



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



ISMAEL AHMED
DIRECTOR

February 3, 2010

Mr. Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, the Department of Human Services is enclosing a summary table identifying the department's responses and the corrective action plans to address recommendations identified in the Office of the Auditor General's Single Audit Report for the Two Years Ended September 30, 2008.

Questions regarding the summary table or corrective action plans should be directed to Cindy Osga, CGFM, at osgac@michigan.gov or 517-335-4087

Sincerely,

Signature Redacted

Ismael Ahmed

c: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House and Senate Appropriations Subcommittees
House and Senate Standing Committees



State of Michigan
Department of Human Services
Response to the Auditor General's Report
Single Audit Report for the Two Years Ended 09/30/2008
OAG Reference No. 431-0100-09
DHS Reference No. 2009-216

1. Findings Complied With

6c2, 6d, 7, 8a1, 8a2, 8b2, 9a4, 9b1c, 9b2a, 9b2b, 9c, 9e2a, 9e2b, 9f2, 9g1, 9h1, 9i2d, 9i3, 9i4, 9i5, 10a, 10b, 10c, 11a1, 11b, 12a1, 12a2, 12b1, 12c, 12d1, 12d2, 13b, 14a1, 14a2, 14b1, 14c1, 14c2, 15c, 16a3, 16b2, 16c1, 16c2, 16c3, 16c4, 16e3, 16f1, 16f2, 17a, 17b1, 17c1, 17c2, 17d, 18a2, 18a3, 18a4, 18b1, 18b2, 18c1, 18c2, 18d2, 18e, 20a1, 20b2, 20b3, 20b4, 21

2. Findings To be Complied With

2, 3, 5, 6a, 6c1, 8b1, 9a3, 9bid, 9b3, 9d1, 9d3, 9d4, 9e1b, 9e1c, 9f1, 9g2, 9h2, 9i1, 9i2a, 9i2b, 9i2c, 11a2, 11c, 12b2, 12b3, 13a, 14b2, 15a, 15b, 16a1, 16a2, 16b1, 16b3, 16e1, 16e2, 17b2, 18b3, 18d1, 19a1, 19a2, 19b, 19c1, 19c2, 19d, 19e1, 19e2, 20a2

3. Findings Disagreed With

1, 4, 6b, 9a1, 9a2, 9b1a, 9b1b, 9d2, 9e1a, 16d1, 16d2, 18a1, 20b1

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Schedule of Expenditures of Federal Awards		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>DHS did not correctly classify payments made to the Michigan Higher Education Assistance Authority (MHEAA) on the Schedule of Expenditures of Federal Awards. During the fiscal year ended 09/30/2008, MHEAA provided State Competitive Scholarships, Tuition Grants, and Tuition Incentive Program Grants, totaling \$108.2 million to students attending colleges or universities in Michigan. During the fiscal year these scholarships were funded by the Michigan Merit Award Trust Fund and GF/GP appropriations.</p> <p>During the fiscal year ended 09/30/2008 DHS hired a consultant to identify methods in which to maximize the use of federal TANF funds in order to take advantage of TANF contingency funds made available by HHS. In an effort to obtain the TANF contingency funds, DHS and the consultant identified the MHEAA scholarships and grants as potentially being able to be funded with TANF funds. Based on the consultant's advice, DHS worked with the State Budget Office to request a supplemental appropriation bill to exchange funding between DHS and MHEAA. A supplemental appropriation bill was approved on September 28, 2008, that moved TANF federal funds to MHEAA to fund the scholarships and grants, and moved the Michigan Merit Trust Fund and GF/GP appropriations to DHS to be spent on other activities which could be used as additional MOE and matching funds needed to obtain the TANF contingency funds.</p> <p>A review of the substance of the transaction between DHS and MHEAA noted:</p> <p>(1) MHEAA provided the scholarship and grant information to DHS and the consultant in order for DHS to determine if the use of the TANF funds for the MHEAA program was an allowable use of the TANF funding.</p> <p>(2) MHEAA did and continues to operate the scholarship programs under State statute. MHEAA does not have any federal program requirements they are required to follow.</p> <p>Consequently, because the decision to use TANF funds to finance the scholarship program was made by DHS, it is the OAG's opinion that DHS is directly responsible for program compliance. Accordingly, the amount transferred to the MHEAA should be reported as directly expended by DHS.</p> <p>DHS RESPONSE</p> <p>DHS disagrees with the OAG's conclusion that the relationship with the Department of Treasury constitutes a vendor relationship. DHS believes it correctly classified Treasury as a subrecipient of a federal award.</p> <p>OMB Circular A-133, §.210(b), states, Characteristics indicative of a Federal award received by a subrecipient are when the organization:</p> <p>(1) Determines who is eligible to receive what Federal financial assistance;</p> <p>(2) Has its performance measured against whether the objectives of the Federal program are met;</p> <p>(3) Has responsibility for programmatic decision making;</p> <p>(4) Has responsibility for adherence to applicable Federal program compliance requirements; and</p> <p>(5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.</p> <p>OMB Circular A-133, §.210(c), states, Characteristics indicative of a payment for goods and services received by a vendor are when the organization:</p> <p>(1) Provides the goods or services within normal business operations;</p> <p>(2) Provides similar goods or services to many different purchasers;</p> <p>(3) Operates in a competitive environment;</p>		

- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to the compliance requirements of the Federal program.

DHS believes the relationship with MHEAA is that of a subrecipient because:

- (1) The Department of Treasury determines the individuals who will receive the scholarships.
- (2) The scholarships each contain an eligibility criteria component based on need.
- (3) The Department of Treasury makes the decisions related to the scholarship program.
- (4) The scholarship program is not considered a good or service which is provided to many purchasers.
- (5) The Department of Treasury does not operate in a competitive environment.
- (6) The Department of Treasury used the federal funds to carry out its own programs as opposed to providing goods and services to DHS.

The use of TANF funds to finance the Family Support Subsidy Program in the Department of Community Health is an analogous situation. The Support Subsidy Program already existed when PRWORA was passed. The Governor and legislature in office at the time decided that it would be appropriate to use TANF funds to finance a portion of that program's cost and TANF revenues were, and continue to be, appropriated directly to DCH to finance the cost of that program. Those revenues flow through DHS because DHS has been designated as the lead state agency for the TANF program. DHS does not, however, have any direct control over any aspect of the DCH program. The interagency agreements entered into by DHS and DCH to implement the intent of those appropriations over the years have always characterized DCH as a subrecipient with regard to its receipt of federal TANF revenues from DHS.

Finally, it is important to note that the OMB Circular which requires the DHS to characterize the Department of Treasury as a vendor or subrecipient also recognizes that making that distinction requires judgment and may be difficult. OMB Circular A-133, §.210(d), states, There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or vendor.

DHS believes that it correctly identified MHEAA as a subrecipient based on the requirements identified in OMB Circular A-133.

Corrective Action Plan:
n/a

Barriers:
n/a

Responsible Administration:
Chief Administrator's Office

Responsible Individual(s), Name(s), Title(s):
Susan Kangas, Chief Administrative Officer

Recoupment Recommended

Recoupment Comments

OIA Status

Approved

OIA Comments

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Backup and Disaster Recovery		
Administration Area	PROJECT FINANCING		
Report Implementation Date	10/1/2010	Status Requested	11/12/2009
Status Contact	kurnick-zieglerj	Last Updated	11/12/2009
Status	Open	Last Updated By	osgac

