition Programs with compliance in this area.

After much research, it was determined by the Child Nutrition staff that as long as every institution had an accurate DUNS number with a current registration date, that the registration date could be tied to the claims for reimbursement and therefore easily tracked for FFATA reporting. Child Nutrition decided to scrap the plans to try and get access to the sensitive level data.

Therefore, the Oklahoma State Department of Education/Federal Program/Child Nutrition staff commits to implementing the following for FFATA reporting:

- No July 2013 claim for any Child Nutrition participant (Child Nutrition cluster, CACFP, and the Summer Food Service Program) will be paid without an accurate DUNS number that has a current registration date.
- Beginning with the July 2013 claims, all Child Nutrition payments of $25,000 or more will be reported to OMES at the end of every month, for reporting in the FFATA system. OMES will then report the amounts to FFATA.

FINDING NO: 12-265-007 (Repeat Finding)
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Agriculture
CFDA NO: 10.558
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FEDERAL PROGRAM NAME: Child and Adult Care Food Program
FEDERAL AWARD NUMBER: 60K300329
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Earmarking
QUESTIONED COSTS: $0

Criteria: According to 7 CFR § 226.7(g) – Budget approval, the State agency must review institution budgets and must limit allowable administrative claims by each sponsoring organization to the administrative costs approved in its budget.

For sponsoring organizations of centers, the State agency is prohibited from approving the sponsoring organization’s administrative budget, or any amendments to the budget, if the administrative budget shows the Program will be charged for administrative costs in excess of 15 percent of the meal reimbursements estimated to be earned during the budget year.

Condition: During our testwork of the Child and Adult Care Food Program 15 percent earmarking requirement, we noted seven (7) of the twenty (20) or 35% of the Day Care Center Sponsor’s Federal fiscal year 2011 administrative budget exceeded 15% of the total Federal fiscal year 2011 meal reimbursements.

However if should be noted that the Department implemented controls or edit checks in July 2012 related to the federal fiscal year budgets that will be effective for federal fiscal year 2013. The timing of implementing the edit checks could not be realized during our audit ending 6/30/12.

Cause: The Department did not have adequate preventative controls in place at the time of the budget to ensure Day Care Center Sponsors’ administrative reimbursements do not exceed the 15 percent earmarking requirement in any one federal fiscal year.

Effect: The Department is at an increased risk that Sponsoring Organization of Centers may receive more than the 15 percent earmarking requirement for administrative reimbursement.

Recommendation: We recommend the Department continue to work on strengthening its current control structure to ensure the Day Care Center Sponsor’s administrative reimbursements do not exceed the 15 percent earmarking requirement during any one federal fiscal year.

Views of Responsible Official(s): Ramona Coats, Assistant State Superintendent of Federal Programs, Joanie Hildenbrand, Executive Director of Child Nutrition, and Barbara Simmons, Director of Operations for Child Nutrition

Contact Person: Joanie Hildenbrand, Executive Director - Child Nutrition Program and Barbara Simmons, Assistance Director - Child Nutrition Program

Anticipated Completion Date: Completed April 13, 2012

Corrective Action Planned: Child Nutrition ran a report of all the center sponsors’ 2012 administrative budgets (Federal fiscal year) and compared them to the reimbursements received by each sponsor for the 2011 fiscal year. The same problem was found. Out of 62 total sponsors participating in Federal fiscal year 2012, 15 of them exceeded the 15% requirement. The Child Nutrition staff immediately corrected this problem by implementing the following in the Spring of 2012:

- A STOP was placed on all future claims for reimbursement until the sponsors out of compliance corrected their administrative budgets.
- Each sponsor was contacted by phone and told that corrections needed to be made immediately and that no future claims would be paid until the budget was corrected. (The phone calling will begin on Monday, 3/19/12.)
- Once the sponsor submitted a corrected budget, claim payments were released for processing.
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- The Child and Adult Care Food Program computer software system was updated for the 2013 Federal fiscal year to include an edit check for this error. Sponsors began entering their budget information for the 2013 fiscal year in July 2012. By then, the computer system automatically used the last 12 months of reimbursements received (or projected reimbursements if the sponsor was new) to figure if the administrative budget submitted exceeds 15% of the reimbursements. No sponsor was approved for the 2013 Federal fiscal year if the administrative budget submitted exceeds the 15% requirement.
- Child Nutrition field staff will continue to verify ACTUAL reimbursements to ACTUAL administrative budget expenditures when on site conducting reviews.

FINDING NO: 12-265-008
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.027, 84.173
FEDERAL PROGRAM NAME: Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool)
FEDERAL AWARD NUMBER: H027A110051-11B, H173A110084
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Procurement, Suspension, and Debarment
QUESTIONED COSTS: $0

Criteria: According to 2 CFR § 180.300 – What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.
You do this by:
(a) Checking the EPLS; or
(b) Collecting a certification from that person; or
(c) Adding a clause or condition to the covered transaction with that person.

Code of Federal Regulations, Title 34: Education, Part 80 – Uniform Administrative Requirements for grants and Cooperative Agreements to State and Local Governments, Subpart C – Post-Award Requirements, Changes, Property, and Subawards, § 80.35 Subawards to debarred and suspended parties states, in part:

“Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension.”

Condition: Based on Procurement testwork performed, we noted that 36 out of 60 contracts did not comply with 2 CFR § 180.300 at the time the contract was signed. However, for new contracts, it appears the Department did implement procedures to ensure the entity is not suspended or debarred by checking the EPLS.

However, it should be noted that the 36 contracts with exceptions represent only 10 vendors and we checked USA.gov for a current EPLS status and found that four of the 10 vendors for 21 contracts were not suspended or debarred. There were six vendors for 15 contracts that could not be located on the EPLS system to verify status.

Cause: The Department did not have adequate controls in place to ensure compliance with the Procurement and Suspension and Debarment requirement.

Effect: The Department is not in compliance with the above stated requirements. Further, there is an increased risk that the Department may award contracts to parties that are debarred or suspended.
Recommendation: We recommend the Department implement procedures to ensure all parties to whom they award contracts under federal grants or awards are not debarred or suspended.

Views of Responsible Official(s)
Contact Person: Keith Hicks, Director of Operational Support; Mathangi Shankar, Director of Financial Services
Anticipated Completion Date: Partially completed. Additional language will be added to purchase orders by 6/30/2013.
Corrective Action Planned: We concur with the finding noted above. The State Department of Education internal purchasing procedures were amended on August 9, 2011 to include the following statement:

“Division acquisitions funded in whole or in part by federal programs shall not be awarded to any vendor listed on the GSA Excluded Parties List System. A screen print of the search results for any excluded party shall be included with the interdepartmental requisition form as evidence of verification.”

This matter has also been addressed with staff in purchasing meetings. EPLS verification is a mandatory requirement of the acquisition process in the SDE Purchasing Department.

A majority of the 36 contracts noted above were done prior to implementation of new purchasing procedures. On a few contracts, the vendor was not found in the EPLS system. If the vendor was not clearly debarred or suspended in the EPLS system, it was a common practice to move forward with the awarding the contract if the vendor is not otherwise disqualified or ineligible. The Department is also seeking advice from the Office of Management and Enterprises, Central Purchasing Division on this matter.

Furthermore, the Department also plans to add the following clause to its purchase orders with federal funds that do not have an OSDE contract form or did not originate from a solicitation. (Please note that the contract template and the solicitation document used by the Department include this language).

By accepting this purchase order, the Vendor certifies to the best of their knowledge and belief, that they and their principals, and any subcontractors: Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal, State or local department or agency; Have not within a three-year period preceding this contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) contract; or for violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses aforementioned in this section; and Have not within a three-year period preceding this contract had one or more public (Federal, State or local) contracts terminated for cause or default.

If the Vendor is unable to certify to any of the statements in this certification, the Vendor must submit an explanation of such circumstances under separate cover with reference to this contract to the Oklahoma State Department of Education, Attn: Purchasing Department.

FINDING NO: 12-265-009
STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.027, 84.173
FEDERAL PROGRAM NAME: Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool)
FEDERAL AWARD NUMBER: H027A110051- 11B, H173A110084
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0
Criteria: 34 CFR § 300.640 Annual report of children served – report requirement states, in part (a) The SEA must annually report to the Secretary on the information required by section 618 of the Act at the times specified by the Secretary. (b) The SEA must submit the report on forms provided by the Secretary.

Condition: The SEA did not provide support that documents the accuracy of the IDEA Child Count report for child count at October 1, 2011.

Cause: The support for IDEA Child Count Report was not maintained at the time of submission to ED Facts.

Effect: The Department is not in compliance with 34 CFR § 300.640

Recommendation: We recommend the Department implement policies and procedures to ensure documentation is maintained that enables the State and the Secretary to audit the accuracy of the child count.

Views of Responsible Official(s)

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

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: We concur with the finding noted above. The Department will implement procedures to ensure it has adequate supporting documentation to verify the accuracy of the child count when submitting the data to ED facts.

FINDING NO: 12-265-011 (Repeat Finding)

STATE AGENCY: Oklahoma State Department of Education
FEDERAL AGENCY: United States Department of Education and United States Department of Agriculture
CFDA NO: 84.010, 84.389, 84.027, 84.391, 84.173, 84.392, 10.553, 10.555, 10.556, 10.559, 84.367
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies; Title I Grants to Local Educational Agencies, Recovery Act; Special Education - Grants to States, (IDEA, Part B); Special Education – Grants to States, (IDEA, Part B) Recovery Act; Special Education – Preschool Grants, (IDEA, Preschool); Special Education - Preschool Grants, (IDEA, Preschool) Recovery Act; Child Nutrition Program (CNP); Title IIA-Improving Teacher Quality State Grants
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring – A-133 Audits
QUESTIONED COSTS: $0


“The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.”

Office of Management and Budget Circular No. A-133, Subpart D §___400(d). Pass-through responsibilities states, in part:

“A pass-through entity shall perform the following for the Federal awards it makes…

(4) Ensure that subrecipients expending $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.

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The Oklahoma State Department of Education has internal policy that requires the Department to send a copy of any exceptions to the appropriate program area and that a response is to be received within 90 days.

**Condition:** During our audit testwork we noted the following:

- Two out of 45 subrecipient audits were not received within 9 months of the end of the subrecipient’s audit period.
- Two out of 16 subrecipient audits that received citations were not issued a management response within 6 months of receiving audit report.
- One out of 16 subrecipient audits that received citations was not received from the program area within 90 days of the date the letter and audit findings were sent to the program area denoting proper review was performed.

**Cause:** The Department did not have adequate controls in place to ensure subrecipient audits are received timely and management decisions on citations are issued timely to ensure compliance with monitoring subrecipient A-133 audits.

**Effect:** The Department is not in compliance with the above stated monitoring requirements.

**Recommendation:** We recommend the Department continue to work on strengthening controls to ensure subrecipient audits are reviewed in a timely manner and that appropriate and timely corrective action is taken on all audit findings.

**Responsible Official(s)**
Contact Person: Mathangi Shankar, Director of Financial Services
Anticipated Completion Date: 6/30/2013
Corrective Action Planned: The Department concurs with the finding noted above. On the 2 audits not received within 9 months of the end of the subrecipient’s audit period, the Department followed its procedures by sending out timely audit determination letters and two notifications to the subrecipients reminding them of the deadline to submit the audit. The Department also notified the subrecipients immediately following the due date and withheld federal funds until the audit was received. The Department will continue to observe all timelines included in its internal procedures in order to ensure compliance with the A-133 requirement. The financial accounting office will more frequently communicate and work closely with the federal programs office to ensure compliance with timelines required for management response and program area response. Audit procedures will be revised to shorten the time frame for follow up to every 21 days.

**FINDING NO:** 12-265-013
**STATE AGENCY:** Oklahoma State Department of Education
**FEDERAL AGENCY:** United States Department of Education
**CFDA NO:** 84.010, 84.389
**FEDERAL PROGRAM NAME:** Title I Grants to Local Educational Agencies, Title I Grants to Local Educational Agencies, Recovery Act
**FEDERAL AWARD NUMBER:** S010A100036A, S389A0900036A
**FEDERAL AWARD YEAR:** 2011
**CONTROL CATEGORY:** Special Tests and Provisions - Identifying Schools and LEAs Needing Improvement
**QUESTIONED COSTS:** $0

**Criteria:** 34 CFR § 200.32 states, “(a)(1)(i) An LEA must identify for school improvement any elementary or secondary school served under subpart A of this part that fails, for two consecutive years, to make AYP as defined under §§ 200.13 through 200.20. (ii) In identifying schools for improvement, an LEA— (A) May base identification on whether a school did not make AYP because it did not meet the annual measurable objectives for the same subject or meet the same other academic indicator for two consecutive years; but (B) May not limit identification to those schools that did not make AYP only because they did not meet the annual measurable
objectives for the same subject or meet the same other academic indicator for the same subgroup under § 200.13(b)(7)(ii) for two consecutive years. (2) The LEA must make the identification described in paragraph (a)(1) of this section before the beginning of the school year following the year in which the LEA administered the assessments that resulted in the school's failure to make AYP for a second consecutive year. (b)(1) An LEA must treat any school that was in the first year of school improvement status on January 7, 2002 as a school that is in the first year of school improvement under § 200.39 for the 2002-2003 school year. (2) Not later than the first day of the 2002-2003 school year, the LEA must, in accordance with § 200.44, provide public school choice to all students in the school. (c)(1) An LEA must treat any school that was identified for school improvement for two or more consecutive years on January 7, 2002 as a school that is in its second year of school improvement under § 200.39 for the 2002-2003 school year. (2) Not later than the first day of the 2002-2003 school year, the LEA must— (i) In accordance with § 200.44, provide public school choice to all students in the school; and (ii) In accordance with § 200.45, make available supplemental educational services to eligible students who remain in the school. (d) An LEA may remove from improvement status a school otherwise subject to the requirements of paragraphs (b) or (c) of this section if, on the basis of assessments the LEA administers during the 2001-2002 school year, the school makes AYP for a second consecutive year. (e)(1) An LEA may, but is not required to, identify a school for improvement if, on the basis of assessments the LEA administers during the 2001-2002 school year, the school fails to make AYP for a second consecutive year. (2) An LEA that does not identify such a school for improvement, however, must count the 2001-2002 school year as the first year of not making AYP for the purpose of subsequent identification decisions under paragraph (a) of this section. (f) If an LEA identifies a school for improvement after the beginning of the school year following the year in which the LEA administered the assessments that resulted in the school's failure to make AYP for a second consecutive year— (1) The school is subject to the requirements of school improvement under § 200.39 immediately upon identification, including the provision of public school choice; and (2) The LEA must count that school year as a full school year for the purposes of subjecting the school to additional improvement measures if the school continues to fail to make AYP.”

The June 2012 OMB Circular A-133 Compliance Supplement Part N. Special Tests and Provisions - Identifying Schools and LEAs Needing Improvement states: "An SEA must annually review the progress of each LEA that receives funds under subpart 2 of Part A of Title I to determine whether the LEA made adequate yearly progress as defined by the State."

A component objective of an effective internal control system is to ensure policies and procedures for performing essential duties are adequately documented and to provide accurate and reliable information.

**Condition:** During documentation of internal controls to determine how the Department ensures the accuracy of test data is properly collected and compiled for the calculation of schools and LEAs adequate yearly progress (AYP), we noted there are no written policies or procedures describing how to perform the calculation of the adjustment based on a confidence interval to the school and LEA AYP scores. After calculation of the AYP scores, we compared the schools and LEAs that failed to meet their target objectives in math and reading. Out of the 1782 schools with reported data, the Department identified 227 as needing improvement. This is 12.75% of the reported schools. We found an additional 28 schools that did not meet AYP bringing the total up to 255 or 14.31% of schools with reported data.

**Cause:** The Department does not have written policies or procedures in place describing how to perform the calculation of the adjustment based upon a confidence interval to the school and district AYP scores. The Department has also experienced turnover with both of the individuals who performed the calculation in the past. One of the individuals who originally performed this duty had to be contracted to help the Department perform the calculation.

**Effect:** There is an increased risk that the Department may fail to properly compile and/or calculate the correct AYP for a school or LEA.
**Recommendation:** We recommend that the Department develop written procedures to ensure future calculations of data for school and district AYP scores are adequately documented. This will allow for information obtained about the number and names of schools and LEAs in need of improvement to be more accurately reported to USDE and the public.

**Views of Responsible Official(s)**
Contact Person: Maridyth McBee, Assistance State Superintendent of Accountability and Assessments
Anticipated Completion Date: N/A

**Corrective Action Planned:** We concur with the finding. In the past, Oklahoma used a common formula for computing confidence interval. As a result of the ESEA Waiver beginning with the 2012-13 school year, the Department no longer uses Adequate Yearly Progress formulas to identify schools in need of improvement.

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**Employment Security Commission**

**FINDING NO:** 12-290-001  
STATE AGENCY: Oklahoma Employment Security Commission  
FEDERAL AGENCY: Department of Labor  
CFDA NO: 17.225  
FEDERAL PROGRAM NAME: Unemployment Insurance  
FEDERAL AWARD YEAR: 2011 and 2012  
CONTROL CATEGORY: Reporting  
QUESTIONED COSTS: $0

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

**Condition:** During the SFY 2012 audit, we requested detailed support for the ETA 581 report which the Oklahoma Employment Security Commission (OESC) was unable to provide.

**Cause:** The data does not support the ETA 581.

**Effect:** OESC may be completing an inaccurate ETA 581 report.

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

**Views of Responsible Official(s)**
Contact Person: Barbara Ramsey, Director UI  
Anticipated Completion Date: June 30, 2013  

**Corrective Action Planned:** A major re-programming of the entire tax and benefit system will have to be done to create the validation reports that auditors now require for validation of federal reports. Our IT department has been focusing on a major database conversion for most of last year that was completed in January 2013. We are now working on the implementation of the Emergency Unemployment Compensation reductions that have to be implemented by 03-31-2013. We do not have IT staff available to work with creating the data files for the validation of the ETA581. We anticipate this will be the next priority project to create the ETA581 data files to ensure there is backup data available for the ETA581 Report before the end of the second quarter 2013. (June 30, 2013)
Office of the Governor

FINDING NO: 12-305-001  
STATE AGENCY: Office of the Governor  
FEDERAL AGENCY: U.S. Department of Education  
CFDA NO: 84.410  
FEDERAL PROGRAM NAME: Education Jobs Fund  
FEDERAL AWARD NUMBER: S410A100037  
FEDERAL AWARD YEAR: 2012  
CONTROL CATEGORY: Cash Management/Reporting  
QUESTIONED COSTS: $0

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

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

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

Condition: Due to human error, the draw that was made by the Office of Management and Enterprise Services (OMES) on 3/26/2012 exceeded the amount requested by the Oklahoma State Department of Education (OSDE) by $474,861. A draw in the amount of $1,596,974 was made on this date by OMES while OSDE had only requested $1,122,113. Therefore, $474,861 was drawn before there was an actual, immediate cash need. This overdraw was corrected on the 6/8/2012 draw; however, the funds were outstanding for 74 days before this correction was made.

Additionally, the March 2012 1512 Report included this overdraw amount in Total Federal Amount of ARRA Expenditures reflected in the Prime Recipient section of the report. However, these funds had not been expended as of 3/31/12 and therefore the Total Federal Amount of ARRA Expenditures is overstated by $474,861.

Cause: There was not a process in place at either OMES or OSDE to compare the amount requested to the amount actually drawn down and transferred to the OSDE agency account.

Additionally, although OMES had an internal control process in place to compare the amount to be reported as expenditures on the 1512 report back to supporting OSDE expenditure data; it does not appear that this process was performed.

Effect: The OMES did not comply with Subpart B of 31 CFR § 205.33(a) when making the draw in question. In addition, the March 2012 1512 Report contains inaccurate information.

Recommendation: We recommend that both OMES and OSDE implement procedures to ensure that the amount drawn down by OMES and transferred to OSDE matches to the amount requested by OSDE. In addition, we recommend current procedures be followed to ensure that the amounts reported on the 1512 Report are accurate.
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Views of Responsible Official(s) - OMES
Contact Person: Brandy Manek, Deputy Director of Budget and Policy
Anticipated Completion Date: 10/04/2012
Corrective Action Planned: This finding is the result of an error on the part of the person tasked with receiving the draw requests from SDE, recording the amount in a draw down spreadsheet and a “remaining balance” tracking spreadsheet, making the draw request on the G5 website, and then forwarding information to OMES General Ledger Unit to record the deposit. The process involved using the previous draw request form, renaming the file, and updating the dates and amounts for the new draw requests. In this case the amount was not updated prior to saving and printing out, making the draw, and sending on to OMES General Ledger. The amount actually drawn was the same amount as the previous draw and resulted in an overstatement of $474,861. The error was discovered 2 months later and the correction was made immediately upon discovery. Side note: While in this case funds were held before being expended, the opposite is the case for many other draw requests by SDE as the actual draw downs by OMES were not made until after the funds had been expended by SDE.

To prevent this error from reoccurring, a copy of the SDE draw request is now being sent to the OMES General Ledger Unit along with the above listed documentation so that a comparison with the actual drawdown amount can be made before the deposit is recorded.

The quarterly 1512 reporting process has been revised so that the Deputy Director of Budget and Policy will review reported amounts to supporting documentation from tracking spreadsheets as well as a report from the federal G5 drawdown website.