Corrective Action Plan	<p>FINDING</p> <p>DHS, in conjunction with DIT, did not establish and implement comprehensive, up-to-date, and tested backup and disaster recovery plans for several of its critical automated information systems. As a result, DHS could not ensure uninterrupted business services and the preservation of critical financial and client data in the event of a disaster or other disruption.</p> <p>A review of the automated backup and disaster recovery processes of selected DHS automated information systems used to support DHS's financial schedule and/or statement assertions and its compliance with federal laws and regulations disclosed:</p> <p>a. DHS and DIT did not document backup and disaster recovery plans for 6 of 8 systems housed in the client/server environment.</p> <ol style="list-style-type: none"> 1. BITS 2. Adoption Assistance Database 3. Contract Payment and Tracking System 4. LOA2 5. SWSS 6. Adoption Subsidy Payment System <p>b. DHS and DIT did not periodically review and update the backup and disaster recovery plans for the 2 systems housed in the client/server environment and 6 systems housed in the mainframe environment that had documented backup and disaster recovery plans.</p> <p>client/server environment</p> <ol style="list-style-type: none"> 1. LASR 2. RAP <p>mainframe</p> <ol style="list-style-type: none"> 1. CIMS 2. CVW - Consolidated Vendor Warrant 3. Energy Payroll 4. MiCSES 5. UCDC - Unified Child Day Care 6. Client Payroll <p>c. DHS and DIT did not periodically review and update the backup and disaster recovery plans for any of the DHS systems reviewed. Without periodic testing of backup and disaster recovery plans, DHS and DIT cannot ensure that plans will work as intended during a disruption and that critical systems and business processes can be resumed in a timely manner.</p> <p>client server environment</p> <ol style="list-style-type: none"> 1. BITS 2. Adoption Assistance Database 3. Contract Payment and Tracking System 4. LOA2 5. SWSS 6. Adoption Subsidy Payment System 7. LASR 8. RAP <p>mainframe</p> <ol style="list-style-type: none"> 1. CIMS 2. CVW 3. Energy Payroll 4. MiCSES 5. UCDC 6. Client Payroll 7. ASSIST 8. DDS
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9. MPS

d. DHS did not ensure that business resumption plans for its local offices addressed interruptions in services resulting from the unavailability of computer services. For example, DHS did not document the manual delivery of critical client services in cases where computer and other electronic communication systems were unavailable.

CORRECTIVE ACTION

DHS, in conjunction with DIT, continues to implement corrective action. The client server application disaster recovery plans will be finalized as the disaster recovery hardware is acquired and installed. DIT continues to build-out hardware platforms that will allow the testing of established disaster recovery plans. Mainframe disaster recovery plans were updated and have been drafted. DHS is in the process of updating an overall Emergency Management Plan that will address computer unavailability and related business continuation activities.

Barriers:

Availability of IT resources.

Responsible Administration:

Office of Technology and Information Management (parts a-c)
Chief Administrator's Office, Administrative Services (part d)

Responsible Individual(s), Name(s), Title(s):

Janet Kurnick-Ziegler, Acting Director, Office of Technology and Information Management
Dan Werk, Director, Division of Administrative Services

UPDATE 11/2009 (parts a-c) (per Rich DeMello, DIT)

DHS automated systems are divided into three categories – legacy, client/server, and web-based.

Legacy Systems – Currently these systems are either retired or no longer critical. Back-ups of legacy data are done nightly. There are no plans to enhance the disaster recovery documentation or process at this time.

Client/Server – Backups of the data used by these applications are performed nightly. A hardware refresh and migration that provides a disaster recovery configuration for the database servers by December 2010. Oracle Active Data Guard will be used to ensure data replication and integrity between the hosting centers. A disaster recovery plan and test should be completed by the third quarter of fiscal year 2010.

Web Application (Bridges) – Backups of the data used by these applications are performed nightly. The data is also streamed to disaster recovery database servers in real-time. The current Bridges disaster recovery plan is being updated and should be complete by December 2009. Additional hardware is being acquired to support the web interface and business logic. The hardware should be installed and configured in third quarter of fiscal year 2010, allowing for a fourth quarter fiscal year 2010 disaster recovery test.

Recoupment Recommended	N/A
Recoupment Comments	
OIA Status	
OIA Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Children's Trust Fund		
Administration Area	CHILDREN'S TRUST FUND		
Report Implementation Date	4/1/2010	Status Requested	11/10/2009
Status Contact	foleym2	Last Updated	11/10/2009
Status	Open	Last Updated By	StokesA
Corrective Action Plan	<p>FINDING</p> <p>DHS did not have written policies and procedures for soliciting, collecting, and inventorying of the donated items. Written policies and procedures would document the duties of key personnel and volunteers, and communicate management's commitment to/support of strong internal control. Also, written policies and procedures would be valuable in training new employees and volunteers would serve as a guide for better administration and control over operations.</p> <p>In addition to written policies and procedures, Section 18.1485 of the Michigan Compiled Laws requires that DHS establish and maintain an internal accounting and administrative control system which includes a plan of organization that provides separation of duties and responsibilities among employees and a system of recordkeeping procedures to control revenues.</p> <p>DMB Financial Management Guide Chapter 12, Section 100, requires DHS establish and maintain an inventory control program that includes limited access to inventory storage, use of requisition forms to release inventory, and approval of all adjustments to inventory records.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION</p> <p>CTF will use the work that has been done and evolved over several years to date as a basis to review its administrative procedures and practices and to assure that adequate controls over these activities constitute a responsible management control system. CTF will formalize procedures to ensure processes related to solicitation, collection, and inventory of each donated item from the point of receipt to distribution are communicated.</p> <p>Barriers: n/a</p> <p>Responsible Administration: Children's Trust Fund</p> <p>Responsible Individual(s), Name(s), Title(s): Mike Foley, Executive Director</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Child Placing Agency Unit Rates		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure that unit rates used to calculate payments made to Child Placing Agencies (CPA) were in compliance with State laws and regulations. The CPA is paid a unit rate which is dependent upon the type of services the CPA performed. DHS adjusts the unit rates, in the contract each contract term or when State law authorizes a change, based on the amount the Legislature appropriated for CPA services in a given fiscal year. However, in April 2008 the Legislature passed Section 460(3) of Act 113, P.A. 2008, effective October 1, 2007, which included unit rates by the type of service performed for these contracts. Section 460(3) states that the department shall not establish a payment category or unit rate other than those in the section and shall not expend funds appropriated for a payment that does not fall within a payment category or unit rate established in the section. The CPA contracts stated that the payments outlined in the contract shall remain in effect during the entire contract period unless a change is authorized by Executive Order or through legislative appropriation.</p> <p>A review of the DHS contracts with the CPAs disclosed that DHS did not amend the contracts to reflect the unit rate structure specified in the public act. In addition, DHS did not determine the impact of the retroactive adjustments to the CPAs and either submit retroactive payments to the CPAs or require reimbursements from the CPAs. DHS program staff informed us they were not aware of the unit rate structure in Public Act 113 and that the Legislature had previously appropriated amounts for payments to CPAs, generally with a 4 percent increase, but had not appropriated specific rates based on the type of service performed. Because DHS did not determine the impact of the rate adjustments for each vendor, the effect on the \$6.4 million paid to the CPAs in the fiscal year ended 09/30/2008 is unknown.</p> <p>RESPONSE DHS disagrees with the finding. After vetoing the boilerplate and related funding for the adoption rate increase, in her October 31st signing letter for 2007 Public Act No. 131 the Governor wrote "I am directing the Department of Human Services to implement a 4 percent rate increase for adoption providers." We increased rates on the basis of that directive.</p> <p>When 2008 PA 113 was signed into law on April 29, 2008, it included boilerplate sections 458 and 460 that specified different rates from the 4% rate increase put in place earlier in the year. DHS did not change the adoption rates to comply with the rates cited in boilerplate because:</p> <p>a. The 4% rate increase was already implemented, albeit in a slightly different way, and</p> <p>b. Sections 458 and 460 were regarded as unenforceable because they attempted to place conditions in a prior/existing appropriation (i.e., amendment by reference). Const 1963, art 4, sec. 25 provides: "No law shall be revised, altered, or amended by reference to its title only. The section or sections of the act altered or amended shall be re-enacted and published at length." Both sections of boilerplate began by referencing "from the money (or funds) appropriated in part 1 of 2007 PA 131...." it is not permissible to place a condition on an existing appropriation in a subsequent supplemental appropriation.</p> <p>Corrective Action Plan: N/A</p> <p>Barriers: N/A</p> <p>Responsible Administration: Bureau of Child Welfare</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Kate Hanley, Director of Adoption and Permanency Services</p>		
Recoupment Recommended			
Recoupment Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Internal Control Over Federal Programs		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2010	Status Requested	10/30/2009
Status Contact	larsenj1	Last Updated	10/30/2009
Status	Open	Last Updated By	osgac