Views of Responsible Official(s) - OSDE
Contact Person: Mathangi Shankar, Director of Financial Services
Anticipated Completion Date: 10/31/2012
Corrective Action Planned: OSDE will update its deposit reconciliation process to include transfers made by OMES. In addition, after each draw down request it will verify to ensure the amount transferred by OMES matches to the amount requested by OSDE.

FINDING NO: 12-305-003
STATE AGENCY: Office of the Governor
FEDERAL AGENCY: U.S. Department of Education
CFDA NO: 84.410
FEDERAL PROGRAM NAME: Education Jobs Fund
FEDERAL AWARD NUMBER: S410A100037
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 34 CFR §80.40 states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”

Additionally, 2 CFR §176.50(c) states, “Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (http://www.ccr.gov) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (http://www.dnb.com) is one of the requirements for registration in the Central Contractor Registration.”

Finally, Subpart C §.300(b) of OMB Circular No. A-133 states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance
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with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

**Condition:** During our evaluation of controls over compliance and testwork related to the CCR registration, we noted the Office of Management and Enterprise Services (OMES) relied on the Oklahoma State Department of Education (OSDE) to perform procedures related to CCR registration.

In order to ensure that subrecipient school districts had made the required CCR registrations and kept the registrations current, OSDE put in place procedures to maintain a registry of CCR registration information for all subrecipient school districts. This registry was then utilized throughout the year to follow-up with subrecipients as registrations were nearing expiration to ensure the registrations were renewed. This registry included each district’s identifying information, its DUNS number, and CCR expiration date. We noted 31 instances where the CCR date in OSDE’s registry was incorrect and 1 instance where the subrecipient’s DUNS number in OSDE’s registry was incorrect. We also noted 1 instance where the subrecipient could not be located in the System for Award Management (SAM); therefore we were unable to determine the accuracy of OSDE’s registry information or the status of the subrecipient’s CCR registration. Due to the inaccuracy of the OSDE registry, OSDE could not properly evaluate subrecipient compliance with the CCR registration requirement.

**Cause:** It appears the OMES did not perform follow-up procedures with the OSDE to ensure that all the requirements for subrecipient monitoring of CCR registrations were met. Additionally, it appears that OSDE did not compare the information submitted by the subrecipient school districts to the information noted in the System for Award Management (SAM) to ensure accuracy before recording the subrecipient information into the OSDE registry.

**Effect:** OMES and OSDE do not appear to be in compliance with the above noted regulations.

**Recommendation:** We recommend that OMES implement procedures to follow-up with OSDE in order to ensure compliance with all requirements for subrecipient monitoring of CCR registrations. Additionally, we recommend that OSDE verify the information submitted by the subrecipient school districts to the information noted in the System for Award Management (SAM) to ensure accuracy before recording the subrecipient information into the OSDE registry.

**Views of Responsible Official(s) - OSDE**
**Contact Person:** Mathangi Shankar, OSDE Director of Financial Services
Ramona Coats, OSDE Assistant Superintendent for Federal Programs
**Anticipated Completion Date:** 12/31/2012
**Corrective Action Planned:** We concur with the finding. However, it should be noted that the Department did not have the ability to verify the subrecipients’ CCR registration information in the CCR.Gov website and was not aware of any other method to verify the accuracy of the information provided by the districts. As the result, the information received from the school districts with the signature of the district’s Superintendent was entered in the OSDE registry and was used to do follow-up throughout the year. In July 2012, data in CCR.Gov was migrated to a new web site Systems for Award Management (SAM). Under Sam.gov, the Department will be able to verify the CCR expiration date of its subrecipient school districts. The federal programs office at the Department that maintains the registry has started the verification process and updating the registry with accurate information. The data collection process will also be revised to request the school districts to provide supporting documentation at the time of submitting their CCR registration information to OSDE.

**Views of Responsible Official(s) - OMES**
**Contact Person:** Brandy Manek, Deputy Director of Budget and Policy
**Anticipated Completion Date:** N/A – see response below.
Corrective Action Planned: OMES reviewed OKSDE policies and procedures through the federal monitoring process. We believed their policies and procedures to be reasonably sufficient to ensure compliance with ARRA guidelines. Since the grant period for this award has ended, no additional monitoring steps can be taken.

FINDING NO: 12-305-005
STATE AGENCY: Office of the Governor
FEDERAL AGENCY: US Department of Education
CFDA NO: 84.394 & 84.397
FEDERAL PROGRAM NAME: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund); State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act
FEDERAL AWARD NUMBER: S394A090037 and S397A090037
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 34 CFR §80.40 states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”

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

Finally, Subpart C §.300(b) of OMB Circular No. A-133 states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: During our evaluation of controls over compliance and testwork related to the CCR registration instituted by the Office of Management and Enterprise Services (OMES), we noted the following deficiencies related to the two subrecipients:

Oklahoma State Department of Education (OSDE) - The OMES relied upon OSDE to monitor for compliance with the CCR registration requirement. The OSDE put in place procedures to maintain a registry of CCR registration information for all subrecipient school districts. This registry was then utilized throughout the year to follow-up with subrecipients as registrations were nearing expiration to ensure the registrations were renewed. This registry included each district’s identifying information, its DUNS number, and CCR expiration date. However, OSDE did not compare the information submitted by the subrecipient school districts to the information noted in the System for Award Management (SAM) to ensure accuracy before recording the subrecipient information into the OSDE registry. In addition, OMES did not follow-up with Education to ensure the CCR registrations were current.

Department of Commerce – OMES was unable to provide documentation of sufficient action to ensure the subrecipient had a current registration in the CCR, including having a DUNS number, maintaining the currency of that information or assessing the subrecipient’s compliance with the CCR registration requirement.

Cause: The OMES had not instituted policies, procedures, and/or controls to ensure that all the requirements for subrecipient monitoring of CCR registrations were met.
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Effect: OMES does not appear to comply with the above noted regulations.

Recommendation: We recommend that OMES implement procedures to follow-up with OSDE in order to ensure compliance with all requirements for subrecipient monitoring of CCR registrations. In addition, we recommend OMES implement policies, procedures and controls to ensure compliance with all requirements for subrecipient monitoring of CCR registrations for the Department of Commerce.

Views of Responsible Official(s)
Contact Person: Brandy Manek, Deputy Director of Budget and Policy
Anticipated Completion Date: N/A – see response below.
Corrective Action Planned: OMES notified the Department of Commerce and their subrecipients in June of 2012 that they were required to have a current registration in the Central Contract Registration (http://www.ccr.gov) (CCR) (including having a DUNS number) at all times during which they have active federal awards funded with Recovery Act funds. In addition, OMES reviewed OKSDE policies and procedures through the federal monitoring process. We believed their policies and procedures to be reasonably sufficient to ensure compliance with ARRA guidelines. Since the grant period for this award has ended, no additional monitoring steps can be taken.

Department of Health

FINDING NO: 12-340-002 (Repeat Finding)
STATE AGENCY: Oklahoma State Department of Health
FEDERAL AGENCY: United States Department of Agriculture
CFDA NO: 10.557
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
FEDERAL AWARD NUMBER: 2011IW100346
FEDERAL AWARD YEAR: 2011
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

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

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

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

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In addition, the Oklahoma State Department of Health Subrecipient Contract Monitoring and Administration Procedures Manual states “11.1 – Determination and Receipt of Subrecipient Audits Procedure – Determination of Subrecipient Audit Requirements – The process of determining whether a Contractor must have an independent audit, conducted in accordance with Government Auditing Standards (GAS) and/or OMB Circular A-133, performed annually.”

**Condition:** We noted the following in regards to subrecipient A-133 audits:
- The Department failed to properly design and implement internal controls that ensure subrecipients required to have an A-133 audit are properly identified every year and that all subrecipients whom an A-133 audit is required of is indeed being collected and reviewed. This was evidenced per review of the Department tracking spreadsheet which identifies subrecipients the Department has determined require A-133 audits. Based on review of supporting documentation, 3 of the 12 subrecipients identified as requiring an A-133 audit on this tracking spreadsheet did not in fact require this type audit.
- 2 of 12 subrecipients which the Department identified as requiring an A-133 audit did not submit the A-133 audit within the required 9 month timeframe and the Department did not properly follow-up with the subrecipient in an attempt to obtain the audit in a timely manner.
- 3 of 12 subrecipients which the Department identified as requiring an A-133 audit did not submit an A-133 audit covering funds awarded in Federal Fiscal Year 2011 to the Department and the Department did not properly follow-up with the subrecipient.

**Cause:** Per discussion with Department personnel we have noted the following possible causes:
- Subrecipients do not fully understand the above stated criteria.
- Department staff members do not fully understand the above stated criteria.
- The written procedure to annually identify which subrecipients require an A-133 audit is not being followed.
- Current procedures are inadequate and do not provide a sufficient means for ensuring that A-133 audits are received and reviewed properly within required timeframes.

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

**Recommendation:** We recommend that the Department follow procedures to properly identify subrecipients needing an A-133 audit on an annual basis. In addition, we recommend the current procedures be expanded to base the determination of whether a subrecipient needs an A-133 audit on actual federal expenditures reported by the subrecipient. We recommend that the Department establish procedures that ensure A-133 audits are obtained within the required timeframes. Furthermore, we recommend that the Department establish procedures that ensure the timely review of all subrecipients of whom an A-133 audit is required of.

**Views of Responsible Official(s)**
**Contact Person:** Grace Brown, Agency Controller
**Anticipated Completion Date:** June 30, 2013
**Corrective Action Planned:** The Department has instructed staff to ensure annually determining which subrecipients are required to receive an A-133 audit as identified in the procedures. We are also reviewing our procedures to (1) ensure all staff have been trained, are knowledgeable of, and follow procedures, and (2) ensure (and revise as needed) the procedure is adequate to meet the federal requirements identifying, obtaining, and reviewing subrecipient audits in appropriate timelines.

**FINDING NO:** 12-340-003
**STATE AGENCY:** Oklahoma State Department of Health
**FEDERAL AGENCY:** United States Department of Agriculture
CFDA NO: 10.557  
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)  
FEDERAL AWARD NUMBER: 2012W100346  
FEDERAL AWARD YEAR: 2012  
CONTROL CATEGORY: Reporting  
QUESTIONED COSTS: $0

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

2 CFR § 170 Appendix A (2.ii.) – When and Where to report states, “For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

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

Condition: We noted the following in regards to the FFY 2012 award reporting period:

- The Department failed to design and implement controls that ensure subrecipients whom are subject to the Federal Accountability and Transparency Act of 2006 (FFATA) are properly identified, information reported by the subrecipients is accurate, information reported on the Federal Accountability and Transparency Act Subaward Reporting System (FSRS) is accurate, and that the reported information can be found on USAspending.gov.
- 4 of the 12 subrecipients receiving at least $25,000 in awards were not reported and could not be found on USAspending.gov.
- The submitted FSRS reports included the incorrect subaward date.
- 8 of the reported subawards included incorrect obligation dates.
- The reports were submitted later than the end of the month following the month in which the obligations were made.

Cause: We have noted the following possible causes:

- Department personnel do not fully understand the above stated criteria.
- The Department relied solely on the information provided by the subrecipients without verifying its accuracy to Department records.
- There is a lack of communication amongst various Department divisions responsible for gathering and reporting the required information.
- Current procedures that identify which subrecipients are subject to FFATA are inadequate and current review procedures to detect errors are insufficient.
- There are no adopted procedures that ensure the submission of the FSRS report occurs within the required timeframes nor are there procedures that ensure all applicable subrecipients appear on USAspending.gov.

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

Recommendation: We recommend that the Department establish processes and procedures that properly identify which subrecipients are subject to the Federal Funding Accountability and Transparency Act of 2006, that all
identified subrecipients are being reported to FSRS, that the information entered into the FSRS reports is accurate, and that report submissions occur within the require timeframes. We recommend that the Department verify validity of the subrecipient information prior to entering it into FSRS, as it is the Departments responsibility to ensure the complete and accurate submission. We recommend that the Department resubmit the correct information to the FSRS, and include the subrecipients that were initially excluded. Finally, we recommend that the Department verify that any FFATA information submitted to FSRS appears on the USAspending.gov.

Views of Responsible Official(s)
Contact Person: Grace Brown, Agency Controller
Anticipated Completion Date: May 31, 2013
Corrective Action Planned: We will be reviewing our current procedures to make sure they will allow us to properly identify which sub recipients are subject to the Federal Funding Accountability and Transparency Act of 2006, that all are being reported to FSRS accurately, and that the reports are completed within the required timeframes. We will educate ourselves regarding the correct information to be reported in FSRS and continue to verify this information to our agency records prior to submission in FSRS. We will then prepare and resubmit our corrections to FSRS and include the prior omissions.

FINDING NO: 12-340-004 (Repeat Finding)
STATE AGENCY: Oklahoma State Department of Health
FEDERAL AGENCY: Department of Agriculture
CFDA NO: 10.557
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
FEDERAL AWARD NUMBER: 2011IW100346
FEDERAL AWARD YEAR: 2011
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

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

Condition: During our testing of the FFY2011 FNS 798-A Report, we noted the following errors:
- State Nutrition Education was overstated by $215,428
- Local Nutrition Education was understated by $215,428

Cause: Report preparation and reviewing procedures for the WIC FNS-798A report were not followed.

Effect: Incorrect program decisions could be made based on inaccurate reporting information.

Recommendation: We recommend that the Department submit an amended FFY 2011 FNS 798-A report. We also recommend the Department implement policy and procedures to prevent inaccurate information from being recorded on Federal reports.

Views of Responsible Official(s)
Contact Person: Grace Brown, Agency Controller
Anticipated Completion Date: April 30, 2013
Corrective Action Planned: We concur with this finding. We will be submitting a revised FNS 798-A for FFY 2011. We will also be reviewing our policy and procedures so that we can prevent inaccurate information from being recorded on Federal reports.
Health Care Authority

FINDING NO: 12-807-001 (Repeat Finding)
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.778
FEDERAL PROGRAM NAME: Medical Assistance Program
FEDERAL AWARD NUMBER: 1005OKADM, 1105OK5MAP, 1105OKADM, 1205OK5MAP, and 1205OKADM
FEDERAL AWARD YEAR: 2010, 2011 and 2012
CONTROL CATEGORY: Reporting

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

Condition: Federal and State matching expenditures were overstated on the Oklahoma Health Care Authority (OHCA) State Fiscal Year (SFY) 2012 Schedule of Expenditures of Federal Awards (SEFA) for CFDA #93.778 - Medical Assistance Program (MAP).

Cause: Federal and State matching expenditures were incorrectly calculated and the incorrect amounts were carried forward to the State Fiscal Year (SFY) 2012 Schedule of Expenditures of Federal Awards (SEFA) and internal controls in place failed to detect this error.

Effect: The Federal expenditures on the CFDA #93.778 – MAP SEFA were overstated $35,688,354.00 and the State matching expenditures were overstated $122,761.

Recommendation: We recommend OHCA review the current procedures in place to determine where the breakdown in the internal control system occurred and implement the necessary procedures to ensure accurate reporting of expenditures on the SEFA in the future.

Views of Responsible Official(s)
Contact Person: Susan Crooke
Anticipated Completion Date: Completed
Corrective Action Planned: OHCA reviewed and revised our review procedures in order to ensure accurate reporting of expenditures on the SEFA in the future.

FINDING NO: 12-807-002
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.767
FEDERAL PROGRAM NAME: Children’s Health Insurance Program
FEDERAL AWARD NUMBER: 105OK5021 and 1105OK5021
FEDERAL AWARD YEAR: 2010 and 2011
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: Component objectives of an effective internal control system ensure accurate and reliable information through:

- Proper training, and
- Proper review and approval.
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According to the instructions for the SF-425 Report, the cumulative amount of actual Federal cash received is to be entered on line 10a and cumulative Federal cash disbursements, as of the reporting period end date, is to be entered on line 10b of the Federal Financial Report (FFR) Attachment.

**Condition:** During State Fiscal Year 2012, Federal funds received and/or disbursed for the Children’s Health Insurance Program (CHIP) were not consistently included in the FFR Attachment and, therefore, were not consistently included on the SF-425 Reports.

As a grant ages, the Payment Management System (PMS) will change the status to inactive, which will cause the inactive grant to drop from the list of available grants on the FFR Attachment. This change in status will often occur before the period of availability ends on the grant funds and it is the responsibility of the preparer to add the inactive grant to the FFR Attachment so that disbursements may be accurately reported.

**Cause:** The CHIP Federal fiscal year (FFY) 10 and CHIP FFY 11 grants were not appropriately added onto the FFR Attachment, which was not detected during review.

**Effect:** The Authority is not in compliance with the reporting requirements of the SF-425 report. Incorrect reporting of cash received or disbursed could potentially reduce the current grant funding amount.

**Recommendation:** We recommend the Authority review the current procedures in place to determine where the breakdown in the internal control system occurred and implement the necessary procedures to ensure accurate reporting on the SF-425 in the future. We further recommend personnel be trained on proper completion and supervisory review of the SF-425.

**Views of Responsible Official(s)**

**Contact Person:** Susan Crooke

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

**Corrective Action Planned:** OHCA concurs with the finding. Training to personnel involved in the preparation will be conducted and a review of the current procedures will be performed and corrective action implemented.

**FINDING NO:** 12-807-003

**STATE AGENCY:** Oklahoma Health Care Authority

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1005OKADM, 1105OK5MAP, 1105OKADM, 1205OK5MAP, 1205OKADM

**FEDERAL AWARD YEAR:** 2011 and 2012

**CONTROL CATEGORY:** Special Tests and Provisions - Utilization Control and Program Integrity

**QUESTIONED COSTS:** $0

**Criteria:** Component objectives of effective internal controls are for management to develop policies and procedures which will ensure compliance with applicable laws and regulations; to ensure accurate and complete information is accessible to those who need it; and to ensure accurate and reliable information through proper review and approval.

42 CFR Part 456 Subpart I Section 456.606 ‘Inspections of Care in Intermediate Care Facilities and Institutions for Mental Disease, Frequency of Inspections’ states, “The team and the agency must determine, based on the quality of care and services being provided in a facility and the condition of beneficiaries in the facility, at what intervals inspections will be made. However, the team must inspect the care and services provided to each beneficiary in the facility at least annually.”
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**Condition:**
- Information regarding Inspections of Care (IOC’s) performed by the Oklahoma Health Care Authority (OHCA) Behavioral Health Operations Unit was not reported to the Behavioral Health Services Specialist responsible for performing reviews of the completed IOC’s until June 29, 2012, and the IOC information reported did not adequately identify all IOC’s actually performed, the provider number, date the IOC was conducted, person(s) performing the IOC, date the final report was completed, and status of any Corrective Action Plans (CAP’s) and/or recoupments. Consequentially, the IOC’s performed by OHCA during State Fiscal Year (SFY) 2012 were not reviewed to determine if they were performed adequately.
- Based on our review of SFY 2011 medical claims data, we calculated that OHCA should have performed an IOC at 113 facilities during SFY 2012. However, only 40 facilities out of the 113 or 35.4 % had an Inspection of Care performed.

**Cause:** During December of SFY 2012, OHCA ended its contract with the QIO (Quality Improvement Organization) performing IOC’s and OHCA started performing IOC’s in-house in late March of 2012. OHCA did not develop formal policies and procedures to ensure compliance with the requirements of 42 CFR Subpart I Section 456.606 or for proper review and approval of all IOC’s performed. All IOC’s performed before OHCA started performing the IOC’s were properly reviewed. Therefore, it appears there is some type of miscommunication between the OHCA department responsible for performing the IOC’s and the person/s responsible for reviewing the IOC’s.

**Effect:** Without timely performance of required IOC’s and appropriate review of all IOC’s performed, accurate and reliable information regarding the quality of care and services being provided may not be available.

**Recommendation:** We recommend management develop and implement formal policies and procedures which:
1) Define the methodology for determining facilities to be inspected (this methodology should incorporate risk assessments and ensure all facilities are reviewed at least annually),
2) Require approval of an annual IOC plan which lists the facilities that will be inspected (the approval process should ensure all facilities are inspected at least annually),
3) Require tracking of compliance with the annual IOC plan, and
4) Ensure that the person performing IOC reviews has complete, accurate, and timely information regarding the status of all IOC’s performed.

**Views of Responsible Official(s)**  
**Contact Person:** Nichole Burland  
**Anticipated Completion Date:** Completed  
**Corrective Action Planned:** OHCA concurs with the conditions and has taken the following corrective actions per the recommendations:
- Recommendation 1
  - Prior to the start of the next SFY claims are reviewed to identify all providers of Medicaid Behavioral Health Services in acute or PRTF / RTC units for members under age 21.
  - Providers are then added to the IOC planning calendar to be surveyed if they have had an admission in the prior SFY. If providers are added as a contracted provider during the year, they are added to the schedule.
- Recommendation 2
  - The claims data and the IOC Planning Calendar is reviewed and approved by BH Operations Supervisors.
- Recommendation 3
  - The team utilizes an Excel spreadsheet to track the process of the IOC reporting from on- site to finalization and forwarding of completed reports to the designated individual in Provider Services who will finalize and send notification to OHCA Finance for recoupment if needed.
- Recommendation 4
  - Email notification is sent to the designated individual in Provider Services of the completed IOC and the location of the electronic record with all required information.
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FINDING NO: 12-807-006
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.767
FEDERAL PROGRAM NAME: Children’s Health Insurance Program
FEDERAL AWARD NUMBER: 105OK5021 and 1105OK5021
FEDERAL AWARD YEAR: 2011 and 2012
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Reporting
QUESTIONED COSTS: $240

Criteria: According to 2 CFR 225 (OMB Circular A-87), Appendix A, Costs must…
- (C.1.a), “Be necessary and reasonable for proper and efficient performance and administration of Federal awards”, and
- (C.1.d), “Conform to any limitations or exclusions set forth in these principles [Cost Principles for State, Local, and Indian Tribal Governments, 2 CFR 225], Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.”