Corrective Action Plan	<p>FINDING</p> <p>a. DHS did not provide the oversight necessary to ensure that its internal control over various organizational units of its major federal programs was properly designed and effective. As a result, DHS operated 5 of its 14 major federal programs in major non-compliance with federal laws, regulations, contracts, and grant agreements. The audit resulted in 2 adverse opinions and 3 qualified opinions.</p> <p>b. DHS did not provide the oversight necessary to ensure that internal control weaknesses and resulting noncompliance of its federal programs disclosed in prior Single Audits were corrected effectively and in a timely manner. As a result, the audit report contains 27 (71 percent) of 38 recommendations from the prior audit.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION</p> <p>DHS agrees with the finding in part. As noted, in its responses, some findings DHS does not agree with. DHS does agree that effective internal controls must be implemented in order to ensure compliance with federal and state requirements.</p> <p>There has been a fundamental change in the internal control environment within DHS. Emphasis has been placed on the importance of internal controls so program objectives are achieved. Management recognizes its role in the success of corrective action implementation. Improvements can be noted in that the number of unqualified opinions has increased, while adverse and qualified opinions have decreased since the last single audit. DHS recognizes internal control improvements are a continuous process which must adapt to the changes in its environment.</p> <p>The department's commitment to improvements in the internal control structure are evidenced by increased monitoring of oversight of the Child Day Care program, Children's Services (programs such as Children's Protective Services, Foster Care, and Adoption), and corrective actions implemented in response to audit findings contained in this report. For example,</p> <p>The Child Day Care program has increased its monitoring efforts with its review initiative which measures for accurate and complete documentation in the CDC Case Record (both the client file and the provider file). Identified errors and program noncompliance are corrected on all cases. These reviews allow the department to identify and address root causes related to errors, program non-compliance, and fraud. The results provide data for continuous program improvement including revised procedures, policy clarifications, and related staff training. The Child Day Care Central Reconciliation Unit reconciles information provided by both providers and parents. In addition, DHS has been performing a time and attendance review to ensure appropriate records are maintained by the provider to support amounts billed.</p> <p>Anticipated Implementation Date: The evaluation of internal controls is an ongoing process.</p> <p>Barriers: Resources can impact the degree to which duties can be segregated and changes that can be implemented.</p> <p>Responsible Administration: All</p> <p>Responsible Individual(s), Name(s), Title(s): Ismael Ahmed, Director Stanley Stewart, Chief Deputy Director Susan Kangas, Chief Administrative Officer Terry Salacina, Director, Field Operations Administration Kathryn O'Grady, Director, Children's Services Administration Charles Jones, Director, Financial, Quality, and Technology Services Administration</p>
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	FAP-Cost Allocation		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	3/1/2010	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status		Last Updated By	Reedj2

Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>
Recoupment Recommended	
Recoupment Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	FAP-Procurement EBT Contractor		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>FINDING DHS, in conjunction with DMB, did not have internal controls to ensure that it complied with DMB policies requiring State Administrative Board approval of contracts and contract amendments. DHS and DMB did not obtain State Administrative Board approval of a contract amendment that increased the electronic benefits vendor contract value by \$149,900.</p> <p>Questioned Cost: \$ -0-</p> <p>RESPONSE DHS disagrees with the finding, in part.</p> <p>Funding was included in the initial contract that allowed up to \$2 million in future change orders without obtaining additional Ad Board approval (it was approved as part of the \$42,966,246 cost of the contract). In November of 2006 DHS provided DMB Acquisition Services (now known as Purchasing Operations) with five system change orders totaling \$149,440 to be used against the \$2 million preapproved reserve for such changes. A DMB issued change notice to the contractor was necessary to formalize the addition of services prior to the contractor taking action on them.</p> <p>Instead of writing the change notice to illustrate that the dollar value of the changes was already covered within the existing contract amount, DMB staff added the dollars to the total contract amount, thereby increasing it. DHS recognized this as an internal control issue and despite multiple requests by DHS to DMB asking them to clarify that the contract total had not actually changed, DMB did not take action to remedy this processing error.</p> <p>CORRECTIVE ACTION DHS will monitor actual expenditures against this contract to ensure they remain under the original contract value of \$42,966,246, thereby not expending the additional funds DMB added that were not approved by the State Administrative Board. If additional service changes or contract dollar increases are required, DHS will work closely with DMB Purchasing Operations so any new change notice also rectifies the error on change notice #2.</p> <p>Anticipated Implementation Date: Ongoing through contract expiration (May 31, 2011)</p> <p>Barriers: None</p> <p>Responsible Administration: Division of Administrative Services</p> <p>Responsible Individual(s), Name(s), Title(s): Dan Werk, Director, Division of Administrative Services Rita Hotchkin, Director, Departmental Services Division</p>
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Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	FAP-GH280 Report Reconciliation		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	5/3/2010	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	11/2/2009
Status	Open	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING</p> <p>DHS did not ensure that 5 (83 percent) of the 6 local offices reviewed reconciled their detailed recoupment activity report (GH-280) to source documents. DHS used the GH-280 to prepare its quarterly status of claims against households report (FNS-209). As a result, DHS did not verify the accuracy of the amounts presented on the FNS-209.</p> <p>CORRECTIVE ACTION</p> <p>FOA will remind local offices via the AP Specialists and regular management meetings to reconcile the GH-280 reports as outlined per policy.</p> <p>Anticipated Implementation Date:</p> <p>AP Specialists will initially disseminate information to the field in April 2010 and at regional management meetings beginning in May 2010.</p> <p>Barriers:</p> <p>None</p> <p>Responsible Administration:</p> <p>Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s):</p> <p>Terry A. Salacina, Deputy Director</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	FAP-GH280 Report Retention		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	johnroel	Last Updated	11/2/2009
Status	Completed	Last Updated By	johnroel
Corrective Action Plan	<p>FINDING DHS did not retain underlying reports used to prepare the FNS-209 in accordance with federal regulations. The GH-280 recoupment activity report is generated on a monthly basis and provides the detail of the recoupment activity presented on the FNS-209. The DHS recoupment activity report (GH-292) summarizes the activity from the GH-280 into totals for the state as whole. Information presented on the FNS-290 is obtained directly from the quarterly report of status of claims against households report (GH-490), a summary of the GH-292 report. DHS did not retain the GH-280 for 16 months of the audit period and GH-292 for 13 months of the audit period.</p> <p>CORRECTIVE ACTION During the audit it was discovered that policy contained an incorrect retention period for the GH-280 report. Policy will be changed so the retention period is consistent with federal regulations.</p> <p>Barriers: None</p> <p>Responsible Administration: Bureau of Adult and Family Services</p> <p>Responsible Individual(s), Name(s), Title(s): Barbara Anders, Director, Bureau of Adult and Family Services Desiree DeCaire, FAP Policy Analyst</p> <p>UPDATE 10/2009 The LOR Manual was revised 10/01/2009. The retention period is consistent with federal regulations.</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 6d - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	FAP-EBT Card Issuance Reconciliation		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	johnroel	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure it accounted for all issuances of EBT cards issued by its local offices through the a reconciliation process. DHS did not obtain reports from the EBT contractor that showed a reliable number of EBT bridge cards authorized by the EBT contractor for use in reconciling local office EBT bridge card issuance logs. As a result, local offices were not able to perform reconciliations to identify discrepancies between the number of EBT cards reported as issued on the local office issuance logs and the number authorized by the EBT vendor.</p> <p>Questioned Cost: -0-</p> <p>CORRECTIVE ACTION The changes were loaded into the Michigan EBT build on July 28, 2009. The first month's data was reviewed and was found to be accurate</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: none</p> <p>Responsible Administration: EBT</p> <p>Responsible Individual(s), Name(s), Title(s): James D. McCreight, EBT Coordinator</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 7 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Weatherization-Subrecipient Monitoring-A133		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	larsenj1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 7, 9h1, 10c, 13b, 16f2</p> <p>Note: Corrective action will be tracked with 2009-217, finding 7.</p> <p>FINDING DHS did not issue a management decision within the time frame for required by OMB Circular A-133.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION A management decision was issued and provided to the auditors during audit field work.</p> <p>DHS enhanced the subrecipient monitoring process in March of 2009 to provide additional assurance of complete and timely management decisions. The Office of Monitoring and Internal Control identifies, coordinates, and tracks all DHS management decisions required by OMB Circular A-133, and follows-up with appropriate DHS staff as the deadline nears. Office of Monitoring and Internal Control staff also provide technical assistance regarding management decisions.</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Monitoring and Internal Control</p> <p>Responsible Individual(s), Name(s), Title(s): Joshua Larsen, Director, OMIC</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 8a1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	PSSF-Payroll-Predetermined Adjustment to Actual		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8a(1), 9b(2)(b)</p> <p>Note: Corrective action will be tracked with 2009-216, finding 8a1,</p> <p>FINDING DHS did not adjust the amount of predetermined payroll cost distributions to reflect actual payroll costs for one employee charged to multiple federal awards. DHS performed a comparison of actual payroll costs to the predetermined payroll cost distributions, but did not adjust the amounts charged to the federal programs.</p> <p>Questioned Cost: \$ 104 PSSF \$ (104) TANF</p> <p>CORRECTIVE ACTION The position is now included in a cost pool. Adjustments are made as needed.</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: none</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manager, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 8a2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	PSSF-Payroll-Certifications		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8a(2), 10a, 20a(1), 21</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 8a2.</p> <p>FINDING DHS did not maintain the required certifications (semi-annual certification or pay period specific certification) to support the payroll costs for 1 employee. DHS did not complete a semi-annual certification or a pay period specific certification covering the selected pay period.</p> <p>Questioned Cost: \$ 29,401 Promoting Safe and Stable Families (finding 8) \$ 26,175 Child Support (finding 10) \$ 35,199 Medicaid Cluster (finding 20) \$ 122,676 Disability Insurance/Supplemental Security Income (finding 21)</p> <p>CORRECTIVE ACTION Policy was issued on July 23, 2008, and requires managers and supervisors of staff who are funded 100 percent by a single federal funding source to submit semi-annual certifications to the Division of Accounting who will send out a list of those staff and the forms for each certification period.</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: None</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 8b1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	PSSF-Subrecipient Monitoring-Contractor		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2010	Status Requested	10/28/2009
Status Contact	larsenj1	Last Updated	11/3/2009
Status	Open	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8b1, 9h2</p> <p>Note: Corrective action will be tracked with 2009-216, finding 8b1.</p> <p>FINDING DHS did not monitor subrecipients and vendors for 17 (52 percent) of 33 contracts reviewed. DHS had approximately 1,100 contracts with subrecipients and vendors for PSSF during the two year audit period. A review of program monitoring efforts disclosed that DHS did not obtain performance documentation required by the contracts and did not perform on-site reviews to ensure compliance with the provisions of the contracts.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION DHS has implemented policy for contract monitoring. Policy CPM 304, effective 08/01/2009, requires each program office to perform a risk analysis of its contractors, develop an annual contract compliance plan and perform the functions in the plan (pre-award monitoring, off-site monitoring, and on-site monitoring). Policy requires the plan to be developed on an annual basis. OMIC will monitor the progress of each organizational unit's plan to ensure the monitoring functions are performed. OMIC has developed a Contract Compliance Assurance Guide to aide organizational units monitoring its contractors. OMIC will training August 2009 to October 2009 to DHS staff who are responsible for monitoring.</p> <p>Barriers: none</p> <p>Responsible Administration: Office of Monitoring and Internal Controls</p> <p>Responsible Individual(s), Name(s), Title(s): Josh Larsen, Director Bill Addison, Audit Liaison</p> <p>UDPATE 11/03/2009 Monitoring training was provided to DHS staff and concluded in October 2009. Each administration will prepare its monitoring plan after risk assessment training which is scheduled for December 2009. Monitoring will be conducted in accordance with the monitoring plan.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 8b2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	PSSF-Subrecipient Monitoring-Unreasonable Expenditure		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>Finding No. 8b(2)</p> <p>FINDING DHS paid a subrecipient for services that did not appear to be a reasonable use of PSSF federal awards for 1 (3 percent) of 33 subrecipient expenditures reviewed. The contract indicated the subrecipient would provide intensive family services, face-to-face mentor and surveillance contacts, and a 24 on-call crisis intervention system for state wards and probate court wards under DHS supervision or youths 12 to 17 years who had been adjudicated as delinquent. The subrecipient claimed reimbursement to purchase camping equipment to provide adventure activities for the children participating in the program.</p> <p>Questioned Cost: \$ 631</p> <p>CORRECTIVE ACTION The local office director spoke to the contractor and followed up with a written statement that no further expenditures for real property or recreational activities will be approved.</p> <p>Anticipated Implementation Date: Immediately</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Director, Field Operations Administration Scott Parrott, Director, Gogebic DHS</p> <p>UDPATE 11/01/2009: Action was taken immediately by the local office. As stated above, a phone call was made to the contractor as well as a follow up letter sent letting the contractor know unallowable costs would be reimbursed.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9a1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	TANF-Third Purpose		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 9a(1), 9b(1)(a), 9e(1)(a):</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9a1.</p> <p>FINDING DHS could not support that TANF program expenditures claimed to prevent and reduce incidence of out-of-wedlock pregnancies met the requirements for the third purpose of TANF (prevent and reduce the incidence of out-of-wedlock pregnancies). In an effort to maximize State recovery of TANF program funds during fiscal year 2007-2008, DHS contracted with a private consulting firm to analyze the State's expenditures and determine if there were additional source of expenditures DHS could use to maximize TANF program funds. The private consulting group advised DHS that the State's higher education scholarship and grant expenditures were allowable under the third purpose of TANF to reduce the incidence of out-of-wedlock pregnancies; however, all federal citations provided by the private consulting group supported the allowability of these expenditures under the second purpose of TANF (end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage).</p> <p>Questioned Cost: \$108,240,228</p> <p>CORRECTIVE ACTION DHS disagrees with the finding.</p> <p>The Temporary Assistance to Needy Families (TANF) Block Grant is designed to help needy families achieve self-sufficiency. States receive a block grant to design and operate their programs to accomplish the purposes of TANF. The four goals of TANF are:</p> <ol style="list-style-type: none"> 1. assisting needy families so that children can be cared for in their own homes; 2. reducing the dependency of needy parents by promoting job preparation, work and marriage; 3. preventing out-of-wedlock pregnancies; and 4. encouraging the formation and maintenance of two-parent families. <p>College scholarships are allowable under TANF Goal 3 (preventing out-of-wedlock pregnancies) because of the direct link between higher levels of education and reduced out-of-wedlock pregnancies. Studies have shown that higher educational achievement correlates with a reduced incidence of out-of-wedlock pregnancy. Therefore, scholarships that allow Michigan youth to pursue higher education can reasonably be calculated to prevent and reduce such pregnancies. Further, scholarship programs such as the Tuition Incentive Program and the Michigan Promise Scholarship direct young people toward future goals of academic and economic achievement. The knowledge that financial support is realistic and available for higher education is an incentive for young teens and adults to stay in school and avoid pregnancy.</p> <p>The United States Department of Health and Human Services published its Report to Congress on Out-of-Wedlock Childbearing in September 1995 which supports the position of DHS. The report states:</p> <ul style="list-style-type: none"> • Research clearly shows that the more education a woman has the less likelihood she is to give birth nonmarital. • Intervention designed to improve young girls' achievement may, in the long run, reduce rates of nonmarital childbearing for two generations. • Strategies designed to increase economic opportunity for low-income men by improving education, job skills, and wages, can be expected, in the long run, to reduce rates of nonmarital childbearing by encouraging higher rates of marriage. <p>Additionally, the United States Department of Health and Human Services, Administration for Children and Families (ACF) has clearly stated that college scholarships and funding for post-secondary and other educational programs meet a TANF goal. This position was reiterated with the release of the TANF Program Final Rule on February 5, 2008:</p> <p>We agree that expenditures for higher education are allowable uses of funds, even under the 'interim final rule.' In addition, under the final rule, participation in a baccalaureate or advanced degree program can count toward the work</p>
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participation rate.

Finally, several other states, including Georgia, Massachusetts, and New York, have amended their State Plans and successfully claimed college scholarship program costs under TANF Goal 3. Georgia and Massachusetts have both reported college scholarship expenditures under Goal 3 since Fiscal Year 2007. New York claimed their Tuition Assistance Program (tuition only scholarships to low-income students) as TANF maintenance of effort spending under Goal 3 until 2005, an approach agreed to by ACF. They ceased their claim only because they no longer needed the maintenance of effort spending due to other state budget changes. The rationale for these successful claims is the same as Michigan's that is articulated above.