Condition: Based on a medical professional’s review of 76 claims for CHIP recipients, five claims had payment errors for a total questioned costs of $320.77 (the estimated Federal portion totals $240.29).

Cause: The payment errors consisted of three claims paid when they were not appropriately supported by medical records, one claim was not coded correctly by the provider, and one claim was not entered into the system correctly.

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

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

Views of Responsible Official(s)
Contact Person: Kelly Shropshire
Anticipated Completion Date: 06/30/2013
Corrective Action Planned: OHCA will return federal share on June 30th 2013 CMS 64 expenditure report.

FINDING NO: 12-807-008
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.778
FEDERAL PROGRAM NAME: Medical Assistance Program
FEDERAL AWARD NUMBER: 1105OK5MAP, 1205OK5MAP
FEDERAL AWARD YEAR: 2011 and 2012
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Reporting
QUESTIONED COSTS: $474

Criteria: According to 2 CFR 225 (OMB Circular A-87), Appendix A, Costs must…
- (C.1.a), “Be necessary and reasonable for proper and efficient performance and administration of Federal awards”, and
- (C.1.d), “Conform to any limitations or exclusions set forth in these principles [Cost Principles for State, Local, and Indian Tribal Governments, 2 CFR 225], Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.”
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**Condition:** Based on a medical professional’s review of 83 claims for MAP recipients, we noted eleven (11) claims (13.25%) with payment errors totaling $739.49 (the estimated Federal portion totals $474.38).

**Cause:** Eight payment errors consisted of claims paid when they were not supported by medical records or were improperly coded by the medical provider. One payment error was to a provider that was not licensed to perform the service billed. Two payment errors were due to the rendering provider on the claim not matching the rendering provider in the medical records.

**Effect:** The Authority may be paying for services that are not being performed or are improperly coded based on the recipient’s medical diagnosis. The Authority may also be paying for services in which the provider is not qualified / licensed to render.

**Recommendation:** We recommend the Authority investigate the items identified and, if considered necessary, recoup any funds paid to providers for services that were not supported by medical records or in which the provider was not qualified / licensed to render.

**Views of Responsible Official(s)**

**Contact Person:** Kelly Shropshire

**Anticipated Completion Date:** 06/30/2013

**Corrective Action Planned:** OHCA will further research and will refund federal share of overpayments if necessary.

**FINDING NO:** 12-807-009

**STATE AGENCY:** Oklahoma Health Care Authority

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

**CFDA NO:** 93.778 & 93.767

**FEDERAL PROGRAM NAME:** Medical Assistance Program and Children’s Health Insurance Program

**FEDERAL AWARD NUMBER:** 1005OKADM, 11005OKADM, 1205OKADM, 105OK5021, and 1105OK5021

**FEDERAL AWARD YEAR:** 2010, 2011, and 2012

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

**QUESTIONED COSTS:** $0

**Criteria:** A component objective of an effective internal control system is to ensure adequate segregation of duties through proper review and approval of claims.

According to 2 CFR 225 (OMB Circular A-87), Appendix A, “Costs must…

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

**Condition:** We noted 3 of 61 (4.92%) administrative claims (Claim numbers 00027530, 00029009, and 00029394) totaling $1,073.52 were not reviewed and approved by the Chief Executive Officer or the Director of General Accounting. Since the claims were reviewed at the department level and were for allowable activities/costs, we will not question the costs.

**Cause:** Claims were not appropriately reviewed and approved. There appears to be a breakdown in internal controls.

**Effect:** Failure to appropriately review and approve claims could result in the Authority paying costs which are unallowable to the program.
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Recommendation: We recommend the Authority consistently review and approve claims so that the possibility of unallowable costs being charged to the program is minimized.

Views of Responsible Official(s)
Contact Person: Gloria Hudson
Anticipated Completion Date: 03/15/2013
Corrective Action Planned: OHCA will ensure all administrative claims are approved by the CEO or Director of accounting.

Department of Human Services

FINDING NO: 12-830-001 (Repeat Finding)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1201OKTANF
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Special Tests and Provisions – Income Eligibility and Verification System
QUESTIONED COSTS: $0

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

DHS Policy Instructions to Staff 340:65-3-4-14 states, “Data exchange information is routinely compared with OKDHS records. When discrepant information is detected, an automated system of notification posts discrepancy messages to IMS. These messages are accessible by using transactions G1DX, G3, and PY. All discrepancy messages must be cleared using the DXD transaction within 30 days of the error posting.”

Condition: We performed testwork on the SFY 2012 G1DX Exception and Clearance Reports. We noted the following:

<table>
<thead>
<tr>
<th>Error Type</th>
<th>G1DX OPEN AND RESOLVED EXCEPTIONS OVER 30 DAYS</th>
<th>TOTAL G1DX RESOLVED EXCEPTIONS</th>
<th>% OF EXCEPTIONS OVER 30 DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEN</td>
<td>4,006</td>
<td>21,049</td>
<td>19.03%</td>
</tr>
<tr>
<td>IEV</td>
<td>6,119</td>
<td>40,080</td>
<td>15.27%</td>
</tr>
<tr>
<td>OWG</td>
<td>3,685</td>
<td>24,886</td>
<td>14.81%</td>
</tr>
<tr>
<td>SDX</td>
<td>11,424</td>
<td>78,433</td>
<td>14.57%</td>
</tr>
<tr>
<td>SNH</td>
<td>7,066</td>
<td>48,146</td>
<td>14.68%</td>
</tr>
<tr>
<td>UIB</td>
<td>1,744</td>
<td>12,571</td>
<td>13.87%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34,044</td>
<td>225,165</td>
<td>15.12%</td>
</tr>
</tbody>
</table>

Cause: The discrepancies were not cleared within the allowable 30 days per OKDHS policy due to an inadequate number of personnel assigned these duties.
Effect: The Department may not be in compliance with the above stated requirement, which may result in ineligible individuals receiving TANF benefits.

Recommendation: We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 30 days allowed under current OKDHS policy.

Views of Responsible Official(s)
Contact Person: James Conway
Anticipated Completion Date: July 1, 2013
Corrective Action Planned: Concur. Data exchange is required to be utilized whenever action is taken on a case and through G1DX Exceptions. OKDHS policy revised effective June 1, 2012 states “all discrepancy messages must be cleared using the DXD transaction within 45 days of the error posting”. This change brings policy more in line with federal guidelines of 45 days. OKDHS is establishing a goal of clearing 95% discrepancies within the 45 day standard. This goal has been delayed due to increases in caseloads and decreases in staffing. Of the discrepancies cleared in SFY12 approximately 81% did not impact eligibility. Adult and Family Services will continue to work on projects that will allow staff to focus on discrepancy clearance. Those projects include online and self-service models currently deployed and being extended.

FINDING NO: 12-830-002
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1201OKTANF
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: Form ACF-204 Instructions for Line 8 state: “Total number of families served under the program with MOE funds. Enter the number of eligible families that are receiving the benefit(s) or service(s) named in line 1 that are funded in whole or in part with State MOE funds. States may use reasonable estimates that have a sound basis where actual numbers are not available. This may include estimates based on samples. Also, put an “X” on the appropriate line to indicate whether the number being provided is a report on the average monthly number of families being served or on the total number served over the course of the fiscal year. States would report in this manner even if the State used MOE funds that were commingled with Federal TANF funds to pay for the service. Hence, the State would not allocate the total number of families according to the percentage of MOE funds that have been commingled with TANF funds. For example, suppose the State used commingled funds to pay for non-compulsory pre-k services. Two hundred (200) eligible families received this benefit over the course of the fiscal year. The commingled funds are comprised of 80% Federal TANF funds and 20% MOE funds. The State would report 200 eligible families in this item, not 40. The State must report all eligible families that were provided the benefit or service, even if just one or two members of the eligible family actually received the benefit.”

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

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

**Cause:** The figures for line 8.a through 8.d did not get updated from the FFY 2010 ACF-204 report.

**Effect:** The Department may not be in compliance with the above instructions, which may result in incorrect reporting.

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

**Views of Responsible Official(s)**
**Contact Person:** Linda Hughes
**Anticipated Completion Date:** Immediately
**Corrective Action Planned:** Concur. The exceptions noted above have been reported to the ACF Region VI office. Procedures are now in place to ensure future reports are properly prepared prior to submission.

**FINDING NO:** 12-830-003 (Repeat Finding)
**STATE AGENCY:** Department of Human Services
**FEDERAL AGENCY:** Department of Health and Human Services
**CFDA NO:** 93.558
**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families
**FEDERAL AWARD NUMBER:** G1201OKTANF
**FEDERAL AWARD YEAR:** 2012
**CONTROL CATEGORY:** Eligibility
**QUESTIONED COSTS:** $553

**Criteria:** OAC 340:65-3-1(a) states, “The determination of eligibility is a continuous process that begins with an application. It includes the final disposition of the application and all subsequent activities related to determining continuing eligibility.”

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

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition of Family Support Services Division (FSSD) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of assistance. The case record includes information in the local Oklahoma Department of Human Services (OKDHS) office, working and history records, and all electronically maintained data. OKDHS retains these records for legal requirements and audit purposes.”

**Condition:** From our population of 16,628 cases, we selected 40 cases for testing and noted one case where no TANF eligibility application was found in the case file for benefits paid for the months of September 2011 and October 2011. (Questioned Costs $553)

**Cause:** TANF eligibility determination was not performed or was not documented on an application to ensure eligibility.

**Effect:** The Department may not be in compliance with the above stated internal policies, which may result in ineligible individuals receiving TANF benefits.
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**Recommendation:** We recommend the Department follow policy and complete eligibility applications to document the eligibility determinations for TANF recipients as required and also ensure that these applications are maintained in the case records.

**Views of Responsible Official(s)**
**Contact Person:** Linda Hughes  
**Anticipated Completion Date:** March 31, 2013

**Corrective Action Planned:** Concur. No application could be found for the time period in question. The appropriate OKDHS county director has been notified and requested to conduct training on the TANF application process and the importance of record retention. The case was reviewed and the family was found to be eligible for services. Therefore, no overpayment occurred.

**FINDING NO:** 12-830-004 (Repeat Finding)
**STATE AGENCY:** Department of Human Services  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.558  
**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families  
**FEDERAL AWARD NUMBER:** G1201OKTANF  
**FEDERAL AWARD YEAR:** 2012  
**CONTROL CATEGORY:** Special Tests and Provisions – Income Eligibility and Verification System  
**QUESTIONED COSTS:** $0

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

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

**Condition:** From our population of 16,628 cases, we selected 40 TANF cases to determine that income verification occurred and noted one case in which no income verification documentation was found for the time period tested.

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

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

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

**Views of Responsible Official(s)**
**Contact Person:** Linda Hughes  
**Anticipated Completion Date:** March 31, 2013

**Corrective Action Planned:** Concur. The appropriate OKDHS county office Director has been notified and requested to conduct training on requirements and guidelines concerning TANF applications and record retention. No overpayment occurred on the case noted above.

**FINDING NO:** 12-830-007 (Repeat Finding)
**STATE AGENCY:** Department of Human Services  
**FEDERAL AGENCY:** Department of Health and Human Services
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CFDA NO: 93.568
FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program
FEDERAL AWARD NUMBER: 2012G992201
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Activities Allowed or Unallowed
QUESTIONED COSTS: $190

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

**Condition:** While performing analytical procedures, we noted 3 of the 45 duplicate addresses sampled appear to have received more than one heating benefit payment for the household. (Questioned Costs $190)

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

**Effect:** Households may be receiving more benefits than allowed.

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

**Views of Responsible Official(s)**
**Contact Person:** Cari Crittenden
**Anticipated Completion Date:** 10/01/13
**Corrective Action Planned:** Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments.

**FINDING NO:** 12-830-008 (Repeat Finding)
**STATE AGENCY:** Department of Human Services
**FEDERAL AGENCY:** Department of Health and Human Services
**CFDA NO:** 93.568
**FEDERAL PROGRAM NAME:** Low Income Home Energy Assistance Program
**FEDERAL AWARD NUMBER:** 2012G992201
**FEDERAL AWARD YEAR:** 2012
**CONTROL CATEGORY:** Activities Allowed or Unallowed
**QUESTIONED COSTS:** $116

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

The LIHEAP Appendix C-7A Section III. Energy Crisis Assistance Program (ECAP) states, “Maximum amount necessary to prevent cutoff or restore services up to $500.”

**Condition:** We noted one address that appears to have received a duplicate ECAP payment exceeding the $500 maximum benefit allowance.

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

**Effect:** Households may be receiving more benefits than allowed.

**Recommendation:** We recommend the Department implement system edits to ensure the same address cannot receive duplicate LIHEAP benefits which exceed the maximum benefit allowance.
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Contact Person: Cari Crittenden
Anticipated Completion Date: 10/1/13
Corrective Action Planned: Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments.

FINDING NO: 12-830-010 (Repeat Finding)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.568
FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program
FEDERAL AWARD NUMBER: 2012G992201
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Eligibility; Activities Allowed or Unallowed
QUESTIONED COSTS: $450

Criteria: The Code of Federal Regulations Title 45, Volume 1, Section 96.30 states, “Fiscal control and accounting procedures must be sufficient to … (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.”

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, § .300 Auditee responsibilities states, “The auditee shall… (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

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

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition of Family Support Services (FSS) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of benefits. The case record includes information in physical working and history records, all imaged documents, and all electronically maintained data associated with the same case number. For legal requirements and audit purposes…”

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

Condition: During testwork of case files selected, we noted the following:

- 2 case files did not include the LIHEAP application to support the eligibility determination for the benefit selected for testing and to support the benefit was for an allowable activity. (Questioned Costs $450)
- 1 case did not contain a completed LIHEAP Checklist for Walk-In Applications for the “N” case and the application was not signed by the Social Services Specialist to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs $0).
- 2 cases did not contain a completed LIHEAP Checklist for Walk-In Applications for the “N” case and the OKDHS case scan and/or data exchange with other agencies could not be located to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs $0).
- 1 case did not contain an OKDHS case scan and/or data exchange with other agencies and could not be located for the open benefits to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs $0).
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- 2 cases did not contain income noted in the data that agreed with the income noted on the application and the OKDHS case scan and/or data exchange with other agencies could not be located for the open benefits to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs $0).

**Cause:** Case records were not adequately documented and maintained to ensure recipients were eligible, and the benefit payment was for an allowable activity.

**Effect:** The State may be paying ineligible recipients and issuing benefit payments for unallowable activities; therefore, not meeting program objectives.

**Recommendation:** We recommend the Department implement control procedures to ensure all recipients are eligible to receive assistance payments, and benefit payments are issued for allowable activities. Additionally, we recommend the Department ensure all eligibility documentation is maintained as required.

**Views of Responsible Official(s)**

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** 11/1/13

**Corrective Action Planned:** Concur. Adult and Family Services (AFS) will continue to emphasize the significance of the LIHEAP Checklist for Walk-in Applications as well as the importance of signing all applications. The cases in question have been referred to the Office of Inspector General for further review and possible collection.

**FINDING NO:** 12-830-011 (Repeat Finding)

**STATE AGENCY:** Department of Human Services

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2012G992201

**FEDERAL AWARD YEAR:** 2012

**CONTROL CATEGORY:** Activities Allowed or Unallowed

**QUESTIONED COSTS:** $22,500

**Criteria:** The Code of Federal Regulations Title 45, Volume 1, Section 96.30 states, “Fiscal control and accounting procedures must be sufficient to … (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.”

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, § .300 Auditee responsibilities states, “The auditee shall… (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs….”

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

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition of Family Support Services (FSS) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of benefits. The case record includes information in physical working and history records, all imaged documents, and all electronically maintained data associated with the same case number. For legal requirements and audit purposes...”
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Condition: We noted 150 cases totaling $22,500 with ‘Equipment’ listed as a fuel type. According to OKDHS management, a purchase receipt for cooling equipment purchase or repair was not required during the Summer of 2011 Cooling Program (Questioned Costs $22,500).

Cause: There is no requirement for purchase documentation for the benefit payments that are paid directly to the client for cooling equipment or equipment repairs.

Effect: The State may be issuing cooling benefit payments directly to clients and those payments may not be going for the intended purpose; therefore, not meeting program objectives.

Recommendation: We recommend the Department begin requiring purchase documentation to support these benefit payments to ensure funds are being used for the intended purpose. One possible alternative would be to require recipients to provide a receipt document showing the purchase of equipment. We have noted OKDHS began requiring the purchase receipt for equipment/repairs during the Summer 2012 Cooling Program.

Views of Responsible Official(s)
Contact Person: Cari Crittenden
Anticipated Completion Date: FFY 2012 program
Corrective Action Planned: Concur. Adult and Family Services (AFS) began requiring proof of purchase/repair of cooling equipment during the 2012 Summer Cooling program.

Office of Management and Enterprise Services

FINDING NO: 12-090-001
STATE AGENCY: Office of Management & Enterprise Services (OMES)
FEDERAL AGENCY: United States Department of Commerce
CFDA NO: 11.557
FEDERAL PROGRAM NAME: Broadband Technology Opportunity Program (BTOP)
FEDERAL AWARD NUMBER: NT10BIX5570113
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Reporting & Matching
QUESTIONED COSTS: $0

Criteria: A component objective of good internal controls is the maintenance of documents supporting federal reports.

Additionally, another component objective of an effective internal control system is to ensure that accurate and reliable information is available for reporting purposes.

Condition: Based on testing procedures performed for both Matching and Reporting, we noted the following:

- **Matching** - Cumulative matching amounts of $4,817,836 reported on the 6/30/12 Infrastructure Performance Progress Report under the Architectural & Engineering Fees did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for Architectural & Engineering Fees should have been $4,507,202.

- **Matching** - Cumulative matching amounts of $1,159,171 reported on the 6/30/12 Infrastructure Performance Progress Report under the Project Inspection Fees did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for Inspection Fees should have been $943,690.

- **Matching** - Cumulative matching amounts of $460,548 reported on the 6/30/12 Infrastructure Performance Progress Report under Miscellaneous are not accurate as OMES internally reported 303 hours, whereas the costs associated with the $460,548 are hours totaling 279. We are unable to determine
what the reported Miscellaneous cost should have been as we do not have documentation supporting each employees’ salary/fringe benefit hourly wages.

- **Reporting** - Cumulative recipient share of expenditures of $19,810,055 reported on the 6/30/12 SF-425 report did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for recipient share of expenditures should have been $19,283,940.

**Cause:** It appears management did not have controls in place to ensure that documentation was adequately maintained in order to ensure accurate and reliable information was available for reporting purposes.

**Effect:** Inaccurate and/or false expenditures could be reported in either the quarterly Performance Progress Report or the quarterly Federal Financial Report (SF-425) and not be detected and/or corrected in a timely manner.

**Recommendation:** We recommend the program area develop and implement procedures to ensure that amounts reported on both the quarterly Infrastructure Performance Progress Report and the quarterly SF-425 Federal Financial Report are supported by proper documentation.

**Views of Responsible Official(s)**
**Contact Person:** Ray Hankins
**Anticipated Completion Date:** 4/30/13
**Corrective Action Planned:** We concur with the finding as presented. We will develop and implement controls to ensure that documentation is adequate to support amounts presented for reporting purposes and is maintained in official records.

**FINDING NO:** 12-090-002
**STATE AGENCY:** Office of Management & Enterprise Services
**FEDERAL AGENCY:** United States Department of Commerce
**CFDA NO:** 11.557
**FEDERAL PROGRAM NAME:** Broadband Technology Opportunity Program (BTOP)
**FEDERAL AWARD NUMBER:** NT10BIX5570113
**FEDERAL AWARD YEAR:** 2012
**CONTROL CATEGORY:** Reporting
**QUESTIONED COSTS:** $0

**Criteria:** A component objective of good internal controls is the maintenance of documents supporting federal reports.

Additionally, another component objective of an effective internal control system is to ensure that accurate and reliable information is available for reporting purposes.

**Condition:** During documentation of the controls over compliance and testwork on the *Infrastructure Quarterly Performance Report*, we noted that the amounts reported on the cumulative quarterly report at 6/30/2012 were not accurate. The variances were in the Network Build Process section of the report for the two lines that had data - *New Network Miles Deployed* and *Net Network Miles Leased*. In reviewing the supporting documentation provided compared to the amount on the report, we noted the following variances:

<table>
<thead>
<tr>
<th></th>
<th>6/30/12 Quarterly Report Total</th>
<th>Supporting Documentation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Network Miles Deployed</td>
<td>157</td>
<td>217.61</td>
</tr>
<tr>
<td>New Network Miles Leased</td>
<td>60</td>
<td>72.12</td>
</tr>
</tbody>
</table>
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Cause: The program did not have controls in place to ensure that the amounts reported on the quarterly performance report agreed with applicable supporting documentation.