CORRECTIVE ACTION

n/a

Anticipated Implementation Date:

n/a

Barriers:

n/a

Responsible Administration:

Chief Administrator's Office, Division of Accounting

Responsible Individual(s), Name(s), Title(s):

Sue Kangas, Chief Administrative Officer

Russ Hecko, Director, Division of Accounting

Deb Christopherson, Accountant

Recoupment Recommended

Recoupment Comments

OIA Status

Approved

OIA Comments

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	TANF-Foster Care Expenditures		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 9a(2), b(1)(b) :</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9a2.</p> <p>FINDING</p> <p>DHS claimed foster care expenditures in the TANF program that the State did not incur. Section 400.117a(4) (a) of Michigan Compiled Laws requires DHS to share equally in the cost of foster care with counties for children not funded under the Title IV-E foster care program. In an effort to maximize State recovery of TANF program funds, the Office of the State Budget, sought advice from a private attorney regarding the State's ability to draw TANF program funds based on county foster care program expenditures. The private attorney advised the Office of the State Budget that this would be allowable; consequently, DHS drew down the TANF program funds based on county foster care program expenditures and retained the funds for other purposes</p> <p>The auditors do not consider these county expenditures to be eligible for federal recovery by DHS. 45 CFR 260.30 defines an expenditure as any amount of federal TANF or state MOE funds that a state expends, spends, pays out, or disburses consistent with the requirements of parts 260-265. 45 CFR 92.3 defines a state as any agency of the state exclusive of local governments and further defines a local government to include a county. Consequently, because these are county expenditures, the State is not entitled to recovery of TANF program funds for these expenditures.</p> <p>CORRECTIVE ACTION</p> <p>DHS disagrees with the finding. The State Budget Office sought legal advice from a reputable firm which represents clients in governmental affairs. The attorney for the firm specializes and consults welfare agencies on all aspects of federal law and policies governing TANF, and an associate for the firm assists states in responding to audits, disallowances, penalties, and other federal actions concerning state administration of federally funded programs.</p> <p>The private firm advised the State in its July 2000 correspondence that because federal law views local and state governmental funding essentially the same, there was no problem with state retaining the 50 percent share of the cost of an activity at the same time it used TANF funds to pay for the full cost. The letter further stated that from a federal standpoint, the decision to transfer funds between different levels of government within the state is solely a state fiscal matter.</p> <p>DHS followed up with the law firm in May 2007. In its June 2007 letter, the law firm stated,</p> <p>The July 12, 2000, letter concluded it was appropriate for Michigan to use TANF funds to cover the cost of services to non-Title IV-E eligible foster care children (previously authorized under the state's AFDC-EA plan), even though under state law 50 percent of the cost was initially the responsibility of the local agencies, and it was not necessary as a matter of federal law that the state remit any of the TANF funds to the local agencies.</p> <p>Our further review in response to your request has confirmed the correctness of our prior advice, and we are aware of nothing that has developed in the interim to cause any doubt on the correctness of our conclusion.</p> <p>The attorney's correspondence made reference to 45 CFR 263.2(e), What kinds of State expenditures count towards meeting a State's basic MOE expenditures. The regulation states,</p> <p>Expenditures for the benefits or services listed under paragraph (a) of this section may include allowable costs borne by others in the State (e.g., local government) . . .</p> <p>The correspondence further stated,</p> <p>If a state may count "allowable costs borne" by local governments as an expenditure for MOE purposes, there is no apparent reason why it may not treat such costs as an expenditure for all purposes, nor is there any apparent reason why it must indemnify the local government for the costs "borne" by the local government (if it did the costs would not actually be borne by the local government). The cited "applicable</p>
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requirements" are those in 45 CFR 92.3 and 92.4. Section 92.3 consists of definitions, and 92.4 outlines when matching or cost sharing requirements are met. Nothing in either of these provisions precludes treating county funds as MOE expenditures or requires states to reimburse counties for those expenses."

Other MOE provisions are also consistent with the treatment of a local expenditure as a state expenditure. See 45 CFR 263.5(a) [If a current state or local government program also operated in FY 1995, and expenditures in this program would have been previously authorized and allowable under the former AFDC, JOBS, Emergency Assistance, or other specified programs, then current fiscal year expenditures in this program count in their entirety, provided that the State has met all requirements under 263.2]. The purpose of this treatment is, presumably, is to give States an incentive to require local governments to spend money on desirable programs. What matters is that the programs are operated at a continuing level, not that they are run with money from a particular source.

The use of local funds is generally permissible in other federally funded programs. See 45 CFR 235.66(a)(1) [Public funds may be considered as the State's share in claiming Federal reimbursement where the funds . . . are appropriated directly to the State or local agency, or transferred from another public agency (including Indian tribes) to the State or local agency and under its administrative control, or certified by the contributing public agency as representing expenditures eligible for FFP under 235.60-235.66].

Based on the legal advice of the private attorney and interpretation of federal regulations, DHS believes it is correct in its application of the TANF funds.

Corrective Action Plan:

n/a

Anticipated Implementation Date:

n/a

Barriers:

n/a

Responsible Administration:

Chief Administrator's Office

Responsible Individual(s), Name(s), Title(s):

Sue Kangas, Director

Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Documentation-Client Eligibility *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9b(1)(d), 9a(3), 9d(1), 9e(1)(b):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9b1d.</p> <p>FINDING DHS did not maintain case file documentation to support client eligibility, authorization for client services, or the amount of assistance provided for 22 (34 percent) of 64 expenditures reviewed.</p> <p>CORRECTIVE ACTION Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9a4 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Adoption Subsidy After Final Adoption		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9.a(4), b(1)(c):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9a4.</p> <p>DHS claimed adoption subsidy expenditures in the TANF program during the fiscal year ended 09/30/2007 prior to finalization of the adoption.</p> <p>Corrective Action Plan: As noted in the finding, DHS upgraded the Adoption Subsidy database in July 2007 which provided the department with the capability to identify TANF funded adoption subsidies expended prior to the finalization of the adoption.</p> <p>Anticipated Implementation Date: Corrective action has been implemented.</p> <p>Barriers: n/a</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Third Purpose *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9a(1), 9b(1)(a), 9e(1)(a):</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9a1.</p> <p>FINDING</p> <p>DHS could not support that TANF program expenditures claimed to prevent and reduce incidence of out-of-wedlock pregnancies met the requirements for the third purpose of TANF (prevent and reduce the incidence of out-of-wedlock pregnancies). In an effort to maximize State recovery of TANF program funds during fiscal year 2007-2008, DHS contracted with a private consulting firm to analyze the State's expenditures and determine if there were additional source of expenditures DHS could use to maximize TANF program funds. The private consulting group advised DHS that the State's higher education scholarship and grant expenditures were allowable under the third purpose of TANF to reduce the incidence of out-of-wedlock pregnancies; however, all federal citations provided by the private consulting group supported the allowability of these expenditures under the second purpose of TANF (end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage).</p> <p>Questioned Cost: \$108,240,228</p> <p>CORRECTIVE ACTION</p> <p>DHS disagrees with the finding.</p> <p>The Temporary Assistance to Needy Families (TANF) Block Grant is designed to help needy families achieve self-sufficiency. States receive a block grant to design and operate their programs to accomplish the purposes of TANF. The four goals of TANF are:</p> <ol style="list-style-type: none"> 1. assisting needy families so that children can be cared for in their own homes; 2. reducing the dependency of needy parents by promoting job preparation, work and marriage; 3. preventing out-of-wedlock pregnancies; and 4. encouraging the formation and maintenance of two-parent families. <p>College scholarships are allowable under TANF Goal 3 (preventing out-of-wedlock pregnancies) because of the direct link between higher levels of education and reduced out-of-wedlock pregnancies. Studies have shown that higher educational achievement correlates with a reduced incidence of out-of-wedlock pregnancy. Therefore, scholarships that allow Michigan youth to pursue higher education can reasonably be calculated to prevent and reduce such pregnancies. Further, scholarship programs such as the Tuition Incentive Program and the Michigan Promise Scholarship direct young people toward future goals of academic and economic achievement. The knowledge that financial support is realistic and available for higher education is an incentive for young teens and adults to stay in school and avoid pregnancy.</p> <p>The United States Department of Health and Human Services published its Report to Congress on Out-of-Wedlock Childbearing in September 1995 which supports the position of DHS. The report states:</p> <ul style="list-style-type: none"> • Research clearly shows that the more education a woman has the less likelihood she is to give birth nonmarital. • Intervention designed to improve young girls' achievement may, in the long run, reduce rates of nonmarital childbearing for two generations. • Strategies designed to increase economic opportunity for low-income men by improving education, job skills, and wages, can be expected, in the long run, to reduce rates of nonmarital childbearing by encouraging higher rates of marriage. <p>Additionally, the United States Department of Health and Human Services, Administration for Children and Families (ACF) has clearly stated that college scholarships and funding for post-secondary and other educational programs meet a TANF goal. This position was reiterated with the release of the TANF Program Final Rule on February 5, 2008:</p> <p>We agree that expenditures for higher education are allowable uses of funds, even under the 'interim final rule.' In addition, under the final rule, participation in a baccalaureate or advanced degree program can count toward the work</p>		

participation rate.