Effect: Errors could be reported in the quarterly performance progress report and not be detected and/or corrected in a timely manner.

Recommendation: We recommend the program areas develop and implement procedures to ensure that amounts reported on the infrastructure quarterly performance reports are accurate by maintaining proper supporting documentation.

Views of Responsible Official(s)
Contact Person: Ray Hankins
Anticipated Completion Date: 4/30/13
Corrective Action Planned: We concur with the finding as presented. We will develop and implement procedures to ensure that amounts reported on the infrastructure quarterly performance reports are accurate by maintaining proper supporting documentation.

FINDING NO: 12-090-003
STATE AGENCY: Office of Management and Enterprise Services
FEDERAL AGENCY: Department of Commerce
CFDA NO: 11.557
FEDERAL PROGRAM NAME: Broadband Technology Opportunities Program (BTOP)
FEDERAL AWARD NUMBER: NT10BIX5570113
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Subrecipient Monitoring and Special Tests (R3) – Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 31 USC 7502 (f) (2) states, “Each pass-through entity shall -- (A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter; (B) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means; (C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity.”

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

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

The Oklahoma Community Anchor Network (OCAN) Project Subrecipient Monitoring Program, states, “OMES monitors subrecipients to ensure they follow State procurement rules and statutes in posting Requests for Proposal (RFP’s), receiving and evaluating bids, making awards and issuing purchase orders for engineering, construction, and equipment. . . .” and “OMES monitors subrecipients to ensure they require contractors and vendors to conform with the Davis Bacon grant requirement.”
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**And Questioned Costs**

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

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

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

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

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

**Views of Responsible Official(s)**

**Contact Person:** Ray Hankins

**Anticipated Completion Date:** 4/30/13

**Corrective Action Planned:** We concur with the finding as presented. We will review/revise sub-recipient monitoring procedures to ensure the issues identified are addressed.

**FINDING NO:** 12-090-004

**STATE AGENCY:** Office of Management & Enterprise Services (OMES)

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

**CFDA NO:** 11.557

**FEDERAL PROGRAM NAME:** Broadband Technology Opportunity Program (BTOP)

**FEDERAL AWARD NUMBER:** NT10BIX5570113

**FEDERAL AWARD YEAR:** 2012

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

**QUESTIONED COSTS:** $0

**Criteria:** A component objective of good internal controls is the maintenance of documents supporting solicited and proposed bids to ensure their occurrence and compliance with state law.

A-102 Common Rule states in part, “States, and governmental subrecipients of states, shall use the same state policies and procedures used for procurements from non-federal funds”.

In addition, one of the state policies and procedures is that state agencies shall maintain records sufficient to detail the significant history of a procurement. These records shall include, but are not necessarily limited to, information pertinent to the rationale for the method of procurement, the selection of contract type, the contract selection or rejection, and the basis for the cost or price.
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**Federal Award Findings**

**And Questioned Costs**

**Condition:** During the evaluation of the controls over the Procurement, Suspension, & Debarment process, we noted that both of the contracts awarded to CommScope (reassigned to Anixter and Corning) for telecommunications did not have documentation maintained in order to support the bid solicitation process results. The contracts with Anixter and Corning represented 18% of the total expenditures for the BTOP program for state fiscal year 2012.

**Cause:** It appears management did not have controls in place to ensure that documentation was adequately maintained.

**Effect:** Unavailable or incomplete documentation for the bid/proposal process presents the problem of supporting the bid/proposal’s occurrence and compliance with state law.

**Recommendation:** We recommend the program areas develop and implement procedures to ensure that bid/proposals are made complete with proper documentation supporting their occurrence.

**Views of Responsible Official(s)**

**Contact Person:** Ray Hankins  
**Anticipated Completion Date:** 4/30/13  
**Corrective Action Planned:** We concur with the finding as presented. We will develop and implement procedures to ensure that bid/proposals are made complete with proper documentation supporting their occurrence.

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**Department of Rehabilitation Services**

**FINDING NO:** 12-805-001 (Repeat Finding)  
**STATE AGENCY:** Department of Rehabilitation Services  
**FEDERAL AGENCY:** United States Department of Education  
**CFDA NO:** 84.126  
**FEDERAL PROGRAM NAME:** Rehabilitation Services – Vocational Rehabilitation Grants to States  
**FEDERAL AWARD NUMBER:** H126A-110053, and H126A-120053  
**FEDERAL AWARD YEAR:** 2011 and 2012  
**CONTROL CATEGORY:** Procurement and Suspension and Debarment  
**QUESTIONED COSTS:** $0

**Criteria:** According to 34 CFR Section 85.300, “When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by: (a) Checking the EPLS; or (b) Collecting a certification from that person if allowed by this rule; or (c) Adding a clause or condition to the covered transaction with that person.”

A component objective of effective internal controls is to develop policies and procedures which will ensure compliance with applicable laws and regulations.

**Condition:** The Department does not have a process to verify the suspension or debarment status of the medical provider renewal contracts which are handled by OSEEGIB (Oklahoma State and Education Employees Group Insurance Board).

In response to a prior year finding, amendments to the medical provider contracts were mailed out to providers which included the suspension and debarment clause. However, proper documentation to support the mailing and receipt of the amendments by the providers was not maintained. In addition, since the amendments did not require the provider’s signature, this action does not fulfill the requirements of 34 CFR Section 85.300.
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During our testwork of contracts, we noted:

- Six of twenty-nine (20.7%) client service contracts tested did not have documentation to support the Department performed verification to ensure that the provider is not suspended or debarred. All of these contracts were for medical providers.

**Cause:** The Department appears to lack proper procedures for ensuring that vendors in covered transactions have not been suspended or debarred by the Federal government.

**Effect:** Contracts could be awarded to a vendor who has been suspended or debarred, resulting in unallowable costs to the program.

**Recommendation:** We recommend the Department of Rehabilitation Services implement procedures to ensure all vendors (including renewed contracts) in covered transactions have not been suspended or debarred by the Federal government.

**Views of Responsible Official(s)**

**Contact Person:** Cheryl Gray

**Anticipated Completion Date:**

**Corrective Action Planned:** Do not concur.

Current process: Group Insurance Board Network Management staff checks website, Medical Licensure Board, and others for any providers/vendors suspended or debarred. This process is conducted every 30 days. If a provider shows up as suspended or debarred, the contract is terminated. For quality assurance, GIB's claims adjudicator also follows the every 30 days suspended or debarred verification process.

Will check the six providers listed and confirm non suspension on the vendor exception list. However, because the current verification process is industry standard, we feel the requirements are met.

**Auditor Response:** Documentation to support the statement regarding monthly suspension/debarment reviews of providers/vendors performed by the Group Insurance Board Network Management staff and the GIB claims adjudicator was not provided to our office during the course of this audit.

**FINDING NO:** 12-805-002 (Repeat Finding)

**STATE AGENCY:** Department of Rehabilitation Services

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

**CFDA NO:** 84.126

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

**FEDERAL AWARD NUMBER:** H126A110053 and H126A120053

**FEDERAL AWARD YEAR:** 2011 and 2012

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** $0

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

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

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

**Condition:** We noted the following issue which relates to both the Federal fiscal year (FFY) 2011 RSA-2 report and the SF-425 report for the period ending September 30, 2011:
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- $850,387.58 in September 2011 cash basis expenditures for the Vocational Rehabilitation program not included on the FFY 2011 annual RSA-2 report or the SF-425 report for the period ending September 30, 2011.

We noted the following in relation to the FFY 2011 RSA-2 report only:

- $4,166,690.86 in adjustments to the amounts reported on the FFY 2011 RSA-2 report’s Schedule II were not supported by reliable documentation; therefore, we were unable to determine the reasonableness of the adjustments. The total expenditures on the FFY 2011 RSA-2 report are materially correct. The RSA-2 report’s Schedule II contains a line item breakdown of client service expenditures by type of service. The adjustments involve reclassifying expenditures by type of service.

Cause:
- Client service expenditures are paid through the AWARE system. A journal entry is made into Oklahoma’s statewide accounting system (PeopleSoft) periodically to represent the claims paid through the AWARE system. We have noted timing issues where DRS is not making the journal entry to represent the cash basis expenditures in the AWARE system until after the report cutoff dates. The RSA-2 report and SF-425 report are prepared using PeopleSoft expenditure reports. However, the PeopleSoft system does not have an accurate record of cash basis expenditures due to timing issues between when expenditures are paid through the AWARE system and when the journal entry representing the expenditures is made in the PeopleSoft system.
- DRS cannot identify the type of service for certain types of client service expenditures which are incurred prior to initiation of an Individualized Plan for Employment (IPE).

Effect: The expenditures reported on the RSA-2 report and the SF-425 report may be misstated and/or misclassified.

Recommendation: We recommend the Department develop and implement procedures to ensure the timely recording of journal entries representing claims paid in the AWARE system into the PeopleSoft system, especially at reporting cutoff periods. We further recommend that the Department review its process for reporting expenditures on the RSA-2 report’s Schedule II.

Views of Responsible Official(s)
Contact Person: Jennifer Treadwell
Anticipated Completion Date: September 30, 2013
Corrective Action Planned: The Department took steps as a result of the prior year audit to address the timing of the journal entry. The Departmentconcurs that an adjustment is required to complete Schedule II of the RSA-2. The adjustment is an extrapolation of the known activity from the AWARE system. The Department will continue to look at better ways to close the gap.

FINDING NO: 12-805-003 (Repeat Finding)
STATE AGENCY: Department of Rehabilitation Services
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.126
FEDERAL PROGRAM NAME: Rehabilitation Services - Vocational Rehabilitation Grants to States
FEDERAL AWARD NUMBER: H126A-110053, H126A-120053
FEDERAL AWARD YEAR: 2011 and 2012
CONTROL CATEGORY: Allowable Costs/Cost Principles
QUESTIONED COSTS: $0

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

*Condition:* During the testing of payroll certifications, it was noted that for 2 out of the 64 employees tested (3%), one of the semi-annual payroll certifications required by OMB Circular A-87 was not completed. The Department did complete the certifications subsequent to our audit inquiry.

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

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

*Recommendation:* To ensure payroll certifications are completed and approved by the program managers in a timely manner, we recommend that the Department implement policies and procedures outlining corrective action the agency will follow if the required payroll certifications are not submitted timely. For example, corrective action could include a disciplinary note in the program manager’s personnel file for failure to comply with agency policy, which results in the agency being non-compliant with the provisions of OMB Circular A-87.

*Views of Responsible Official(s)*  
*Contact Person:* Paula Nelson  
*Anticipated Completion Date:* Completed  
*Corrective Action Planned:* The Certification requirement was added to the Supervisors PMP as a supervisor duty. Corrective action policies and procedures are in place for not meeting standards on duties assigned on the PMP.

**FINDING NO:** 12-805-004 *(Repeat Finding)*  
**STATE AGENCY:** Department of Rehabilitation Services  
**FEDERAL AGENCY:** United States Department of Education  
**CFDA NO:** 84.126  
**FEDERAL PROGRAM NAME:** Rehabilitation Services - Vocational Rehabilitation Grants to States  
**FEDERAL AWARD NUMBER:** H126A-110053, H126A-120053  
**FEDERAL AWARD YEAR:** 2011 and 2012  
**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Period of Availability; Reporting  
**QUESTIONED COSTS:** $1,850

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

2 CFR 225 – Appendix A, *General Principles for Determining Allowable Costs,* C, Paragraph 1 specifies that “To be allowable under Federal awards, costs must meet the following general criteria: j. Be adequately documented.”
34 CFR 361.54 states that if the State unit chooses to consider financial need it must maintain written policies, explaining the method for determining the financial need of an eligible individual, and the policies must be applied uniformly to all individuals under similar circumstances.

OAC Title 612:10-3-4(b) states, “Recipients of Social Security benefits under Titles II (federal old age, survivors, and disability insurance benefits) or XVI (SSI) of the Social Security Act do not have to participate financially in the cost of their rehabilitation program.”

OAC Title 612:10-3-3(b) states, “Before an individual can be provided services other than those listed in DRS policy, the counselor must evaluate the client's financial situation to determine if the client must participate in the cost of services, and if so, the amount of such participation. Any client whose available family resources exceed the applicable basic living requirements is required to apply the monthly surplus to the cost of services during each 30 day period services are provided. DVR [Department of Vocational Rehabilitation] and DVS [Department of Visual Services] funds will not be used to purchase services based on client's financial status when there is any refusal on client's behalf to participate in the cost of services. However, the client can be provided services not based on financial status. Any client who does not have a surplus is not required to participate in the cost of services. Financial status does not exempt the client from required use of comparable benefits. If a payment is required of the client, it will be made to the vendor.”

OAC Title 612:10-3-3(c) states, “The counselor will re-evaluate the client's financial situation at least annually and any time there is a change in the financial situation of the client or family. The amount of client participation in cost is based upon the most recent determination of client's financial status at the time the IPE or amendment is written, and is stated in the IPE or amendment.”

**Condition:** We noted 4 out of 45 (8.89%) client service payments tested contained the following errors:

- Claim authorization numbers 678585, 642384, and 640968 totaling $1,700.15 were not properly supported by a receipt or invoice.

- Claim authorization numbers 639566 and 642384 totaling $280.15 were paid when the client case file did not contain documentation to support the client’s income or Social Security Disability benefits, whichever is applicable. The financial status report (form C-25) was signed after our inquiry.

- For claim authorization number 642384, totaling $130.15, we were unable to determine whether the underlying obligation occurred within the period of availability.

**Cause:** It appears claims were paid without appropriate supporting documentation to verify the services reimbursed were actually provided, and met financial needs requirements.

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

**Recommendation:** We recommend the Department investigate these claims to determine if the claims were improperly reimbursed and take appropriate action. We further recommend the Department train staff on its policies and procedures regarding independent verification of the client’s income, and the importance of documenting this verification in the client case file. The Department’s training should also include notifying staff of the importance in documenting independent verification of income when they perform the re-evaluations of income.

**Views of Responsible Official(s)**
**Contact Person:** Mark Kinnison
**Anticipated Completion Date:** June 30, 2013
Corrective Action Planned: DRS will conduct an investigation on claim authorization numbers 6788585, 642384 and 640968 to understand why these claims were not properly supported by a receipt or invoice. If these claims are found to be improperly reimbursed appropriate action will be taken to educate and train staff on DRS policy and procedures regarding independent verification of the client’s income and appropriate documentation required in the case file. This education and training will include stressing the importance of documenting independent verification of income when re-evaluations of income are performed.

FINDING NO: 12-805-005
STATE AGENCY: Department of Rehabilitation Services
FEDERAL AGENCY: United States Department of Education
CFDA NO: 84.126
FEDERAL PROGRAM NAME: Rehabilitation Services - Vocational Rehabilitation Grants to States
FEDERAL AWARD NUMBER: H126A-110053, H126A-120053
FEDERAL AWARD YEAR: 2011 and 2012
CONTROL CATEGORY: Eligibility
Criteria: A component objective of an effective internal control system is to ensure appropriate procedures are in place to provide reasonable assurance that costs charged to the Federal award are only made to eligible recipients.

According to the OAC (Oklahoma Administrative Code) 612: 10-7-24.2, Assessment for determining eligibility:

(a) To determine whether an individual is eligible for vocational rehabilitation services:
   (1) the counselor will use to the maximum extent possible and appropriate existing data including counselor observations, education records, information provided by the individual or the individual's family, and determinations made by officials of other agencies; and
   (2) to the extent necessary provide appropriate assessments, including provision of goods and services during the assessment, to obtain additional documentation necessary to make the determination of eligibility and priority group assignment.
   The counselor will carefully evaluate the need to provide assistive technology devices and services or worksite assessments.
(b) The counselor will determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days after the individual has submitted an application for services.

Condition: We noted that for 18 of 40 cases (45%) the eligibility form and IPEs (Individualized Plan for Employment) were either missing, were not signed by a counselor to denote their review and approval, or were signed after we inquired about the lack of an approving signature.

Cause: The Department has switched to electronic records and it appears there is a lack of communication and established policies on documenting the counselors’ review and approval process.

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

Recommendation: We recommend the Department implement policies and procedures and provide training to staff on how to properly document review and approval in the new system.

Views of Responsible Official(s)
Contact Person: Mark Kinnison
Anticipated Completion Date: June 30, 2013
Corrective Action Planned: DRS currently has policy and procedures implemented to address this finding. DRS will provide training and clarification to staff on how to document, review and approve case eligibilities, and the IPE (Individualized Plan for Employment).

Department of Transportation

FINDING NO: 12-345-001 (Repeat Finding)
STATE AGENCY: Oklahoma Department of Transportation (the Department)
FEDERAL AGENCY: United States Department of Transportation
CFDA NO: 20.205; 20.509; 20.932
FEDERAL PROGRAM NAME: Highway Planning and Construction; Formula Grants for Other than Urbanized Areas; Surface Transportation Discretionary Grants for Capital Investment
FEDERAL AWARD NUMBER: CFDA #20.205 – N/A; CFDA #20.509 - OK-18-X035-00, OK-18-X044-00, OK-18-X057-00, OK-18-X063-00 (regular Federal funds), and OK-86-X002-00 (American Recovery and Reinvestment (ARRA) Federal funds); CFDA #20.932 (ARRA Federal funds) – N/A.
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Matching and Earmarking; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; Special Tests & Provisions (regular and ARRA Federal funds)

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

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

During discussions with Department personnel, communication barriers appeared to exist between the Department’s management and operation personnel.

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

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

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

Recommendation: We recommend the Transportation Commission, the Department’s management, and/or the Department’s OR&E Division periodically perform risk assessments to evaluate and assess the adequacy and effectiveness of internal controls over the Federal programs and State funds administered by the Department. We recommend the Department’s management correct SA&I findings in a timely fashion.
In addition, we recommend the Department implement procedures to ensure pertinent and important information is properly communicated from the Department’s management to operations personnel.

**Views of Responsible Official(s)**

**Contact Person:** John Parker, Audit Director  
**Anticipated Completion Date:** Continuous  
**Corrective Action Planned:** Obviously there have been procedural changes instituted since Operations Review and Evaluation Division’s prior review of these processes. The increase in the retirement of personnel throughout the Department at all levels has created opportunities for deviation from previously prescribed procedures. Additionally the migration to new software programs and increased automation has dictated procedural modifications. The Operations Review and Evaluation group will undertake a review and updating of controls in all areas beginning with those areas impacting the State and Federal program objectives. Once this review has been completed, we will require annual verification of the procedures in these areas from management and selectively confirm through additional reviews.

**FINDING NO:** 12-345-002 (Repeat Finding)  
**STATE AGENCY:** Oklahoma Department of Transportation (the Department)  
**FEDERAL AGENCY:** United States Department of Transportation  
**CFDA NO:** 20.205; 20.509; 20.932  
**FEDERAL PROGRAM NAME:** Highway Planning and Construction; Formula Grants for Other than Urbanized Areas; Surface Transportation Discretionary Grants for Capital Investment  
**FEDERAL AWARD NUMBER:** CFDA #20.205 – N/A; CFDA #20.509 - OK-86-X002-00; CFDA #20.932 – N/A (American Recovery and Reinvestment Act (ARRA) Federal funds)  
**FEDERAL AWARD YEAR:** 2009; 2010; 2011  

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

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

**Condition:** We noted the Department does not have adequate internal controls in place to ensure the following reports present accurate and reliable information: the Section 1512 ARRA Report for CFDA #20.205 – Highway Planning and Construction, the Section 1512 ARRA Report for CFDA #20.509 – Formula Grants for Other than Urbanized Areas, Section 1512 ARRA Report for CFDA #20.932 – Surface Transportation Discretionary Grants for Capital Investment.

We also noted the reconciliation of data supporting the SF-425 – Federal Financial Report for CFDA #20.509 – Formula Grants for Other than Urbanized Areas and the preparation of the SF-425 is performed by the same individual without a formal review by an individual other than the preparer.

**Cause:** The Department does not have internal controls in place to ensure the accuracy of the reports listed in the condition. The Department relies on other State and Federal entities for reconciliation of the Section 1512.

**Effect:** The reports listed in the condition may contain improper expenditures. The Department may not be in compliance with the applicable reporting requirements.

**Recommendation:** We recommend the Department develop and document internal controls for the reports listed in the Condition to ensure compliance with the applicable reporting requirements. These internal controls should
provide for a detailed review and approval of the reported information by an individual other than the preparer prior to submission to the Oklahoma Office of Management and Enterprise Services, formerly Oklahoma Office of State Finance, (Section 1512 ARRA Report) or the Federal Highway Administration and Federal Transit Administration (SF-425 – Federal Financial Report). The internal controls related to the Section 1512 ARRA Report should also provide for a reconciliation of the reported information to the information posted on the Recovery.gov website by an individual other than the preparer.

Views of Responsible Official(s)
Contact Person: Chelley Hilmes, Comptroller
Anticipated Completion Date: June 30, 2013
Corrective Action Planned: The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can. We already have in place procedures for reviewing the 1512 reporting prior to its submission. This process is going well.

Auditor Response: Should the Comptroller Division not review the SF-425, the respective project or program area should perform a review by an individual other than the preparer.

FINDING NO: 12-345-004 (Repeat Finding)
STATE AGENCY: Oklahoma Department of Transportation (the Department)
FEDERAL AGENCY: United States Department of Transportation
CFDA NO: 20.509
FEDERAL PROGRAM NAME: Formula Grants for Other than Urbanized Areas
FEDERAL AWARD NUMBER: OK-18-X057-00 (regular Federal funds)
FEDERAL AWARD YEAR: 2011
QUESTIONED COSTS: $0

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

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

FTA Circular 9040.1F, Chapter VI Program Management and Administrative Requirements, part 12.c. Financial Status Report states, in part, “The State must submit electronically an annual Financial Status Report for each active grant, for the period ended September 30. For the purpose of this report, funds are considered encumbered when agreements are signed with subrecipients. States should prepare the reports using the accrual method of accounting.”

Condition: The FFY 2011 SF-425 – Federal Financial Report for grant number OK-18-X057-00 submitted during State fiscal year (SFY) 2012 was not complete and accurate. The SF-425- Federal Financial Report submitted during SFY 2012 contained data elements that did not trace to supporting worksheets or other documentation. The Department reported the current period recipient share of expenditures, cumulative recipient share of expenditures, and cumulative recipient share of unliquidated obligations using calculated amounts by applying the required matching percentages to amounts previously reimbursed by the Federal Transit Administration rather than the actual amounts expended by the subrecipients.

The FFY 2011 SF-425 for grant number OK-18-X057-00:
• understated Federal cash receipts by $9,332,988.00;
• understated Federal cash disbursements by $9,332,988.00;
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- understated Federal share of expenditures (Current Period and Cumulative) by $7,769.00;
- understated recipient share of expenditures (Current Period and Cumulative) by $35,911.25;
- overstated Federal share of unliquidated obligations by $7,769.00;
- overstated recipient share of unliquidated obligations by $11,628,812.50.

**Cause:** The Department did not have adequate internal controls in place to ensure amounts were properly captured and reported on the SF-425 – Federal Financial Reports.

**Effect:** The Department reported inaccurate FFY 2011 Federal cash receipts, Federal cash disbursements, Federal and recipient share of expenditures (current and cumulative) and Federal and recipient share of unliquidated obligations to the Federal Transit Administration.

**Recommendation:** We recommend the Department develop and document internal controls to ensure amounts are properly captured and reported on the SF-425 – Federal Financial Reports. These internal controls should provide for a detailed review and approval of the reported information by someone other than the preparer prior to submission to the Federal Transit Administration. We also recommend the Department report current period Federal and recipient share of expenditures based on actual amounts expended during the period rather than calculated amounts.

**Views of Responsible Official(s)**
**Contact Person:** Chelley Hilmes, Comptroller
**Anticipated Completion Date:** June 30, 2013
**Corrective Action Planned:** The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can.

**Auditor Response:** Should the Comptroller Division not review the SF-425, the respective project or program area should perform a review by an individual other than the preparer.

**FINDING NO:** 12-345-005 (Partial Repeat Finding)
**STATE AGENCY:** Oklahoma Department of Transportation (the Department)
**FEDERAL AGENCY:** United States Department of Transportation
**CFDA NO:** 20.509
**FEDERAL PROGRAM NAME:** Formula Grants for Other than Urbanized Areas
**FEDERAL AWARD NUMBER:** OK-18-X035-00, OK-18-X044-00, OK-18-X057 (regular Federal funds) and OK-86-X002 (American Recovery and Reinvestment (ARRA) Federal funds)
**FEDERAL AWARD YEAR:** 2009, 2010 and 2011
**CONTROL CATEGORY:** Reporting: Special Report (regular and ARRA Federal funds)

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

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

A component objective of an effective internal control system is to ensure policies and procedures for performing essential duties are adequately documented to ensure compliance requirements are met and ensure accurate and reliable information through proper review and approval.
Condition: A formal review of the National Transit Database (NTD) Report by an individual, other than the preparer, with adequate knowledge of the Federal Transit Administration (FTA) programs and the NTD reports was not performed.

Cause: The Department does not have adequate internal controls in place to ensure the amounts reported on the NTD Report are accurate and complete.

Effect: The Department may have reported incorrect amounts on the NTD Report.

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

Views of Responsible Official(s)
Contact Person: Ernestine Mbroh
Anticipated Completion Date: N/A (1/31/2013)
Corrective Action Planned: The Department previously concurred with this finding and corrective action was taken 1/31/2013. Division personnel will complete a secondary review of the report and documentation before submission to NTD.

FINDING NO: 12-345-007 (Repeat Finding)
STATE AGENCY: Oklahoma Department of Transportation (the Department)
FEDERAL AGENCY: United States Department of Transportation (USDOT)
CFDA NO: 20.205
FEDERAL PROGRAM NAME: Highway Planning and Construction
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Special Tests and Provisions – Project Approvals (regular Federal funds)
QUESTIONED COSTS: $0

Criteria: 23 CFR § 635.112 (a) states, “No work shall be undertaken on any Federal-aid project, nor shall any project be advertised for bids, prior to authorization by the Division Administrator.”

Oklahoma Administrative Code (OAC) 730:25-5-4 states, part, “No contract shall be advertised for bids or awarded by the State Transportation Commission until the Director has determined that the plans have been completed, required approvals from the United States Department of Transportation have been obtained in the case of federal aid projects...”

Condition: For four (7 percent) of 60 procurements tested, we noted that the Department advertised the projects prior to USDOT approval. It appears the Department lacks sufficient internal controls to ensure USDOT approval prior to advertisement.

Cause: The Department did not ensure proper approval of the projects prior to advertisement.

Effect: The Department was not in compliance with OAC 730:25-5-4 and applicable Federal regulations. In addition, the Department may not have had federal funding available for the projects prior to advertisement.

Recommendation: We recommend the Department management emphasize the importance of internal controls, policies, and procedures in place to ensure compliance with the OAC and Federal regulations.
Schedule of Findings
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Views of Responsible Official(s)
Contact Person: Brian E. Schmitt, PE, Division Engineer – Office Engineer Division
Anticipated Completion Date: December 5, 2012
Explanation:

- Beaver Co. J/P27005(04) CO#310 9/15/2011 letting - Sent to FHWA for authorization on 8/19/11. FHWA sat on the project waiting for a PS&E as they mistakenly thought it was an oversight project. Just a mistake on their part and the project was authorized as soon as they realized their error. There was never an issue as to the project being approved.

- Coal Co. CO#220 & Hughes Co. CO#420 2/16/2012 letting - These 3P projects were sent at the last minute to the FHWA because we were holding them until we had required NEPA clearances. Since they were maintenance type work within the road footprint, it did not dawn on the field division designer that an environmental document would be necessary.

- Lincoln Co. CO#500 2/16/2012 letting - Sent to FHWA six days ahead of advertising date. This should have been plenty of time for this 3P project, but somehow this fell through the cracks and they authorized it late at the same time as the other 3P projects.

Corrective Action Planned: Environmental Programs Division has emphasized with the field division designers the importance of following all necessary environmental steps during the design process. We will continue to emphasize this and be proactive on these types of projects to make sure that it has been completed at time of submission.

Auditor Response: Although USDOT approval was not given prior to advertisement, we did note USDOT approval was given prior to acceptance of the construction project contracts.

FINDING NO: 12-345-008
STATE AGENCY: Oklahoma Department of Transportation (the Department)
FEDERAL AGENCY: United States Department of Transportation
CFDA NO: 20.205
FEDERAL PROGRAM NAME: Highway Planning and Construction
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Procurement and Suspension and Debarment (regular Federal funds)
QUESTIONED COSTS: $0

Criteria: 49 CFR § 18.36 (a) states, “When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.”

61 O.S. § 1A. states, “Prior to an award of a contract exceeding Fifty Thousand Dollars ($50,000.00) for construction or repair of a public building or structure, or improvement to real property, the person that receives the award shall: 1. Furnish a bond with good and sufficient sureties payable to the state in a sum not less than the total sum of the contract; or 2. Cause an irrevocable letter of credit, containing terms the Department of Central Services prescribes, to be issued for the benefit of the state by a financial institution insured by the Federal Deposit Insurance Corporation in a sum not less than the total sum of the contract.”

Condition: For one (2 percent) of 60 procurements tested, we noted that the Statutory and Bond Payment was not properly executed. The bond did not contain an effective date.

Cause: The effective date was not present on the Statutory and Payment Bond.

Effect: Lack of proper review and approval of the Statutory and Bond Payment could allow construction to begin on a project prior to contract procurement.
Schedule of Findings
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Recommendation: We recommend the Department emphasize the importance of following policies and procedures to ensure the Statutory and Payment Bond for each project is reviewed and approved as evidenced by an authorized signature on the Statutory and Payment Bond before project work begins.

Views of Responsible Official(s)
Contact Person: Brian E. Schmitt, PE, Division Engineer – Office Engineer Division
Anticipated Completion Date: December 5, 2012
Corrective Action Planned: This slipped by both the Contracts Officer in the Office Engineer Division and the Assistant General Counsel, who both routinely check to make sure this document is dated. By copy of this response, I will remind them to be diligent in the review of future documents.

FINDING NO: 12-345-009 (Repeat Finding)
STATE AGENCY: Oklahoma Department of Transportation (the Department)
FEDERAL AGENCY: United States Department of Transportation
CFDA NO: 20.205; 20.509; 20.932
FEDERAL PROGRAM NAME: Highway Planning and Construction; Formula Grants for Other than Urbanized Areas; Surface Transportation Discretionary Grants for Capital Investment
FEDERAL AWARD NUMBER: CFDA #20.205 – N/A; CFDA #20.509 – OK-18-X035-00, OK-18-X044-00, OK-18-X057-00, OK-X063-00; CFDA #20.932 – N/A
CONTROL CATEGORY: Reporting – Schedule of Expenditures of Federal Awards (SEFA); Special Tests and Provisions for Awards with ARRA Funding - Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form (regular and American Recovery and Reinvestment Act (ARRA) Federal funds)
QUESTIONED COSTS: $0

Criteria: Office of Management and Budget (OMB) Circular A-133 Subpart C—Auditees §__.300 Auditee responsibilities states, “The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §__.310.”

OMB Circular A-133 Subpart C--Auditees §__.310 Financial Statements (b) Schedule of expenditures of Federal awards states, “The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. . . At a minimum, the schedule shall (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. . . (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.”

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

A basic component of adequate internal controls is the reconciliation of documentation used to prepare financial statements. The reconciliation should be performed prior to the issuance of financial statements to provide reasonable assurance of the accuracy of the financial statements.

Condition: The Department reported ARRA Federal revenue and expenditures for Catalog of Federal Domestic Assistance (CFDA) # 20.932 under CFDA #20.205 (ARRA) on the Department’s state fiscal year (SFY) 2012 SEFA. The following expenditures were erroneously coded as CFDA #20.205 (ARRA) and should have been coded as CFDA #20.932 (ARRA) on the Department’s SFY 2012 SEFA for the CFDA listed below:
The State Auditor and Inspector’s (SA&I) Office requested confirmation of the Department’s Federal revenue by CFDA number from Federal Transit Administration (FTA). The Federal Transit Administration confirmed revenue by project number. Based on the project numbers provided, it appears the Department reported $1,058,853 of Federal funds for CFDA #20.509 that should have been reported under other CFDA numbers.

Since the Department is funded on a reimbursement basis for Federal programs, we would expect to see both the confirmed revenue and corresponding expenditures for these programs correctly reported on the SEFA.

**Cause:** The Department does not have adequate internal controls in place to ensure the amounts reported on the SEFA are accurate.

**Effect:** The FHWA ARRA cumulative total of expenditures ODOT reported on its SEFA between SFY 2009 and SFY 2012 for CFDA #20.205 exceeded the ARRA award amount. ARRA revenue and expenditures for CFDA #20.205 were overstated by $28,022,018 on the SFY 2012 SEFA. ARRA revenue and expenditures for CFDA #20.932 in the amount of $28,022,018 were not included on the SFY 2012 SEFA. The Department overstated the CFDA #20.509 funds on the SEFA by $1,058,853 and understated other programs.

**Recommendation:** We recommend the Department perform an adequate review of the SEFA and supporting documentation prior to issuance to ensure the accuracy of the SEFA. We also recommend the Department ensure CFDA numbers are provided by the appropriate Federal Agency when funding information is provided to the Department and properly tied to the Department’s revenue and expenditures coding. This should ensure revenue and expenditures are properly tracked and reported on future SEFA’s.

**Views of Responsible Official(s):** We concur.

**Contact Person:** Chelley Hilmes, Comptroller

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** The Department of Transportation makes every effort to report accurately. In that effort, the Comptroller Division routinely corresponds with its regional FHWA offices for guidance in regards to the CFDA numbers. The Division will continue to emphasis the importance of the accuracy and effect of reporting the CFDA numbers accuracy. The regional FHWA office is aware of the impact of the information provided to the Department.

**Auditor Response:** The Department did correct their SFY 2012 SEFA to correctly report revenue and expenditures for CFDA # 20.205, CFDA #20.509, and CFDA #20.932 prior to issuance of this report.
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**Criteria:** 2 CFR § 215.51 (a) states, “Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in § 215.26.”

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

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

- activities allowed or unallowed; allowable costs/cost principles (2 CFR § 215.27);
- cash management (2 CFR § 215.22);
- Davis Bacon (40 USC 3141-3144, 3146, and 3147; 29 CFR 29);
- eligibility;
- equipment and real property management (2 CFR § 215.34 and 215.32);
- matching, level of effort, earmarking (2 CFR § 215.23);
- period of availability of Federal funds (2 CFR § 215.28 and 215.71);
- procurement and suspension and debarment (2 CFR § 215.40 through 215.48 and Section 1605 of ARRA, 2 CFR § 176);
- program income (2 CFR § 215.2, 215.22, and 215.24);
- real property acquisition/relocation assistance (49 CFR § 24);
- reporting (2 CFR § 215.25 and 215.51, and Section 1512 of ARRA);
- subrecipient monitoring (2 CFR § 215.51(a), Section 1512(h) of ARRA, 2 CFR § 176.50(c)); and
- special tests and provisions.

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

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

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

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

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

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

**Condition:** For 9 (47%) of the 19 Project Assessment or Project Management Reviews conducted, the Department did not review adequate documentation to ensure subrecipients have met the audit requirements delineated in 2 CFR § 215.26. Of the 9 exceptions noted, the subrecipient’s Project Assessment or Project Management Review indicated the Department reviewed between zero and six invoices over a five year period, totaling less than $105,000 for each subrecipient.
Schedule of Findings
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The Department does not review supporting documentation when approving transit project administration/operating costs for reimbursement to subrecipients. Total subrecipient expenditures are submitted to the Department based on summary-level data. The Department uses the summary-level data to calculate the Federal reimbursement, the difference of which is the subrecipient’s required matching contribution. For the first two years of participation with the Department, subrecipients are required to submit all supporting documentation with the invoice to receive reimbursement. After two years without any problems, subrecipients are no longer required to submit supporting documentation with invoices. The Department relies on the Project Assessment/Project Management Reviews of each subrecipient’s management and operations quinquennially, at a minimum, as a mitigating factor. The Department also relies on reporting information submitted by the subrecipients to prepare the National Transit Database (NTD) Report. However, it does not appear adequate documentation of expenditures is examined during these reviews.

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

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

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

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

- **Contact Person:** Ernie Mbroh
- **Anticipated Completion Date:** 6/15/2014
- **Corrective Action Planned:** The Department concurs with this finding. On-site monitoring visits will be conducted semiannually to review overall operations of subrecipients, specifically expenses claimed for reimbursement. We will visit with our software developers regarding modifying the MYLEOnet program to include the capability of subrecipients attaching all supporting documentation referencing the claim submitted.

**FINDING NO:** 12-345-012 (Repeat Finding)

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

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

**CFDA NO:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Other than Urbanized Areas

**FEDERAL AWARD NUMBER:** OK-18-X035-00, OK-18-X044-00, OK-18-X057-00 and OK-18-X063 (regular Federal funds); OK-86-X002-00 (American Recovery and Reinvestment Act (ARRA) Federal funds)


**CONTROL CATEGORY:** Subrecipient Monitoring; Special Tests and Provisions for Awards with ARRA Funding – Subrecipient Monitoring (regular and ARRA Federal funds)

**QUESTIONED COSTS:** $0

**Criteria:** The Office of Management and Budget (OMB) Circular No. A-133, Subpart D § .400(d) states, in part, “A pass-through entity shall perform the following for the Federal awards it makes: (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.”
2 CFR § 176.210(c) states, “Recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.”

2 CFR § 176.210(d) states, “Recipients agree to require their subrecipients to include on their SEFA information to specifically identify Recovery Act funding similar to the requirements for the recipient SEFA described above. This information is needed to allow the recipient to properly monitor subrecipient expenditure of ARRA funds as well as oversight by the Federal awarding agencies, Offices of Inspector General and the Government Accountability Office.”

Section d(4)(c) and Section d(4)(d) of grant agreement OK-86-X002-00 with the Federal Transit Administration (FTA) also conveys the guidance from 2 CFR § 176.210 to the Department.

**Condition:** For 19 (100 percent) of the 19 subrecipients, the Department did not include the Catalog of Federal Domestic Assistance (CFDA) title, CFDA number, award number, or award year in the Federal Fiscal Year (FFY) 2009, FFY 2010 and FFY 2011 contracts for non-ARRA Federal funds. The Department did include the award name, award amount, and name of Federal agency in the FFY 2009, FFY 2010 and FFY 2011 contracts for non-ARRA Federal funds.

For 19 (100 percent) of the 19 subrecipients, the Department did not include the award number in the FFY 2012 contract for non-ARRA Federal funds. The Department did include the Catalog of Federal Domestic Assistance (CFDA) title, CFDA number, award name, award year, award amount, and name of the Federal agency in the FFY 2012 contract for non-ARRA Federal funds.

For 19 (100 percent) of the 19 subrecipients, the Department did not include the CFDA title, CFDA number, or award year in the contract for ARRA Federal funds. The Department did include the award number, name of Federal agency, and amount of Recovery Act funds in the contract for ARRA Federal funds.

The Department did include the CFDA title and number in the State Management Plan.

The Department did not communicate to the subrecipients the requirement for each subrecipient to include on its Schedule of Expenditures of Federal Awards (SEFA) information to specifically and separately identify Recovery Act funding.

**Cause:** The Department does not have adequate procedures in place to ensure required Federal award information is communicated to subrecipients at the time of the award.

**Effect:** The Department is not in compliance with the above stated requirements. There is an increased risk that subrecipients may not separately account for and report on their Federal awards or comply with additional compliance requirements specific to these funds.

**Recommendation:** We recommend the Department identify all requirements set forth for identifying Federal award information and implement written policies and procedures to ensure all required Federal award information is properly communicated to subrecipients at the time of the award. Since awards are annual, we recommend the Department identify all Federal award information in the contract executed with each subrecipient on an annual basis rather than including part of the required information in the contract and part of the required information in the State Management Plan.

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

**Contact Person:** Ernie Mbroh  
**Anticipated Completion Date:** N/A (10/01/2011)  
**Corrective Action Planned:** The Department previously concurred with this finding. Contracts with an effective date beginning FFY 10/01/2011 contain the grant title, grant type, CFDA #, and federal fiscal year.
Summary Schedule of Prior Findings
Summary Schedule of Prior Findings
Summary Schedule of Prior Findings

Note: Findings are presented alphabetically by state agency.

Department of Education

Finding No: 11-265-001
CFDA No: 83.489, 83.391, 84.392
Federal Agency: U.S. Department of Education
Control Category: Subrecipient Monitoring
Finding Summary: The Department was unable to provide documentation of sufficient action to ensure its ARRA subrecipients have a current registration in the CCR, including having a DUNS number, maintaining the currency of that information or assessing the subrecipient’s compliance with the CCR registration requirement. However, it should be noted that on October 15, 2010, email communication was sent by the Department to its subrecipients notifying them of their responsibility to establish and maintain a current registration in the CCR including having a DUNS number. In that email, subrecipients were provided contact information for the CCR registration process with directions to obtain a DUNS number.
Status: Partially Corrected. See current year audit finding #12-265-004. The Department concurs with the finding that the status is partially corrected. On August 17, 2012, the Department submitted a request to the OMES Helpdesk to have fields added to the online school and district directory to help aid in obtaining DUNS numbers and Expiration Dates. It has been scheduled as a system enhancement. By the beginning of FY 2013, the GMS system implemented the collection of DUNs numbers and the expiration dates for each local education agency (LEA), as part of the annual assurances that they must complete before they are able to start on their application process.

Finding No: 11-265-003
CFDA No: 84.027
Federal Agency: U.S. Department of Education
Control Category: Cash Management
Finding Summary: When testing 450 fund (administration) draws for State Department of Education, we noted 33 claims totaling $557,944.90 (of the total draw of $2,005,513.24) that had a draw date of 2/17/11, but were not paid until 6 days later on 2/23/11.
Status: Corrected.