Finally, several other states, including Georgia, Massachusetts, and New York, have amended their State Plans and successfully claimed college scholarship program costs under TANF Goal 3. Georgia and Massachusetts have both reported college scholarship expenditures under Goal 3 since Fiscal Year 2007. New York claimed their Tuition Assistance Program (tuition only scholarships to low-income students) as TANF maintenance of effort spending under Goal 3 until 2005, an approach agreed to by ACF. They ceased their claim only because they no longer needed the maintenance of effort spending due to other state budget changes. The rationale for these successful claims is the same as Michigan's that is articulated above.

CORRECTIVE ACTION

n/a

Anticipated Implementation Date:

n/a

Barriers:

n/a

Responsible Administration:

Chief Administrator's Office, Division of Accounting

Responsible Individual(s), Name(s), Title(s):

Sue Kangas, Chief Administrative Officer

Russ Hecko, Director, Division of Accounting

Deb Christopherson, Accountant

Recoupment Recommended

Recoupment Comments

OIA Status

Approved

OIA Comments

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	TANF-Foster Care Expenditures *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 9a(2), b(1)(b) :</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9a2.</p> <p>FINDING DHS claimed foster care expenditures in the TANF program that the State did not incur. Section 400.117a(4) (a) of Michigan Compiled Laws requires DHS to share equally in the cost of foster care with counties for children not funded under the Title IV-E foster care program. In an effort to maximize State recovery of TANF program funds, the Office of the State Budget, sought advice from a private attorney regarding the State's ability to draw TANF program funds based on county foster care program expenditures. The private attorney advised the Office of the State Budget that this would be allowable; consequently, DHS drew down the TANF program funds based on county foster care program expenditures and retained the funds for other purposes</p> <p>The auditors do not consider these county expenditures to be eligible for federal recovery by DHS. 45 CFR 260.30 defines an expenditure as any amount of federal TANF or state MOE funds that a state expends, spends, pays out, or disburses consistent with the requirements of parts 260-265. 45 CFR 92.3 defines a state as any agency of the state exclusive of local governments and further defines a local government to include a county. Consequently, because these are county expenditures, the State is not entitled to recovery of TANF program funds for these expenditures.</p> <p>CORRECTIVE ACTION DHS disagrees with the finding. The State Budget Office sought legal advice from a reputable firm which represents clients in governmental affairs. The attorney for the firm specializes and consults welfare agencies on all aspects of federal law and policies governing TANF, and an associate for the firm assists states in responding to audits, disallowances, penalties, and other federal actions concerning state administration of federally funded programs.</p> <p>The private firm advised the State in its July 2000 correspondence that because federal law views local and state governmental funding essentially the same, there was no problem with state retaining the 50 percent share of the cost of an activity at the same time it used TANF funds to pay for the full cost. The letter further stated that from a federal standpoint, the decision to transfer funds between different levels of government within the state is solely a state fiscal matter.</p> <p>DHS followed up with the law firm in May 2007. In its June 2007 letter, the law firm stated,</p> <p>The July 12, 2000, letter concluded it was appropriate for Michigan to use TANF funds to cover the cost of services to non-Title IV-E eligible foster care children (previously authorized under the state's AFDC-EA plan), even though under state law 50 percent of the cost was initially the responsibility of the local agencies, and it was not necessary as a matter of federal law that the state remit any of the TANF funds to the local agencies.</p> <p>Our further review in response to your request has confirmed the correctness of our prior advice, and we are aware of nothing that has developed in the interim to cause any doubt on the correctness of our conclusion.</p> <p>The attorney's correspondence made reference to 45 CFR 263.2(e), What kinds of State expenditures count towards meeting a State's basic MOE expenditures. The regulation states,</p> <p>Expenditures for the benefits or services listed under paragraph (a) of this section may include allowable costs borne by others in the State (e.g., local government) . . .</p> <p>The correspondence further stated,</p> <p>If a state may count "allowable costs borne" by local governments as an expenditure for MOE purposes, there is no apparent reason why it may not treat such costs as an expenditure for all purposes, nor is there any apparent reason why it must indemnify the local government for the costs "borne" by the local government (if it did the costs would not actually be borne by the local government). The cited "applicable</p>
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requirements" are those in 45 CFR 92.3 and 92.4. Section 92.3 consists of definitions, and 92.4 outlines when matching or cost sharing requirements are met. Nothing in either of these provisions precludes treating county funds as MOE expenditures or requires states to reimburse counties for those expenses."

Other MOE provisions are also consistent with the treatment of a local expenditure as a state expenditure. See 45 CFR 263.5(a) [If a current state or local government program also operated in FY 1995, and expenditures in this program would have been previously authorized and allowable under the former AFDC, JOBS, Emergency Assistance, or other specified programs, then current fiscal year expenditures in this program count in their entirety, provided that the State has met all requirements under 263.2]. The purpose of this treatment is, presumably, is to give States an incentive to require local governments to spend money on desirable programs. What matters is that the programs are operated at a continuing level, not that they are run with money from a particular source.

The use of local funds is generally permissible in other federally funded programs. See 45 CFR 235.66(a)(1) [Public funds may be considered as the State's share in claiming Federal reimbursement where the funds . . . are appropriated directly to the State or local agency, or transferred from another public agency (including Indian tribes) to the State or local agency and under its administrative control, or certified by the contributing public agency as representing expenditures eligible for FFP under 235.60-235.66].

Based on the legal advice of the private attorney and interpretation of federal regulations, DHS believes it is correct in its application of the TANF funds.