Finding No: 11-265-004
CFDA No: 84.010, 84.027, 84.173, 84.389, 84.391, 84.392, 10.553, 10.555, 10.556, 10.559
Control Category: Subrecipient Monitoring – A-133 (Regular Federal funds and ARRA funds)
Finding Summary: Based on review of OMB Circular A-133 audits we noted the following:
- Thirty-eight (38) reports were not received within 9 months of the end of the subrecipient’s audit period (March 31, 2011);
- One-hundred-eleven (111) reports out of 363 were never reviewed;
- One-hundred sixty-two (162) of the 228 reports that were reviewed by the department were not reviewed within 6 months of receipt of audit report;
- Of the 24 audits that had citations/findings identified:
  - Management’s response was not received from program area for four (4) of the subrecipient reports within 90 days of the date the letter;
  - Management’s decision on audit findings was not issued within 6 months of receiving the audit report for 17 subrecipient reports due largely to the amount of time it took for the department to get the findings to the program area;
  - Management did not ensure the subrecipient took timely and appropriate corrective action for two (2) of the audits based on the audit citation listing showing no response from the program area.
Status: Partially Corrected. See current year audit finding #12-265-011. The Department concurs with the finding that the status is partially corrected. The financial accounting office will more frequently communicate and work closely with the federal programs office to ensure compliance with timelines required for management response and program area response. Audit procedures will be revised to shorten the time frame for follow up to every 21 days.
Summary Schedule of Prior Findings

Finding No: 11-265-006
CFDA No: 84.010, 84.027, 84.173, 84.389, 84.391, 84.392
Federal Agency: U.S. Department of Education
Control Category: Cash Management
Finding Summary: When testing 340 (administrative) and 490 (ARRA) fund draws for State Department of Education, we noted:

- **CFDA 84.010** – The 340 fund draw on 4/8/11 for $4,415,565.42 was handled as follows:
  - $1,372,675.55 was paid on 4/14/11, six (6) days after receiving total draw; and
  - $3,042,889.87 was on hand at 4/21/11, thirteen (13) days after receiving the total draw. The department then decreased net draws through an adjustment of $1,169,355.72, resulting in a payment of $1,873,534.15 on same day.

- **CFDA 84.027** – The 340 fund draw on 4/8/11 for $3,212,634.32 was handled as follows:
  - $3,196,565.31 was paid on 4/14/11, six (6) days after receiving total draw; and
  - $16,069.01 was on hand and paid on 4/21/11, thirteen (13) days after receiving the total draw.

- **CFDA 84.173** – The 340 fund draw on 4/8/11 for $145,947.25 was handled as follows:
  - $127,555.79 was paid on 4/14/11, six (6) days after receiving total draw; and
  - $18,391.46 was on hand and paid on 4/21/11, thirteen (13) days after receiving the total draw.

- **CFDA 84.389** – The 490 fund draw on 4/8/11 for $1,143,670.52 was paid on 4/14/11, six (6) days after receiving total draw.

- **CFDA 84.391** - The 490 fund draw on 4/8/11 for $2,102,037.31 was handled as follows:
  - $758,330.90 was paid on 4/14/11, six (6) days after receiving total draw; and
  - $1,343,706.41 was on hand at 4/21/11, thirteen (13) days after receiving total draw. The department then decreased net draws through an adjustment of $502,607.74, resulting in a payment of $841,098.67 on same day.

- **CFDA 84.392** – The 490 fund draw on 4/8/11 for $36,190.55 was handled as follows:
  - $24,336.31 was paid on 4/14/11, six (6) days after receiving total draw; and
  - $11,854.24 was on hand at 4/21/11, thirteen (13) days after receiving total draw. The department then increased net draws through an adjustment of $13,110.62, resulting in a payment of $24,964.86 on same day.

Status: Corrected.

Finding No: 11-265-008
CFDA No: 10.558
Federal Agency: U.S. Department of Agriculture
Control Category: Earmarking
Finding Summary: During our testwork of the CACFP 15 percent earmarking requirement, we noted twenty (20) of the thirty-one (31) or 65% of the center sponsor’s most current administrative budgets exceeded 15% of total federal fiscal year 2010 meal reimbursements. However, it should be noted that CACFP is reviewing actual administrative reimbursements during their Administrative Reviews. The CACFP Administrative Review of Center Sponsors compares administrative reimbursements to the total amount of meal reimbursements paid to date to ensure administrative expenses do not exceed 15% of total reimbursements received. If the Center Sponsor exceeded the 15% requirement or the sponsor charged administrative expenses when the budget reflected no projected administrative expenses, the sponsor is cited for non-compliance and must submit corrective action before future reimbursements can be claimed.

Status: Not Corrected. See current year audit finding #12-265-007. The Department concurs with the finding that the status is not corrected. The Child and Adult Care Food Program computer software system was updated for the 2013 Federal fiscal year to include an edit check for this error. Sponsors began entering their budget information for
the 2013 fiscal year in July 2012 and no sponsor was approved for the 2013 Federal fiscal year if the administrative budget submitted exceeds the 15% requirement.

Employment Security Commission

Finding No: 09-290-001, 10-290-003, 11-290-002
CFDA No: 17.225
Federal Agency: U.S. Department of Labor
Control Category: Reporting
Finding Summary: During our audit of the ETA 581 Reports for the quarters ending December 31, 2008 and March 31, 2009 we noted that the total for item 34 - Amount Determined Receivable during a Report Period from the data provided by OESC did not agree to the amount reported on the ETA 581 Reports. A variance of $78,916 was noted for the quarter ending December 31, 2008 and a variance of $41,729 was noted for the quarter ending March 31, 2009. In addition, for fiscal years 2010 and 2011, OESC was unable to provide the support for the ETA 581 reports.
Status: Not corrected current year finding #12-290-001. A major re-programming of the entire tax and benefit system will have to be done to create the validation reports that auditors now require for validation of federal reports. Our IT department has been focusing on a major database conversion for most of last year that was completed in January 2013. We are now working on the implementation of the Emergency Unemployment Compensation reductions that have to be implemented by 03-31-2013. We do not have IT staff available to work with creating the data files for the validation of the ETA581. We anticipate this will be the next priority project to create the ETA581 data files to ensure there is backup data available for the ETA581 Report before the end of the second quarter 2013. (June 30, 2013)

Finding No: 09-290-005, 10-290-004, 11-290-003
CFDA No: 17.225
Federal Agency: U.S. Department of Labor
Control Category: Reporting
Finding Summary: Based on testwork performed, it appears the Oklahoma Employment Security Commission could not provide supporting documentation for all of the ETA 227, Overpayment Detection and Recovery Activities Reports, for State Fiscal Year (SFY) 2009, and 2010. In addition, for SFY 2011 the supporting documentation did not agree with the amount reported on the ETA 227 report.
Status: Corrected.

Finding No: 11-290-001
CFDA No: 17.225
Federal Agency: U.S. Department of Labor
Control Category: Special Tests N3 – Match with IRS FUTA Tax Form
Finding Summary: The Commission could not provide detailed data to support the FUTA certification. Therefore, we were unable to verify that the tax credit claimants were eligible for the credit.
Status: Corrected.

Office of the Governor

Finding No: 10-305-001, 11-305-002, 11-305-003
CFDA No: 84.394/84.397
Federal Agency: US Department of Education
Control Category: Subrecipient Monitoring / Special Tests (R3) Subrecipient Monitoring
Finding Summary: Based on discussion with staff and review of records, we do not believe that subrecipients for the Oklahoma State Department of Education (OSDE) were adequately reviewed by OSDE or the Office of Management and Enterprise Services in accordance with 31USC7502 (f) (2) (A-D) and 2CFR176.50. In addition, based on discussion with staff and review of records, we do not believe that subrecipients for the Department of
### Summary Schedule of Prior Findings

Commerce or Department of Mental Health and Substance Abuse Services were adequately reviewed by Office of Management and Enterprise Services in accordance with 31USC7502 (f) (2) (A-D) and 2CFR176.50.

**Status:** Corrected.

**Finding No:** 10-305-005, 11-305-004  
**CFDA No:** 84.394/84.397  
**Federal Agency:** US Department of Education  
**Control Category:** Cash Management  
**Finding Summary:** Based on testwork performed, the Oklahoma State Department of Education (OSDE) made draws/payments totaling $217,276,547 ($202,542,885 for #84.394 and $14,733,662 for #84.397) in SFY ’10 and $139,368,700 ($139,147,262 for #84.394 and $221,438 for #84.397) in SFY ’11 to subgrantees (schools) largely for payroll related expenses. In addition, OSDE also advanced $16,000,000 in SFY ’10 for the purchase of textbooks. OSDE had an understanding that the subgrantee (schools) would expect the funds in a timely manner; however, OSDE was unable to determine if the school had recorded the payment timely since there were no cash management procedures in place.  
**Status:** Corrected.

**Finding No:** 11-305-005  
**CFDA No:** 84.397  
**Federal Agency:** US Department of Education  
**Control Category:** Cash Management and Subrecipient Monitoring  
**Finding Summary:** Based on testwork performed over the draws/payments made to the Commerce Department totaling $152,235.75 and Department of Mental Health and Substance Abuse Services totaling $2,500,000, we noted there was no monitoring performed by the Office of Management and Enterprise Services during our audit period to ensure disbursements to subrecipients were based on actual, immediate cash needs of the program. As a result, we were unable to determine if funds were drawn as close as administratively feasible to the agency's actual cash outlay for direct program costs because the Office of Management and Enterprise Services did not monitor the subrecipient payments/draws to ensure the payments were on a reimbursement basis. In addition, the Office of Management and Enterprise Services did perform a review of Mental Health for federal fiscal year 2010; however, the documentation reviewed did not cover the draws/payments during our audit period. The Commerce department is scheduled to be reviewed but had yet to be performed.  
**Status:** Corrected.

**Department of Health**

**Finding No:** 10-340-004, 11-340-008  
**CFDA No:** 10.557  
**Federal Agency:** U.S. Department of Agriculture  
**Control Category:** Reporting  
**Finding Summary:** During testwork on the FNS 798-A report we noted errors related to State Nutrition Education, State Breastfeeding, Local Breastfeeding, Total Federal Outlays, Local Nutrition Education, and Local Client Services based on report preparation and review procedures that were not followed.  
**Status:** Partially corrected, see finding #12-340-004. We concur with this finding. We will be submitting a revised FNS 798-A for FFY 2011. We will also be reviewing our policy and procedures so that we can prevent inaccurate information from being recorded on Federal reports.

**Finding No:** 11-340-002  
**CFDA No:** 10.557  
**Federal Agency:** U.S. Department of Agriculture  
**Control Category:** Allowable Costs/Cost Principles  
**Questioned Costs:** $5,456  
**Finding Summary:** During our testing of 3 monthly infant formula rebate calculations from SFY11, we noted 1 monthly rebate calculation was incorrect. The final invoiced amount was calculated incorrectly and the vendor was
Summary Schedule of Prior Findings

not billed for the full rebate amount due. The rebate calculation was incorrect because it did not include adjustments to the amount of formula cans issued.

Status: Corrected.

Finding No: 11-340-006  
CFDA No: 10.557  
Federal Agency: U.S. Department of Agriculture  
Control Category: Subrecipient Monitoring  
Finding Summary: We selected 8 subrecipients and performed procedures to ensure the audits were tracked as necessary and noted the following:

- 7 of 8 instances the closeout checklist was not being completed correctly by the Contract Administrator.
- 1 of 8 instances the closeout was not included in the contract file.

In addition, we selected a sample of 9 subrecipients and performed procedures to ensure the audits were obtained and reviewed as required and noted:

- 5 of 9 instances where the required A-133 audit was not received from the subrecipient within the required time frame.
- 2 of 9 instances where the required A-133 audit was not received from the subrecipient.
- 1 of 9 instances of conflicting Department records. The subrecipient indicated that an A-133 audit was required; however, subrecipient listings made no indication that an A-133 audit was required and there was no indication that the subrecipient’s initial response was an error.

Status: Not corrected, see finding #12-340-002. The Department has instructed staff to ensure annually determining which subrecipients are required to receive an A-133 audit as identified in the procedures. We are also reviewing our procedures to (1) ensure all staff have been trained, are knowledgeable of, and follow procedures, and (2) ensure (and revise as needed) the procedure is adequate to meet the federal requirements identifying, obtaining, and reviewing subrecipient audits in appropriate timelines.

Health Care Authority

Finding No: 09-807-004, 10-807-001, 11-807-001  
CFDA No: 93.778 and 93.767  
Federal Agency: Department of Health and Human Services  
Control Category: Reporting, Special Tests and Provisions for Awards with ARRA Funding - R2 - Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form  
Finding Summary: Based on procedures performed, it appears the non-ARRA Schedule of Expenditures of Federal Awards (SEFA) line item for CFDA# 93.778 included ARRA funds. Therefore ARRA funds were correctly reported once in the ARRA line item and incorrectly reported in the non-ARRA line item. In addition, expenditures on the CMS-64.21 totaling $307,827.88 were omitted from the SEFA submitted to OMES and adjustments and corrections for state fiscal year 2011 claims were not reflected in the amounts reported on the SEFA due to a new on-line enrollment system that was not properly capturing expenditures.

Status: Partially corrected, see current year finding # 12-807-001 (finding relates to CFDA #93.778 only). OHCA concurs with the finding that the status is partially corrected. OHCA reviewed and revised review procedures in order to ensure accurate reporting of expenditures on the SEFA in the future.

Finding No: 10-807-004, 11-807-011  
CFDA No: 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: Maintenance of Effort - Prompt Pay (Regular and ARRA Federal funds)  
Finding Summary: While performing our walkthrough of internal controls, we noted that OHCA did not have a system in place to monitor the agency’s compliance with prompt pay requirements on a daily basis until January 13, 2011.

Status: Corrected.
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Finding No: 10-807-006, 11-807-002  
CFDA No: 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: American Recovery and Reinvestment Act - Maintenance of Effort – Indian Care  
Finding Summary: During our testwork, we extracted all claim reimbursements for Indian participants who where served by an Indian health care provider and noted 119,666 claim reimbursements with $187,960.84 in copayments charged during SFY 2010 and noted 106,300 claim reimbursements with $197,522.62 in copayments charged during SFY 2011. It appears OHCA charged Indian participants copayments when they received care from an Indian health care provider.  
Status: Corrected.

Finding No: 11-807-005  
CFDA No: 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: Reporting  
Finding Summary: In September 2010, the Authority implemented a new Online Enrollment system. During October 2010, it was noted that the CHIP (Children’s Health Insurance Program) program’s enrollment numbers had decreased from over 70,000 in August 2010 to less than 20,000 in September 2010. Further investigation revealed that the dramatic decrease in CHIP enrollment numbers was caused by data conversion errors, system logic errors, and edit failures which caused recipients who should have been classified as CHIP eligible to be classified as MAP eligible in the Authority’s Medicaid Management Information System (MMIS). The Authority reprocessed the claims paid once the online enrollment system was working properly; however, they failed to implement controls over the adjustment process to ensure the CMS-64.9 and CMS-64.21 reports were complete and accurate with regard to movement of funds from CHIP to MAP and vice versa.  
Status: Corrected.

Finding No: 11-807-008  
CFDA No: 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: Eligibility  
Questioned Costs: $63,965  
Finding Summary: During testwork of 72 recipient medical claims, we noted for 9 medical claims paid, the recipient’s case file did not contain sufficient evidence to determine eligibility during the time period for which the claim was paid. The questioned costs noted above are an estimate of the Federal portion of all claims paid for these recipients for State fiscal year 2011.  
Status: Corrected.

Finding No: 11-807-009  
CFDA No: 93.767  
Federal Agency: Department of Health and Human Services  
Control Category: Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Questioned Costs: $243  
Finding Summary: Based on a medical professional’s review of 78 claims for CHIP recipients, we noted six claims with payment errors totaling $322.39 (the estimated Federal portion totals $242.99). The payment errors consisted of claims paid when they were not supported by medical records, claims which were improperly coded by the medical provider, and claims which were paid when the service provided was not consistent with the medical diagnosis.  
Status: Corrected.

Finding No: 11-807-010  
CFDA No: 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Questioned Costs: $183  
Finding Summary: Based on a medical professional’s review of 76 claims for MAP recipients, we noted six claims with payment errors totaling $245.03 (the estimated Federal portion totals $183.36). The payment errors
Summary Schedule of Prior Findings

consisted of claims paid when they are not supported by medical records and claims which were improperly coded by the medical provider.

**Status:** Corrected.

**Finding No:** 11-807-013  
**CFDA No:** 93.767  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Eligibility  
**Questioned Costs:** $5,317  
**Finding Summary:** During testwork of 78 recipient medical claims, we noted for 2 medical claims paid, the recipient’s case file did not contain sufficient evidence to determine eligibility during the time period for which the claim was paid. The questioned costs noted above are an estimate of the Federal portion of all claims paid for these recipients for State fiscal year 2011.  
**Status:** Corrected.

**Finding No:** 11-807-014  
**CFDA No:** 93.767  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Reporting  
**Finding Summary:** In September 2010, the Authority implemented a new Online Enrollment system. During October 2010, it was noted that the CHIP (Children’s Health Insurance Program) program’s enrollment numbers had decreased from over 70,000 in August 2010 to less than 20,000 in September 2010. Further investigation revealed that the dramatic decrease in CHIP enrollment numbers was caused by data conversion errors, system logic errors, and edit failures which caused recipients who should have been classified as CHIP eligible to be classified as MAP eligible in the Authority’s Medicaid Management Information System (MMIS). The Authority reprocessed the claims paid once the online enrollment system was working properly; however, they failed to implement controls over the adjustment process to ensure the CMS-64.9 and CMS-64.21 reports were complete and accurate with regard to movement of funds from CHIP to MAP and vice versa.  
**Status:** Corrected.

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**Department of Human Services**

**Finding No:** 04-830-019, 05-830-011, 06-830-011, 07-830-003, 08-830-012, 09-830-020, 10-830-024, 11-830-013  
**CFDA No:** 93.568  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Eligibility; Activities Allowed or Unallowed  
**Questioned Costs:** $1,640 (FY ’04), $142 (FY ’05), $545 (FY ’06), $2,409 (FY ’07), $1,164 (FY ’08), $480 (FY ’09), $760 (FY ’10), & $950 (FY ’11)  
**Finding Summary:** From review of case files, we noted the following: case files that did not contain an application for the time period in which the benefit was received; case files did not have a completed checklist for walk-in applications; case files that could not be located; and case files did not contain data exchange screen prints to ensure the benefit was for an eligible recipient and for an allowable activity.  
**Status:** Not corrected, 12-830-010. Concur. Adult and Family Services (AFS) will continue to emphasize the significance of the LIHEAP Checklist for Walk-in Applications as well as the importance of signing all applications. The cases in question have been referred to the Office of Inspector General for further review and possible collection.

**Finding No:** 04-830-032, 05-830-012, 06-830-010, 08-830-012, 09-830-020, 09-830-031, 10-830-018, 11-830-007  
**CFDA No:** 93.568  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Activities Allowed or Unallowed  
**Questioned Costs:** $8,864 (FY ’04), $11,848 (FY ’05), $400 (FY ’06), $1,164 (FY ’08), and $2,383 (FY ’09 - $480 for 09-830-020 and $1,903 for 09-830-031), $1,556 (FY’10), & $1190 (FY ’11)
Summary Schedule of Prior Findings

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

Status: Not Corrected, 12-830-007. Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments. 12-830-008. Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments.

Finding No: 07-830-013, 08-830-007, 09-830-023, 10-830-021, 11-830-008
CFDA No: 93.558 & 93.714
Federal Agency: Department of Health and Human Services
Control Category: Eligibility
Questioned Costs: $9,155 (FY '07), $348 (FY '08), $8,994 (FY '09), $1,645 (FY '10), & $2,052 (FY '11)
Finding Summary: From areas selected for testing, we noted cases in which no TANF eligibility review or re-determination was found for the time period tested in the case file provided by the county office.

Status: Not Corrected, 12-830-003. Concur. No application could be found for the time period in question. The appropriate OKDHS county director has been notified and requested to conduct training on the TANF application process and the importance of record retention. The case was reviewed and the family was found to be eligible for services. Therefore no overpayment occurred.

Finding No: 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012
CFDA No: 93.558 & 93.714
Federal Agency: Department of Health and Human Services
Control Category: Special Tests and Provisions – Income Eligibility and Verification Systems
Finding Summary: We performed testwork on the G1DX Exception Report. We noted the following exceptions that were not cleared within the allowable 30 days per OKDHS policy:

<table>
<thead>
<tr>
<th>Error Type</th>
<th>2010 G1DX EXCEPTIONS OVER 30 DAYS</th>
<th>TOTAL G1DX EXCEPTIONS</th>
<th>% OF EXCEPTIONS OVER 30 DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEN</td>
<td>2,683</td>
<td>21,126</td>
<td>12.70%</td>
</tr>
<tr>
<td>IEV</td>
<td>192</td>
<td>1,609</td>
<td>11.93%</td>
</tr>
<tr>
<td>OWG</td>
<td>3,794</td>
<td>30,700</td>
<td>12.36%</td>
</tr>
<tr>
<td>SDX</td>
<td>10,647</td>
<td>92,038</td>
<td>11.57%</td>
</tr>
<tr>
<td>SNH</td>
<td>8,630</td>
<td>64,694</td>
<td>13.34%</td>
</tr>
<tr>
<td>UIB</td>
<td>2,519</td>
<td>25,379</td>
<td>9.93%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25,782</td>
<td>214,420</td>
<td>12.02%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Error Type</th>
<th>2011 G1DX EXCEPTIONS OVER 30 DAYS</th>
<th>TOTAL G1DX EXCEPTIONS</th>
<th>% OF EXCEPTIONS OVER 30 DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEN</td>
<td>2,441</td>
<td>18,535</td>
<td>13.17%</td>
</tr>
<tr>
<td>OWG</td>
<td>3,547</td>
<td>26,010</td>
<td>13.64%</td>
</tr>
<tr>
<td>SDX</td>
<td>10,678</td>
<td>96,137</td>
<td>11.11%</td>
</tr>
<tr>
<td>SNH</td>
<td>5,855</td>
<td>49,326</td>
<td>11.87%</td>
</tr>
<tr>
<td>UIB</td>
<td>1,739</td>
<td>15,962</td>
<td>10.89%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24,260</td>
<td>205,970</td>
<td>11.78%</td>
</tr>
</tbody>
</table>

Status: Not corrected, 12-830-001. Concur. Data exchange is required to be utilized whenever action is taken on a case and through G1DX Exceptions. OKDHS policy revised effective June 1, 2012 states “all discrepancy messages must be cleared using the DXD transaction within 45 days of the error posting”. This change brings policy more in line with federal guidelines of 45 days. OKDHS is establishing a goal of clearing 95%
Summary Schedule of Prior Findings

Finding No: 08-830-013, 09-830-021, 10-830-022, 11-830-006
CFDA No: 93.568
Federal Agency: Department of Health and Human Services
Control Category: Activities Allowed or Unallowed
Questioned Costs: $300 (FY '08), $0 (FY '09), $1,200 (FY '10), & $2,550 (FY '11)
Finding Summary: We noted cooling cases where the cooling benefit payment detail indicated no vendor or fuel type and cooling cases indicating no vendor and an “S” fuel type. After follow-up with agency personnel, we determined that these cooling benefit payments were sent directly to clients to purchase fans, air conditioning, or make repairs to cooling equipment. We selected cases for further review and noted case files selected had a completed application for cooling assistance with an indication of a desire to purchase fan/air conditioner equipment; however, there was no purchase documentation (receipt) indicating that the purchase of this equipment was made.

Finding No: 09-830-001, 10-830-010, 11-830-004
CFDA No: 93.558 & 93.714
Federal Agency: Department of Health and Human Services
Control Category: Eligibility
Questioned Costs: $2,239 (FY '09), $532 (FY '10), and $1,103 (FY '11)
Finding Summary: During our testing of cases that received TANF benefits within the twelve months following the receipt of Diversion Assistance benefits, we noted cases tested that did not contain documentation in Family Assistance/Client Services (FACS) case notes of an approval by the county director certifying TANF benefits within one year of receiving Diversion Assistance benefits.
Status: Corrected.

Finding No: 09-830-017, 10-830-029, 11-830-001
CFDA No: 10.551
Federal Agency: Department of Agriculture
Control Category: Special Tests and Provisions – EBT Card Security
Finding Summary: During interviews with the EBT specialist in County offices, we noted that the daily reconciliation of EBT cards was not being performed properly. The reconciliation for EBT cards is not performed on a daily basis. The tally of cards is maintained on a box lid and transferred into a monthly total spreadsheet created for the county director. There is no formal daily reconciliation of the cards to that of the master issuance file reconciliation to ensure that all cards assigned to the EBT specialist in charge of printing the EBT cards are accounted for. In addition, we noted offices that do not properly verify the delivery of the card stock inventory, do not properly secure card stock inventory, and do not properly secure the keys to the EBT inventory.
Status: Corrected.

Finding No: 10-830-026, 11-830-003
CFDA No: 93.563
Federal Agency: Department of Health and Human Services
Control Category: Reporting
Finding Summary: Based on discussion with management and review of the cash balancing worksheet, the 34A report cannot be reconciled to deposits at the State Treasurer.
Status: Corrected.

Finding No: 11-830-010
CFDA No: 93.558 & 93.714
Federal Agency: Department of Health and Human Services
Control Category: Special Tests and Provisions – Income Eligibility and Verification System
Finding Summary: From our population of 17,812 cases, we selected 40 TANF cases to determine that income verification occurred and noted two cases in which no application or income verification documentation was found for the time period tested.
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Status: Not corrected, 12-830-004. Concur. The appropriate OKDHS county office Director has been notified and requested to conduct training on requirements and guidelines concerning TANF applications and record retention. No overpayment occurred on the case noted above.

Finding No: 11-830-011
CFDA No: 93.558 & 93.714
Federal Agency: Department of Health and Human Services
Control Category: Special Tests and Provisions – Income Eligibility and Verification System
Finding Summary: The income information from the Internal Revenue Service was not obtained during SFY 2011 to verify a TANF applicant’s income.
Status: Corrected.

Department of Mental Health and Substance Abuse Services

Finding No: 07-452-004IT, 08-452-003IT, 09-452-002IT, 10-452-014IT, 11-452-006IT
CFDA No: 93.959
Federal Agency: Department of Health and Human Services
Control Category: Other
Finding Summary: The agency does not have a quality assurance program to adequately review projects ensuring that they meet user requirements and agency standards.
Status: No longer valid – the systems which this finding related to are no longer utilized by the agency.

Finding No: 09-452-004, 10-452-004, 11-452-001
CFDA No: 93.959
Federal Agency: Department of Health and Human Services
Control Category: Subrecipient Monitoring
Finding Summary: During our testing of treatment and prevention contracts, we noted contracts that failed to communicate the federal award information to the provider.
Status: Corrected.

Department of Rehabilitation Services

Finding No: 07-805-003, 08-805-004, 09-805-004, 10-805-002, 11-805-002
CFDA No: 84.126
Federal Agency: U.S. Department of Education
Control Category: Allowable Costs/Cost Principles
Finding Summary: During testing of the direct payroll certifications, we noted the following:
- We were unable to obtain the payroll certifications for SFY07 for 4 of the 45 direct employees selected for testing.
- We were unable to obtain the payroll certifications for the 7/1/06-12/31/06 period for 11 of the 45 direct employees selected for testing.
- The payroll certifications for 1/1/08 to 6/30/08 were not completed in a timely manner for 13 of the 60 direct employees selected for testing.
- Eighteen (18) of 60 employees selected only had one of the two required certifications completed during SFY 2009. Also, nineteen (19) out of 60 employees selected did not have any certifications completed during SFY 2009 and one (1) out of 60 employees selected did not have a certification completed in a timely manner.
- Twenty-nine (29) out of 50 employees tested (58%) and 17 out of 68 employees (25%) tested were missing one or both semi-annual payroll certifications for SFY 2010 and SFY 2011, respectively.
Status: Partially Corrected, current year finding 12-805-003. Concur. The Certification requirement was added to the Supervisors PMP as a supervisor duty. Corrective action policies and procedures are in place for not meeting standards on duties assigned on the PMP.
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Finding No: 09-805-002, 10-805-001, 11-805-003
CFDA No: 84.126 and 84.390
Federal Agency: U.S. Department of Education
Control Category: Allowable Costs/Cost Principles
Finding Summary: During our documenting of the agency’s internal controls over allowable costs/cost principles we noted that the agency does not review charges made to the Vocational Rehabilitation program to determine if they are allowable under OMB Circular A-87.
Status: Corrected.

Finding No: 09-805-003, 10-805-011, 11-805-004
CFDA No: 84.126 and 84.390
Federal Agency: U.S. Department of Education
Control Category: Procurement and Suspension and Debarment
Finding Summary: During our testwork of claims, it appears there were contracts that did not have documentation to support verification that the provider is not suspended or debarred.
Status: Not Corrected, current year finding 12-805-001. The Department does not concur. Current process: Group Insurance Board Network Management staff checks website, Medical Licensure Board, and others for any providers/vendors suspended or debarred. This process is conducted every 30 days. If a provider shows up as suspended or debarred, the contract is terminated. For quality assurance, GIB's claims adjudicator also follows the every 30 days suspended or debarred verification process. Will check the six providers listed and confirm non suspension on the vendor exception list. However, because the current verification process is industry standard, we feel the requirements are met.

Finding No: 10-805-003, 11-805-010
CFDA No: 84.126 and 84.390
Federal Agency: U.S. Department of Education
Control Category: Reporting
Finding Summary: During testing we noted there does not appear to be a proper review and approval process in place for SEFA reporting.
Status: Corrected.

Finding No: 10-805-008, 11-805-008
CFDA No: 84.126
Federal Agency: U.S. Department of Education
Control Category: Allowable Costs/Cost Principles, & Eligibility
Questioned Costs: $599
Finding Summary: During our testwork of claims, we noted that two out of 46 claims (4.3%) for SFY 2010 and five out of 45 claims (11.1%) for SFY 2011 did not have proper documentation to support the payments.
Status: Partially Corrected, current year finding 12-805-004. Concur. DRS will conduct an investigation on claim authorization numbers 6788585, 642384 and 640968 to understand why these claims were not properly supported by a receipt or invoice. If these claims are found to be improperly reimbursed appropriate action will be taken to educate and train staff on DRS policy and procedures regarding independent verification of the client’s income and appropriate documentation required in the case file. This education and training will include stressing the importance of documenting independent verification of income when re-evaluations of income are performed.

Finding No: 10-805-010, 11-805-005
CFDA No: 84.126 and 84.390
Federal Agency: U.S. Department of Education
Control Category: Reporting
Finding Summary: While performing testwork on the Annual Vocational Rehabilitation Program/Cost Report (RSA-2) we noted:
  • For FFY 2009 the RSA-2 expenditures was overstated by $292,004.03
  • For FFY 2010 the RSA-2, Schedule II, expenditures are $308,780.90 less than the amount recorded in the AWARE system and that program income totaling $1,589,490.37 was not included on the report.
Status: Not Corrected, current year finding 12-805-002. Concur. The Department took steps as a result of the prior year audit to address the timing of the journal entry. The Department concurs that an adjustment is required to
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complete Schedule II of the RSA-2. The adjustment is an extrapolation of the known activity from the AWARE system. The Department will continue to look at better ways to close the gap.

Finding No: 11-805-001  
**CFDA No:** 96.001 and 96.006  
**Federal Agency:** U.S. Department of Education  
**Control Category:** Reporting  
**Finding Summary:** While performing testwork on the SSA-4514, Time Report of Personnel Services for Disability Determination Service (DDS), we noted the agency did not have a review and approval process in place by someone other than the preparer, to ensure the validity of the information on the report.  
**Status:** Corrected.

Finding No: 11-805-006  
**CFDA No:** 84.126  
**Federal Agency:** U.S. Department of Education  
**Control Category:** Reporting  
**Finding Summary:** During testwork we noted the quarter ended 9-30-10 SF-269 report for the Federal Fiscal Year (FFY) 09 grant did not include the program income received or the correct amount of program income expended. Our calculation shows that $1,170,372 in program income received and $728,224 in program income expended was omitted from the SF-269. In addition, we noted it appears the quarter ended 6-30-11 SF-425 for the FFY 2010 Grant did not include program income expenditures in the amount of $29,085.93.  
**Status:** Not Corrected, current year finding 12-805-002. Concur. The Department took steps as a result of the prior year audit to address the timing of the journal entry. The Department concurs that an adjustment is required to complete Schedule II of the RSA-2. The adjustment is an extrapolation of the known activity from the AWARE system. The Department will continue to look at better ways to close the gap.

Finding No: 11-805-007  
**CFDA No:** 84.126  
**Federal Agency:** U.S. Department of Education  
**Control Category:** Cash Management  
**Finding Summary:** During testwork of cash management we noted that the agency was not expending program income before requesting additional federal funds.  
**Status:** Corrected.

Finding No: 11-805-009  
**CFDA No:** 96.001 and 96.006  
**Federal Agency:** U.S. Department of Education  
**Control Category:** Procurement and Suspension and Debarment  
**Finding Summary:** During our testwork of contracts, we noted two of four lease contracts tested did not appear to have documentation to support that DRS performed verification that the provider is not suspended or debarred.  
**Status:** Corrected.

Finding No: 11-805-011  
**CFDA No:** 96.001 and 96.006  
**Federal Agency:** U.S. Department of Education  
**Control Category:** Reporting  
**Finding Summary:** During our internal control testwork, we noted that DRS management performs a cursory review of the SEFA (Schedule of Expenditures of Federal Awards). In addition, we noted the SFY 2011 SEFA was subsequently amended to include $884,924 (2.27% of program expenditures) that was not detected by this review. The error was discovered by the preparer, not through the review process, after the SEFA had been submitted.  
**Status:** Corrected.
**Summary Schedule of Prior Findings**

**Department of Transportation**

**Finding No:** 10-345-001, 11-345-002  
**CFDA No:** 20.509  
**Federal Agency:** United States Department of Transportation  
**Control Category:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles (regular Federal funds)  
**Finding Summary:** Proper segregation of duties do not exist between the approval of invoices and the preparation and approval of claims. Four individuals in the Transit Programs Division that have access to print, review, and manually approve the subrecipient invoices from MYLEO.NET also have signing authority on claims. For 7 (10 percent) of 67 claims tested in SFY ’10 and 4 (6 percent) of 66 claims tested in SFY ’11, the same individual approved the invoice for payment and approved the claim for reimbursement.  
**Status:** Corrected.

**Finding No:** 10-345-005, 11-345-008  
**CFDA No:** 20.509  
**Federal Agency:** United States Department of Transportation  
**Control Category:** Subrecipient Monitoring (regular Federal funds and ARRA funds)  
**Finding Summary:** For 19 (100 percent) of the 19 subrecipients tested, the Department did not include the CFDA title, CFDA number, award number, or award year in the contract for non-ARRA Federal funds. Also, for 19 (100 percent) of the 19 subrecipients tested, the Department did not include the CFDA title, CFDA number, or award year in the contract for ARRA Federal funds. Lastly, the Department did not communicate to each subrecipient the requirement to include on its Schedule of Expenditures of Federal Awards (SEFA) information to specifically and separately identify Recovery Act funding.  
**Status:** Partially corrected, ten (10) have been corrected. See current year finding #12-345-012. Concur. Contracts with an effective date beginning FFY 10/01/2011 contain the grant title, grant type, CFDA #, and federal fiscal year.

**Finding No:** 10-345-008, 11-345-004  
**CFDA No:** 20.509  
**Federal Agency:** United States Department of Transportation  
**Control Category:** Eligibility (regular Federal funds and ARRA funds)  
**Finding Summary:** The Department does not have written policies and procedures in place to help ensure eligibility determinations are documented and made in accordance with the Department’s State Management Plan. For 3 (16 percent) of the 19 subrecipients, the Department was unable to provide evidence eligibility documentation was obtained prior to the eligibility determination.  
**Status:** Corrected.

**Finding No:** 10-345-010, 11-345-014  
**CFDA No:** 20.205; 20.509  
**Federal Agency:** United States Department of Transportation  
**Control Category:** Reporting – Schedule of Expenditures of Federal Awards (regular Federal Funds and ARRA funds)  
**Finding Summary:** The Department reported Federal revenues and expenditures for multiple Catalog of Federal Domestic Assistance (CFDA) numbers under CFDA #20.205 and #20.509 on the Department’s Schedule of Expenditures of Federal Awards (SEFA). A portion of Federal revenues and expenditures for CFDA # 20.509 should have been separately reported for CFDA #20.521 and #20.507, and a portion of Federal revenues and expenditures for CFDA #20.205 should have been show separately reported for CFDA #20.933.  
**Status:** Not corrected. See current year finding #12-345-009. Concur. The Department of Transportation makes every effort to report accurately. In that effort, the Comptroller Division routinely corresponds with its regional FHWA offices for guidance in regards to the CFDA numbers. The Division will continue to emphasis the importance of the accuracy and effect of reporting the CFDA numbers accuracy. The regional FHWA office is aware of the impact of the information provided to the Department.

**Finding No:** 10-345-013, 11-345-012  
**CFDA No:** 20.205  
**Federal Agency:** United States Department of Transportation
Summary Schedule of Prior Findings

**Control Category:** Reporting – Schedule of Expenditures of Federal Awards (SEFA); Special Tests and Provisions for Awards with ARRA funding – Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form (Regular and ARRA Federal funds)

**Finding Summary:** ARRA revenue and expenditure amounts for CFDA #20.205 reported on the Schedule of Expenditures of Federal Awards (SEFA) were $167,328 less in SFY '10 and $2,937,317 more in SFY '11 than the Federal Highway Administration (FHWA) confirmation for Federal revenue. Regular program (non-ARRA) revenue and expenditure amounts for CFDA #20.205 reported on the SEFA were $167,639.36 more in SFY '10 and $2,937,317 more in SFY '11 than the FHWA confirmation. The variance was a result of an input error on the weekly billing spreadsheet.

**Status:** Not corrected. See current year finding #12-345-009. Concur. The Department of Transportation makes every effort to report accurately. In that effort, the Comptroller Division routinely corresponds with its regional FHWA offices for guidance in regards to the CFDA numbers. The Division will continue to emphasis the importance of the accuracy and effect of reporting the CFDA numbers accuracy. The regional FHWA office is aware of the impact of the information provided to the Department.

**Finding No:** 10-345-014, 11-345-017
**CFDA No:** 20.205
**Federal Agency:** United States Department of Transportation

**Control Category:** Special Tests and Provisions - Quality Assurance (regular and ARRA Federal funds)

**Finding Summary:** The Department did not have adequate internal controls in place to ensure that at least 90% of the required samples are obtained in accordance with the Quality Assurance Program until March 2011. During our testwork of 59 projects in SFY '10 and 19 projects in SFY '11, we noted one project in SFY '10 and two projects in SFY '11 for which all required quality assurance tests were not completed in accordance with the ODOT Quality Assurance program approved by the Federal Highway Administration.

**Status:** Corrected.

**Finding No:** 10-345-016, 11-345-005
**CFDA No:** 20.205; 20.509
**Federal Agency:** United States Department of Transportation


**Finding Summary:** The Department does not have adequate controls in place to ensure the following reports present accurate and reliable information: the 1512 ARRA report for CFDA #20.205 and #20.509 and the SF-425 – Federal Financial report for CFDA #20.509.

**Status:** Not corrected. See current year finding #12-345-002. Concur. The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can. We already have in place procedures for reviewing the 1512 reporting prior to its submission. This process is going well.

**Finding No:** 10-345-020, 11-345-016
**CFDA No:** 20.509
**Federal Agency:** United States Department of Transportation

**Control Category:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles, Matching, Subrecipient Monitoring (regular Federal funds)

**Finding Summary:** For 10 of 19 subrecipients tested in SFY '10 and 5 of 19 subrecipients tested in SFY '11, the Department had not conducted Project Assessment/Project Management Reviews at least once in the five years preceding the conclusion of the state fiscal year. Also, when reviewing the Project Assessment or Project Management Reviews conducted, we noted that for 5 of the 13 reviews for SFY ’10 and 2 of the 14 reviews for SFY ’11 the Department did not follow up to ensure corrective action on deficiencies noted. In addition, for all 13 reviews in SFY ’10 and all 14 reviews in SFY ’11 the Department failed to review adequate documentation to ensure subrecipients have met the audit requirements in 2 CFR § 215.26.

**Status:** Partially corrected. See current year finding #12-345-011. Concur. On-site monitoring visits will be conducted semiannually to review overall operations of subrecipients, specifically expenses claimed for reimbursement. We will visit with our software developers regarding modifying the MYLEOnet program to include the capability of subrecipients attaching all supporting documentation referencing the claim submitted.
Summary Schedule of Prior Findings

Finding No: 10-345-022, 11-345-009
CFDA No: 20.509
Federal Agency: United States Department of Transportation
Finding Summary: For all 3 Federal Financial SF-425 Reports in SFY ’10 and 4 of 5 SF-425 reports in SFY ’11, the Department did not ensure reported amounts were properly calculated and supported. The Department reported the current period recipient share of expenditures, cumulative recipient share of expenditures, and cumulative recipient share of unliquidated obligations using calculated amounts by applying the required matching percentages to amounts previously reimbursed by the Federal Transit Administration rather than the actual amounts expended by the subrecipients.
Status: Not corrected. See current year finding #12-345-004. Concur. The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can.

Finding No: 10-345-023, 11-345-006
CFDA No: 20.509
Federal Agency: United States Department of Transportation
Control Category: Reporting: Special Report (regular and ARRA Federal funds)
Finding Summary: The Department was unable to provide documentation to support the amounts reported for the Federal fiscal year (FY) 2009 National Transit Database (NTD) Report; therefore, we were unable to test the accuracy of the NTD Report. In addition, for the FY (Federal Fiscal Year) 2010 NTD Report submitted, the Department was unable to provide adequate supporting documentation for the cumulative key line items (line 5 – Total Annual Expenses, line 8 – Local Funds, and line 20 – Total Trips). Lastly, the 2010 NTD report was prepared on a Federal fiscal year instead of a state fiscal year and the Department stated the report was due January 31, 2011; whereas according to the 2010 Rural Reporting Manual it was due by November 30, 2010.
Status: Partially corrected. See current year finding #12-345-005. Concur. Corrective action was taken 1/31/2013. Division personnel will complete a secondary review of the report and documentation before submission to NTD.

Finding No: 10-345-024, 11-345-019
CFDA No: 20.509
Federal Agency: United States Department of Transportation
Control Category: Subrecipient Monitoring - A-133 (regular Federal funds and ARRA funds)
Finding Summary: Six of 13 subrecipients for SFY ’10 and 6 of 19 subrecipients for SFY ’11 did not submit the data collection form and the reporting package to the Federal clearinghouse designated by OMB Circular No. A-133 Subpart C § .320(d) within the earlier of 30 days after receipt of the auditor’s report(s) or nine months after the end of the audit period.
Status: Corrected.