Corrective Action Plan:
n/a

Anticipated Implementation Date:
n/a

Barriers:
n/a

Responsible Administration:
Chief Administrator's Office

Responsible Individual(s), Name(s), Title(s):
Sue Kangas, Director

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Recoupment Comments	
OIA Status	Approved
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Adoption Subsidy After Final Adoption *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9.a(4), b(1)(c):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9a4.</p> <p>DHS claimed adoption subsidy expenditures in the TANF program during the fiscal year ended 09/30/2007 prior to finalization of the adoption.</p> <p>Corrective Action Plan: As noted in the finding, DHS upgraded the Adoption Subsidy database in July 2007 which provided the department with the capability to identify TANF funded adoption subsidies expended prior to the finalization of the adoption.</p> <p>Anticipated Implementation Date: Corrective action has been implemented.</p> <p>Barriers: n/a</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Documentation-Client Eligibility		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	2/1/2010	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	11/5/2009
Status	Open	Last Updated By	frayrek
Corrective Action Plan	<p>Finding No. 9b(1)(d), 9a(3), 9d(1), 9e(1)(b):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9b1d.</p> <p>FINDING DHS did not maintain case file documentation to support client eligibility, authorization for client services, or the amount of assistance provided for 22 (34 percent) of 64 expenditures reviewed.</p> <p>Questioned Cost: \$2,593</p> <p>CORRECTIVE ACTION Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Payroll-Allocation Using Established Cost Pools		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	denneyl
Corrective Action Plan	<p>Finding No. 9b2(a), 16b2, 17b1, 18b2:</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9b2a.</p> <p>FINDING DHS did not properly allocate employee payroll costs using established cost pools for employees who worked less than 100 percent on a single award. DHS improperly recorded 100 percent of the salaries for 8 employees directly to the Foster Care Title IV=E program. DHS should have recorded the expenditures to a cost pool and allocated the costs to the federal programs benefited by these employees' services.</p> <p>Questioned Cost: \$ (74,066) TANF \$ 64,222 Foster Care Title IV-E \$ (1,114) Adoption Assistance \$ (52,150) SSBG</p> <p>CORRECTIVE ACTION The accounting codes of the staff will be changed to a program cost account that is linked to the appropriate cost pool. Journal vouchers will be prepared to properly allocate the questioned cost to the correct funding sources.</p> <p>Barriers: none</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manager, Federal Reporting Unit</p> <p>UPDATE 10/30/2009 LD: New Program Code 8041 was established linked to CP8046. GW004271 & GW004272 were processed to move costs from AC1 0162 to AC1 8046 in June 2009.</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Payroll-Predetermined Adjustment to Actual *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8a(1), 9b(2)(b)</p> <p>Note: Corrective action will be tracked with 2009-216, finding 8a1.</p> <p>FINDING DHS did not adjust the amount of predetermined payroll cost distributions to reflect actual payroll costs for one employee charged to multiple federal awards. DHS performed a comparison of actual payroll costs to the predetermined payroll cost distributions, but did not adjust the amounts charged to the federal programs.</p> <p>Questioned Cost: \$ 104 PSSF \$ (104) TANF</p> <p>CORRECTIVE ACTION The position is now included in a cost pool. Adjustments are made as needed.</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: none</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manager, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>		
Recoupment Recommended			
Recoupment Comments			
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Cash Management		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	11/2/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>(1) DHS did not draw the correct amount for the TANF program biweekly payroll adjustment for the first quarter of 2007-2008.</p> <p>(2) DHS did not follow the clearance pattern outlined in the CMIA agreement for the Benefits on Behalf of Clients – Non-EBT funding component of TANF the audit period. The CMIA agreement requires DHS to wait until the sixth day after making the payments before drawing down federal funds. Throughout the audit period DHS generally performed draws for this component using a five-day clearance pattern instead of the six-day requirement.</p> <p>(3) DHS did not draw the correct amounts for the Benefits on Behalf of Clients – Non-EBT funding component of TANF for fiscal year 2007 and the first quarter of fiscal year 2008. The draws included TANF expenditure amounts which DHS designated as 100 percent state funded MOE expenditures, and therefore were not eligible for federal reimbursement.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION</p> <p>Corrective action has been implemented and includes an annual review of the CMIA agreement with appropriate staff, adjusting the draw process when there is a change in the funding technique, and making appropriate adjustments through the quarterly settlement and the CMIA Annual Report.</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: n/a</p> <p>Responsible Administration: Chief Administrator's Office Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Russ Hecko, Director, Accounting Division Lilia Denney, Manager, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Documentation-Client Eligibility *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9b(1)(d), 9a(3), 9d(1), 9e(1)(b):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9b1d.</p> <p>FINDING DHS did not maintain case file documentation to support client eligibility, authorization for client services, or the amount of assistance provided for 22 (34 percent) of 64 expenditures reviewed.</p> <p>CORRECTIVE ACTION Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	TANF-Process to Determine Hardship Criteria Was Met		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	johnroel	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>FINDING</p> <p>DHS's internal control did not include a process to determine if recipients of TANF program assistance beyond 60 months met hardship exception criteria defined by the State. DHS's TANF State Plan for fiscal year 2006-2007 states that Michigan did not have a time limit on TANF program assistance. Families in need of assistance beyond the 60-month limit and exceeding the 20 percent limitation will be state funded as long as they continue to meet program requirements. DHS revised the TANF State Plan for fiscal year 2007-2008 to include hardship exception criteria and stated that Michigan will extend assistance beyond the 60-month limit if recipients met the hardship criteria defined in the plan. However, DHS had not developed a process to determine if recipients were at or exceeded the 60-month requirements or met the hardship criteria defined by DHS. Federal regulations 45 CFR 264.1(c) allows states to extend assistance paid for by federal TANF program funds beyond the five-year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year for families that meet hardship criteria defined by the State.</p> <p>CORRECTIVE ACTION</p> <p>DHS disagrees with the finding.</p> <p>DHS complied with the U.S. Department of Health and Human Services recommendation to develop criteria specifying the circumstances which warrant a hardship exception. Currently, Michigan's percentage of recipients who exceed the 60-month time limit is 13.95 percent. This rate has been within this range for several years.</p> <p>Corrective Action Plan: n/a</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: n/a</p> <p>Responsible Administration: Bureau of Adult and Family Services, Office of Program Policy</p> <p>Responsible Individual(s), Name(s), Title(s): Louise Wing, Director, Office of Program Policy Gail Fournier, Manager, Cash Assistance and Employment Program Unit</p>
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Recoupment Comments	
OIA Status	Approved
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Identification of Drug Felons in Violation of Probation or Parole		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2010	Status Requested	10/28/2009
Status Contact	johnroel	Last Updated	11/2/2009
Status	Open	Last Updated By	johnroel
Corrective Action Plan	<p>FINDING</p> <p>DHS had not implemented internal control to ensure compliance with Section 619 of both Act 131, P.A. 2007 and Act 345, P.A. 2006, which state that DHS will not provide TANF funded assistance to individuals convicted of a felony for the possession, use, or distribution of a controlled substance after August 22, 1996, if the individual is in violation of their probation or parole requirements. DHS had not established a process to identify if individuals receiving TANF funded assistance and convicted of a drug related felony were in violation of their probation or parole requirements. Additionally, DHS denied TANF funded adoption subsidies to individuals convicted of these felonies regardless of whether or not the individuals were in violation of probation or parole.</p> <p>CORRECTIVE ACTION</p> <p>Two bills are being drafted by the Michigan legislature to develop and implement an automated program that does a comparison of public assistance clients with the Law Enforcement Information network (LEIN), Automated Fingerprint Information System (AFIS) and other information systems related to criminal justice or law enforcement. This comparison is to validate outstanding felony or extradition warrants. The department will take appropriate case action based on this information.</p> <p>Anticipated Implementation Date: Unknown. Dependent on legislative action.</p> <p>Barriers: Legislative action.</p> <p>Responsible Administration: Bureau of Adult and Family Services</p> <p>Responsible Individual(s), Name(s), Title(s): Louise Wing, Acting Director, Office of Program Policy Gail Fournier, Manager, Cash Assistance and Employment Unit</p>		
Recoupment Recommended			
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Adoption Subsidy Annual Eligibility Determinations		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	1/1/2010	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	11/2/2009
Status	Open	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING DHS needs to improve its internal control over TANF funded adoption subsidies. During the review, the auditors noted that DHS did not conduct annual eligibility determinations to ensure that adoptive families continued to meet eligibility requirements of the program. 45 CFR requires DHS to re-determine eligibility at a minimum of every 12 months or when a change in the recipient's circumstances occurs.</p> <p>CORRECTIVE ACTION The Adoption Subsidy Office will be implementing an annual report process that will use automation. Adoptive parents can respond either by phone, computer, or mail. Once the data is entered, the Adoption Subsidy system will generate filters that can flag cases that need further investigation in the continuation of TANF eligibility (i.e., income, criminal history, etc.).</p> <p>Barriers: Other system development priorities and financial and/or staff resources may impact.</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Karen Iverson, Adoption Subsidy</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 9e1a - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	TANF-Third Purpose *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 9a(1), 9b(1)(a), 9e(1)(a):</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9a1.</p> <p>FINDING</p> <p>DHS could not support that TANF program expenditures claimed to prevent and reduce incidence of out-of-wedlock pregnancies met the requirements for the third purpose of TANF (prevent and reduce the incidence of out-of-wedlock pregnancies). In an effort to maximize State recovery of TANF program funds during fiscal year 2007-2008, DHS contracted with a private consulting firm to analyze the State's expenditures and determine if there were additional source of expenditures DHS could use to maximize TANF program funds. The private consulting group advised DHS that the State's higher education scholarship and grant expenditures were allowable under the third purpose of TANF to reduce the incidence of out-of-wedlock pregnancies; however, all federal citations provided by the private consulting group supported the allowability of these expenditures under the second purpose of TANF (end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage).</p> <p>Questioned Cost: \$108,240,228</p> <p>CORRECTIVE ACTION</p> <p>DHS disagrees with the finding.</p> <p>The Temporary Assistance to Needy Families (TANF) Block Grant is designed to help needy families achieve self-sufficiency. States receive a block grant to design and operate their programs to accomplish the purposes of TANF. The four goals of TANF are:</p> <ol style="list-style-type: none"> 1. assisting needy families so that children can be cared for in their own homes; 2. reducing the dependency of needy parents by promoting job preparation, work and marriage; 3. preventing out-of-wedlock pregnancies; and 4. encouraging the formation and maintenance of two-parent families. <p>College scholarships are allowable under TANF Goal 3 (preventing out-of-wedlock pregnancies) because of the direct link between higher levels of education and reduced out-of-wedlock pregnancies. Studies have shown that higher educational achievement correlates with a reduced incidence of out-of-wedlock pregnancy. Therefore, scholarships that allow Michigan youth to pursue higher education can reasonably be calculated to prevent and reduce such pregnancies. Further, scholarship programs such as the Tuition Incentive Program and the Michigan Promise Scholarship direct young people toward future goals of academic and economic achievement. The knowledge that financial support is realistic and available for higher education is an incentive for young teens and adults to stay in school and avoid pregnancy.</p> <p>The United States Department of Health and Human Services published its Report to Congress on Out-of-Wedlock Childbearing in September 1995 which supports the position of DHS. The report states:</p> <ul style="list-style-type: none"> • Research clearly shows that the more education a woman has the less likelihood she is to give birth nonmarital. • Intervention designed to improve young girls' achievement may, in the long run, reduce rates of nonmarital childbearing for two generations. • Strategies designed to increase economic opportunity for low-income men by improving education, job skills, and wages, can be expected, in the long run, to reduce rates of nonmarital childbearing by encouraging higher rates of marriage. <p>Additionally, the United States Department of Health and Human Services, Administration for Children and Families (ACF) has clearly stated that college scholarships and funding for post-secondary and other educational programs meet a TANF goal. This position was reiterated with the release of the TANF Program Final Rule on February 5, 2008:</p> <p>We agree that expenditures for higher education are allowable uses of funds, even under the 'interim final rule.' In addition, under the final rule, participation in a baccalaureate or advanced degree program can count toward the work</p>
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participation rate.