Finding No: 10-345-026, 11-345-010
CFDA No: 20.205
Federal Agency: United States Department of Transportation
Control Category: Special Tests and Provisions – Project Approvals (regular Federal funds)
Finding Summary: For seven (12 percent) of 60 procurements tested in SFY ’10 and three (5 percent) of 60 procurements tested in SFY ‘11, we noted that the Department advertised the projects prior to United States Department of Transportation (USDOT) approval.
Status: Not corrected. See current year finding #12-345-007. Concur. Environmental Programs Division has emphasized with the field division designers the importance of following all necessary environmental steps during the design process. We will continue to emphasize this and be proactive on these types of projects to make sure that it has been completed at time of submission.

Finding No: 11-345-001
CFDA No: 20.205; 20.509
Federal Agency: United States Department of Transportation
Summary Schedule of Prior Findings

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Matching and Earmarking; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; Special Tests & Provisions (regular and ARRA Federal Funds)

Finding Summary: Current formal risk assessments of the Department’s State and Federal program objectives and related internal controls have not been performed by the Transportation Commission, the Department’s management, or the Department’s Operations Review and Evaluation (OR&E) Division. Instead, changes to internal controls appear to be based on control deficiencies noted in audit findings by the State Auditor and Inspector’s office.

Status: Not corrected. See current year finding #12-345-001. Partially concur. Obviously, there have been procedural changes instituted since Operations Review and Evaluation Division’s prior review of these processes. The increase in the retirement of personnel throughout the Department at all levels has created opportunities for deviation from previously prescribed procedures. Additionally the migration to new software programs and increased automation has dictated procedural modifications. The Operations Review and Evaluation group will undertake a review and updating of controls in all areas beginning with those areas impacting the State and Federal program objectives. Once this review has been completed, we will require annual verification of the procedures in these areas from management and selectively confirm though additional reviews.

Department of Veteran Affairs

Finding No: 10-605-001, 11-265-001
CFDA No: 64.015
Federal Agency: United States Department of Veteran Affairs
Control Category: Eligibility

Finding Summary: During our eligibility testwork we noted the following:
• Seven of the eighteen veterans in our sample who were admitted during SFY 2011 did not have a Pre-Admission form signed and approved by all of the following:
  a. the Administrator or Assistant Administrator,
  b. Medical Director (Physician), and
  c. the Patient Services Coordinator or designee.
• The ODVA Central Office has designed a standardized, written policy and procedure for documenting and determining eligibility which will be used by all nursing centers. However, these procedures were not implemented during SFY 2011.
• Three out of fifty-five items sampled where the Form 10-10 was not submitted to the Veterans Administration Medical Center (VAMC) within the required ten days and eight out of fifty-five items sampled where documentation of when the Form 10-10SH was submitted to the VAMC Office was not available.

Status: Corrected.

Finding No: 10-605-003, 11-265-002
CFDA No: 64.015
Federal Agency: United States Department of Veteran Affairs
Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Reporting

Finding Summary: While documenting internal controls and performing testing procedures, we noted the following:
• ODVA developed policies and procedures to audit the nursing centers to ensure proper documentation and calculation of the ‘Days of Care’. However, these audits were not implemented during SFY 2011.
• ODVA allocated 100% of indirect costs for Data Processing and Central office payroll expenditures to the Veterans State Nursing Home Care Grant even though both departments work on other grants.
• The ODVA State Home Report Compilation Procedures Memo does not reflect the procedures currently followed for preparation of the VA Form 10-5588 State Home Report and Statement of Financial Aid Claimed and the memo does not include procedures for the calculation of direct costs, and the calculation of the Data Processing and Central Office payroll and administrative expenditures.

Status: Corrected.
Schedule of Federal Programs by State Agency
Schedule of Federal Programs by State Agency
Schedule of Federal Programs by State Agency

**Attorney General**
16.582  Crime Victim Assistance/Discretionary Grants
16.590  Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
16.740  Statewide Automated Victim Information Notification (SAVIN) Program
93.671  Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes
93.775  State Medicaid Fraud Control Units

**Agriculture, Department of**
10.025  Plant and Animal Disease, Pest Control, and Animal Care
10.069  Conservation Reserve Program
10.163  Market Protection and Promotion
10.170  Specialty Crop Block Grant - Farm Bill
10.475  Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.644  Cooperative Forestry Assistance
10.676  Forest Legacy Program
10.912  Environmental Quality Incentives Program
15.524  Recreation Resource Management
66.700  Consolidated Pesticide Enforcement Cooperative Agreements
93.103  Food and Drug Administration Research

**Career and Technology Education, Department of**
12.002  Procurement Technical Assistance for Business Firms
84.048  Career and Technical Education - Basic Grants to States
84.243  Tech-Prep Education

**Central Services, Department of**
39.003  Donation of Federal Surplus Personal Property

**Commerce, Department of**
14.228  Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.231  Emergency Solutions Grant Program
14.246  Community Development Block Grants/Brownfields Economic Development Initiative
14.255  ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.257  ARRA - Homelessness Prevention and Rapid Re-Housing Program
17.258  WIA Adult Program
17.258  ARRA - WIA Adult Program
17.259  WIA Youth Activities
17.259  ARRA - WIA Youth Activities
17.260  WIA Dislocated Workers
17.260  ARRA - WIA Dislocated Workers
17.275  ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
17.277  WIA National Emergency Grant
17.278  WIA Dislocated Workers Formula Grants
17.268  H-1B Job Training Grant
17.805  Homeless Veterans Reintegration Program
45.129  Promotion of the Humanities - Federal/State Partnership
45.312  National Leadership Grants
59.061  State Trade and Export Promotion Pilot Grant Program
81.041  State Energy Program
Schedule of Federal Programs by State Agency

81.041 ARRA - State Energy Program
81.042 Weatherization Assistance for Low-Income Persons
81.042 ARRA - Weatherization Assistance for Low-Income Persons
81.087 Renewable Energy Research and Development
81.122 Electricity Delivery and Energy Reliability, Research, Development and Analysis
81.127 ARRA-Energy Efficient Appliance Rebate Program (EERAP)
82.128 ARRA-Energy Efficiency and Conservation Block Grant Program
93.569 Community Services Block Grant
93.600 Head Start
93.710 ARRA-Community Services Block Grant

Conservation Commission
10.902 Soil and Water Conservation
10.916 ARRA - Watershed Rehabilitation Program
15.252 Abandoned Mine Land Reclamation (AMLR) Program
15.631 Partners for Fish and Wildlife

Corporation Commission
20.700 Pipeline Safety Program StateBase Grant
66.433 State Underground Water Source Protection
66.709 Multi-Media Capacity Building Grants for States and Tribes
66.804 Underground Storage Tank Prevention, Detection, and Compliance Program
66.805 Leaking Underground Storage Tank Trust Fund Corrective Action Program
66.805 ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program
66.817 State and Tribal Response Program Grants
81.122 Electricity Delivery and Energy Reliability, Research, Development and Analysis

Corrections, Department of
16.606 State Criminal Alien Assistance Program
16.750 Support for Adam Walsh Act Implementation Grant Program
16.812 Second Chance Act Prisoner Reentry Initiative
84.331 Grants to States for Workplace and Community Transition Training for Incarcerated Individuals

District Attorneys Council
16.017 Sexual Assault Services Formula Program
16.554 National Criminal History Improvement Program (NCHIP)
16.575 Crime Victim Assistance
16.576 Crime Victim Compensation
16.582 Crime Victim Assistance/Discretionary Grants
16.588 ARRA - Violence Against Women Formula Grants
16.589 Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program
16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders
16.593 Residential Substance Abuse Treatment for State Prisoners
16.609 Project Safe Neighborhoods
16.738 Edward Byrne Memorial Justice Assistance Grant Program
16.742 Paul Coverdell Forensic Sciences Improvement Grant Program
16.801 ARRA - State Victim Assistance Formula Grant Program
16.803 ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
16.816 John R. Justice Prosecutors and Defenders Incentive Act
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Education, Department of

10.553 School Breakfast Program
10.555 National School Lunch Program
10.556 Special Milk Program for Children
10.558 Child and Adult Care Food Program
10.559 Summer Food Service Program for Children
10.560 State Administrative Expenses for Child Nutrition
10.582 Fresh Fruit and Vegetable Program
84.002 Adult Education - Basic Grants to States
84.010 Title I Grants to Local Educational Agencies
84.011 Migrant Education-State Grant Program
84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth
84.389 ARRA - Title I Grants to Local Educational Agencies, Recovery Act
84.027 Special Education-Grants to States
84.391 ARRA - Special Education Grants to States, Recovery Act
84.173 Special Education - Preschool Grants
84.392 ARRA - Special Education Preschool Grants, Recovery Act
84.144 Migrant Education - Coordination Program
84.181 Special Education-Grants for Infants and Families
84.393 ARRA - Special Education Grants for Infants and Families, Recovery Act
84.184 Safe and Drug-Free Schools and Communities - National Programs
84.185 Byrd Honors Scholarships
84.186 Safe and Drug-Free Schools and Communities - State Grants
84.196 Education for Homeless Children and Youth
84.213 Even Start - State Educational Agencies
84.287 Twenty-First Century Community Learning Centers
84.318 Education Technology State Grants
84.323 Special Education - State Personnel Development
84.348 Title 1 Accountability Grants
84.358 Rural Education
84.365 English Language Acquisition State Grants
84.366 Mathematics and Science Partnerships
84.367 Improving Teacher Quality State Grants
84.369 Grants for State Assessments and Related Activities
84.371 Striving Readers
84.377 School Improvement Grants
84.386 ARRA-Education Technology State Grants, Recovery Act
84.387 ARRA-Education for Homeless Children and Youth, Recovery Act
84.388 ARRA - School Improvement Grants, Recovery Act
93.938 Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems
94.005 Learn and Serve America - Higher Education
94.013 Volunteers in Service to America
- Troops for Teachers

Election Board, State

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

Emergency Management, Department of

20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants
97.023 Community Assistance Program State Support Services Element (CAP-SSSE)
Schedule of Federal Programs by State Agency

97.027 Emergency Management Institute (EMI) - Independent Study Program
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039 Hazard Mitigation Grant
97.042 Emergency Management Performance Grant
97.046 Fire Management Assistance Grant
97.047 Pre-Disaster Mitigation
97.082 Earthquake Consortium
97.092 Repetitive Floods Claims

Employment Security Commission
17.002 Labor Force Statistics
17.207 Employment Service/Wagner-Peyser Funded Activities
17.225 Unemployment Insurance
17.225 ARRA - Unemployment Insurance
17.235 Senior Community Service Employment Program
17.271 Work Opportunity Tax Credit Program
17.273 Temporary Labor Certifications for Foreign Workers
17.245 Trade Adjustment Assistance
17.277 WIA National Emergency Grant
17.801 Disabled Veterans' Outreach Program (DVOP)
17.804 Local Veterans' Employment Representative Program

Environmental Quality, Department of
15.616 Clean Vessel Act
66.034 Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
66.039 ARRA - National Clean Diesel Emissions Reduction Program
66.040 State Clean Diesel Grant Program
66.040 ARRA-Clean Diesel Grant Program
66.468 Capitalization Grants for Drinking Water State Revolving Fund
66.468 ARRA-Capitalization Grants for Drinking Water State Revolving Fund
66.605 Performance Partnership Grants
66.608 Environmental Information Exchange Network Grant Program and Related Assistance
66.708 Pollution Prevention Grants Program
66.802 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
66.817 State and Tribal Response Program Grants
66.818 Brownfields Assessment and Cleanup Cooperative Agreement
66.818 ARRA - Brownfields Assessment and Cleanup Cooperative Agreement
81.041 State Energy Program

Governor, Office of
84.394 ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.397 ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
84.410 ARRA-Education Jobs Fund

Health, Department of,
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.578 WIC Grants to State (WGS)
93.069 Public Health Emergency Preparedness
93.070 Environmental Public Health and Emergency Response
93.089 Emergency System for Advance Registration of Volunteer Health Professionals
93.092 Affordable Care Act (ACA) Personal Responsibility Education Program

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<tr>
<td>20.932</td>
<td>ARRA - Surface Transportation - Discretionary Grants for Capital Investment</td>
</tr>
</tbody>
</table>

#### Veterans Affairs, Department of

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>64.005</td>
<td>Grants to States for Construction of State Home Facilities</td>
</tr>
<tr>
<td>64.015</td>
<td>Veterans State Nursing Home Care</td>
</tr>
<tr>
<td>64.124</td>
<td>All-Volunteer Force Educational Assistance</td>
</tr>
</tbody>
</table>

#### Water Resources Board

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.507</td>
<td>Water SMART (Sustaining and Manage America's Resources for Tomorrow)</td>
</tr>
<tr>
<td>15.808</td>
<td>U.S. Geological Survey - Research and Data Collection</td>
</tr>
<tr>
<td>66.202</td>
<td>Congressionally Mandated Projects</td>
</tr>
<tr>
<td>66.419</td>
<td>Water Pollution Control State, Interstate, and Tribal Program Support</td>
</tr>
<tr>
<td>66.454</td>
<td>Water Quality Management Planning</td>
</tr>
<tr>
<td>66.454</td>
<td>ARRA - Water Quality Management Planning</td>
</tr>
<tr>
<td>66.458</td>
<td>Capitalization Grants for Clean Water State Revolving Funds</td>
</tr>
<tr>
<td>66.458</td>
<td>ARRA - Capitalization Grants for Clean Water State Revolving Funds</td>
</tr>
<tr>
<td>66.460</td>
<td>Nonpoint Source Implementation Grants</td>
</tr>
<tr>
<td>66.461</td>
<td>Regional Wetland Program Development Grants</td>
</tr>
<tr>
<td>97.041</td>
<td>National Dam Safety Program</td>
</tr>
</tbody>
</table>

#### Wildlife Conservation, Department of

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.025</td>
<td>Plant and Animal Disease, Pest Control, and Animal Care</td>
</tr>
<tr>
<td>10.902</td>
<td>Soil and Water Conservation</td>
</tr>
<tr>
<td>10.912</td>
<td>Environmental Quality Incentives Program</td>
</tr>
<tr>
<td>10.914</td>
<td>Wildlife Habitat Incentive Program</td>
</tr>
<tr>
<td>15.605</td>
<td>Sport Fish Restoration Program</td>
</tr>
<tr>
<td>15.608</td>
<td>Fish and Wildlife Management Assistance</td>
</tr>
<tr>
<td>15.611</td>
<td>Wildlife Restoration and Basic Hunter Education</td>
</tr>
<tr>
<td>15.615</td>
<td>Cooperative Endangered Species Conservation Fund</td>
</tr>
<tr>
<td>15.626</td>
<td>Enhanced Hunter Education and Safety Program</td>
</tr>
<tr>
<td>15.631</td>
<td>Partners for Fish and Wildlife</td>
</tr>
<tr>
<td>15.633</td>
<td>Landowner Incentive Program</td>
</tr>
<tr>
<td>15.634</td>
<td>State Wildlife Grants</td>
</tr>
<tr>
<td>15.650</td>
<td>Research Grants (Generic)</td>
</tr>
<tr>
<td>15.656</td>
<td>ARRA - Habitat Enhancement, Restoration and Improvement</td>
</tr>
<tr>
<td>81.122</td>
<td>Electricity Delivery and Energy Reliability, Research, Development, and Analysis</td>
</tr>
<tr>
<td></td>
<td>- McGee Creek Project</td>
</tr>
</tbody>
</table>
Selected Activities for Internal Service Type Funds
Selected Activities for Internal Service Type Funds
**Selected Activities for Internal Service Type Funds**

**UNAUDITED**

Selected Activities for Internal Service Type Funds  
For the Year Ended June 30, 2012

<table>
<thead>
<tr>
<th>Office of Management and Enterprise Services - ISD</th>
<th>Department of Corrections - Capitol Improvement Authority</th>
<th>Department of Oklahoma Correctional Industries</th>
<th>Division of Capital Assets Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$28,890,324</td>
<td>$22,206,194</td>
<td>$45,807,262</td>
<td>$208,835,686</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>28,945,335</td>
<td>260,113,867</td>
<td>19,816,560</td>
<td>358,938,547</td>
</tr>
<tr>
<td>Revenues Over (Under) Expenditures</td>
<td>(55,011)</td>
<td>(148,181,961)</td>
<td>2,389,634</td>
<td>(150,102,861)</td>
</tr>
</tbody>
</table>

Other Financing Sources (Uses)

- Operating Transfers In: 7,648,862
- Operating Transfers Out: -
- Bond Proceeds: 60,510,000
- Premium from Bond Issue: -
- Bond Refunding: -9,766,716

Total Other Financing Sources (Uses): 12,497,508

Revenues and Other Sources Over (Under) Expenditures and Other Uses

- (55,011) 77,925,578 -

Fund Balances - Beginning of Year

- 4,029,312 798,371,964 18,608,333 76,107,597 897,117,206

Fund Balances - End of Year

- $3,974,301 $728,115,581 $20,997,967 $71,852,074 1,101,403,091
### Selected Activities for Internal Service Type Funds

#### For the Year Ended June 30, 2012

<table>
<thead>
<tr>
<th></th>
<th>Office of Management and Enterprise Services - ISD</th>
<th>Capital Improvement Authority</th>
<th>Department of Corrections - Oklahoma Corrctional Industries</th>
<th>Division of Capital Assets Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2011</strong></td>
<td>4,029,312</td>
<td>798,371,964</td>
<td>18,608,333</td>
<td>76,107,597</td>
<td>897,117,206</td>
</tr>
<tr>
<td><strong>July 1, 2011</strong></td>
<td>4,029,312</td>
<td>798,371,964</td>
<td>18,608,333</td>
<td>76,107,597</td>
<td>897,117,206</td>
</tr>
</tbody>
</table>

#### Cash Basis Data -

|---------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|

**UNAUDITED**

Selected Activities for Internal Service Type Funds

For the Year Ended June 30, 2012
### TREND ANALYSIS

<table>
<thead>
<tr>
<th>Comparison of FY 2012 Revenue to Prior Years</th>
<th>Office of Management and Enterprise Services - ISD</th>
<th>Capitol Improvement Authority</th>
<th>Department of Corrections - Oklahoma Correctional Industries</th>
<th>Division of Capital Assets Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>272.57%</td>
<td>122.99%</td>
<td>101.27%</td>
<td>87.11%</td>
</tr>
<tr>
<td>FY10</td>
<td>322.99%</td>
<td>92.90%</td>
<td>82.44%</td>
<td>94.80%</td>
</tr>
<tr>
<td>FY09</td>
<td>324.80%</td>
<td>103.58%</td>
<td>75.33%</td>
<td>82.90%</td>
</tr>
<tr>
<td>FY08</td>
<td>383.09%</td>
<td>78.14%</td>
<td>89.23%</td>
<td>88.61%</td>
</tr>
<tr>
<td>FY07</td>
<td>406.31%</td>
<td>66.05%</td>
<td>83.11%</td>
<td>113.89%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comparison of FY 2012 Expenditures to Prior Years</th>
<th>Office of Management and Enterprise Services - ISD</th>
<th>Capitol Improvement Authority</th>
<th>Department of Corrections - Oklahoma Correctional Industries</th>
<th>Division of Capital Assets Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>300.68%</td>
<td>86.80%</td>
<td>85.71%</td>
<td>102.76%</td>
</tr>
<tr>
<td>FY10</td>
<td>261.78%</td>
<td>115.94%</td>
<td>125.15%</td>
<td>96.53%</td>
</tr>
<tr>
<td>FY09</td>
<td>248.95%</td>
<td>122.39%</td>
<td>65.09%</td>
<td>102.90%</td>
</tr>
<tr>
<td>FY08</td>
<td>387.32%</td>
<td>114.62%</td>
<td>79.08%</td>
<td>102.96%</td>
</tr>
<tr>
<td>FY07</td>
<td>379.70%</td>
<td>116.63%</td>
<td>74.96%</td>
<td>275.63%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues expressed as a percent of expenditures</th>
<th>FY11</th>
<th>FY10</th>
<th>FY09</th>
<th>FY08</th>
<th>FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99.81%</td>
<td>43.03%</td>
<td>112.06%</td>
<td>91.50%</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>110.10%</td>
<td>30.37%</td>
<td>94.84%</td>
<td>107.94%</td>
<td></td>
</tr>
<tr>
<td>FY10</td>
<td>80.89%</td>
<td>53.70%</td>
<td>170.12%</td>
<td>93.17%</td>
<td></td>
</tr>
<tr>
<td>FY09</td>
<td>76.50%</td>
<td>50.85%</td>
<td>96.83%</td>
<td>113.58%</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>100.91%</td>
<td>63.12%</td>
<td>99.31%</td>
<td>106.31%</td>
<td></td>
</tr>
<tr>
<td>FY07</td>
<td>93.27%</td>
<td>75.98%</td>
<td>101.07%</td>
<td>221.45%</td>
<td></td>
</tr>
<tr>
<td>FY06</td>
<td>111.52%</td>
<td>100.16%</td>
<td>86.19%</td>
<td>115.02%</td>
<td></td>
</tr>
<tr>
<td>FY05</td>
<td>102.70%</td>
<td>79.70%</td>
<td>107.71%</td>
<td>67.85%</td>
<td></td>
</tr>
</tbody>
</table>
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