Finally, several other states, including Georgia, Massachusetts, and New York, have amended their State Plans and successfully claimed college scholarship program costs under TANF Goal 3. Georgia and Massachusetts have both reported college scholarship expenditures under Goal 3 since Fiscal Year 2007. New York claimed their Tuition Assistance Program (tuition only scholarships to low-income students) as TANF maintenance of effort spending under Goal 3 until 2005, an approach agreed to by ACF. They ceased their claim only because they no longer needed the maintenance of effort spending due to other state budget changes. The rationale for these successful claims is the same as Michigan's that is articulated above.

CORRECTIVE ACTION

n/a

Anticipated Implementation Date:

n/a

Barriers:

n/a

Responsible Administration:

Chief Administrator's Office, Division of Accounting

Responsible Individual(s), Name(s), Title(s):

Sue Kangas, Chief Administrative Officer

Russ Hecko, Director, Division of Accounting

Deb Christopherson, Accountant

Recoupment Recommended

Recoupment Comments

OIA Status

Approved

OIA Comments

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Documentation-Client Eligibility *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9b(1)(d), 9a(3), 9d(1), 9e(1)(b):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9b1d.</p> <p>FINDING DHS did not maintain case file documentation to support client eligibility, authorization for client services, or the amount of assistance provided for 22 (34 percent) of 64 expenditures reviewed.</p> <p>CORRECTIVE ACTION Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9e1c - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-No MPSC Inter-Agency Agreement		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	1/1/2010	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	11/2/2009
Status	Open	Last Updated By	christophersond
Corrective Action Plan	<p>FINDING DHS did not establish an interagency agreement with the Michigan Public Service Commission (MPSC) for MPSC's expenditures claimed as TANF MOE. An interagency agreement would help reduce the risk of MPSC reporting improper expenditures that do not meet TANF program eligibility requirements for MOE.</p> <p>CORRECTIVE ACTION DHS will pursue and interagency agreement with the Michigan Public Service Commission.</p> <p>Barriers: DHS has not approached MPSC on this and is uncertain of their willingness to pursue this course of action.</p> <p>Responsible Administration: Chief Administrator's Office, Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 9e2a - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-60 Month Funding Limit-Inclusion of All Months		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	johnroel	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>DHS's internal control did not ensure that the total number of months a recipient received TANF funded program assistance was appropriately counted toward the 60-month federal TANF funded program funding limit. Our review disclosed:</p> <p>(a) DHS did not include all months a recipient received TANF program assistance in its calculation of the number of cases exceeding the federal TANF program funding limit. DHS tracks of months a recipient received TANF program assistance by recipient and by case number. DHS used the number of TANF program assistance months for an adult recipient's case number to determine how many cases exceeded the 60-month federal TANF program funding limit. Adult recipients who received new case numbers did not have previous months of TANF program assistance counted toward the 60-month limit.</p> <p>(b) DHS's Client Information Management System (CIMS) does not have an indicator to determine if an adult is the spouse of an adult head-of-household.</p> <p>CORRECTIVE ACTION</p> <p>Corrective action has been implemented.</p> <p>(a) Within the data warehouse, DHS tracks a case table and recipient table. The case table tracks, for each month, the number of months that unique case number receives TANF benefits. The recipient table tracks (1) the number of months a recipient has received TANF benefits and (2) the number of months the recipient has received TANF benefits on a particular case number. When recipient joins another recipient, the case counter from the recipient table with the highest counter on that case is set accordingly on the recipient table. The QG-200 report had been reporting the case counter from the case table. DHS has changed it to show the case counter from the recipient table, which is consistent with policy.</p> <p>(b) CIMS is no longer used.</p> <p>Anticipated Implementation Date: Implemented.</p> <p>Barriers: None</p> <p>Responsible Administration: Bureau of Adult and Family Services</p> <p>Responsible Individual(s), Name(s), Title(s): Barbara Anders, Director, BAFS</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-60 Month Funding Limit-Counter on CIMS		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2009	Status Requested	11/16/2009 
Status Contact	johnroel	Last Updated	11/16/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure that the total number of months a recipient received TANF funded program assistance was appropriately counted toward the 60-month federal TANF funded program funding limit. DHS's Client Information Management System (CIMS) does not have an indicator to determine if an adult is the spouse of an adult head-of-household.</p> <p>CORRECTIVE ACTION CIMS is no longer used.</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: none</p> <p>Responsible Administration: Bureau of Adult and Family Services</p> <p>Responsible Individual(s), Name(s), Title(s): Barbara Anders, Director, BAFS Louise Wing</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9f1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Procurement-Services Before Contract Signed		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2011	Status Requested	11/16/2009
Status Contact	kangass1	Last Updated	11/16/2009
Status	Open	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE</p> <p>Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed.</p> <p>UPDATE 11/2009</p> <p>DHS will evaluate its contract payment processes to determine that controls are in place so contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers: Staffing resources.</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Procurement-Documentation of Suspension Debarment Review		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	11/16/2009
Status	Completed	Last Updated By	weberh
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure that it maintained supporting documentation that 1 (25 percent) of 4 contracts were awarded to a vendor who was suspended or debarred. A review of the federal Excluded Parties List verified that none of the vendors or subrecipients in the sample were suspended or debarred.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION PLAN DHS believes this was an isolated incident.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9g1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Reporting ACF-199-Client Employment Status		
Administration Area	QUALITY CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	hornj	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure employment status for families receiving TANF assistance, as reported in the TANF Data Report (ACF-199), was accurate. The auditors reviewed supporting documentation for 8 TANF program families included in a quarterly ACF-199 during fiscal year 2006-2007 and noted that DHS did not accurately report the employment status for 1 (13 percent) of the 8 families. This family was coded as employed and meeting work participation requirements, however, the individual had not been working and did not meet work participation requirements.</p> <p>CORRECTIVE ACTION DHS/Office of Quality Assurance (OQA) has established internal controls to ensure the data as reported in the TANF Data Report (AC-199), is accurate. The case cited in error had been reviewed in the TANF Work Participation Review Committee. There were notes in the review packet indicating the reviewer findings were in error and based on manager's secondary read and TANF Work Participation Review Committee the work activity code and hours were changed. However, the change was not on the TANF Web Based Data Entry System.</p> <p>To assure changes are made to the data base, the manager will monitor the process more closely. During the TANF Work Participation Review Committee meeting, when changes need to be made to the review findings, the case packets are pulled. The TANF Reviewer in the committee makes the appropriate changes to the database and makes the corrections in the case packet. The packet is returned to the manager. The manager will assure the changes were made prior to having the case packet filed.</p> <p>Anticipated Implementation Date: Implemented April 2009.</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Quality Assurance</p> <p>Responsible Individual(s), Name(s), Title(s): Laura Colville, Manager TANF Quality Assurance & Statistics and Data Support</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Reporting-ACF204-MOE		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	1/1/2010	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status		Last Updated By	christophersond
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure State MOE expenditures, as reported in the Annual Report on State MOE Programs (ACF-204) for the fiscal year 2007-08, were accurate. We reviewed the ACF-204 report for fiscal year 2007-08 and noted State MOE for the Jobs, Employment and Training (JET) program were overstated by \$2,228,143, State MOE for Employment Training and Support Services was understated by \$2,118,557, State MOE for Low-Income Energy Efficiency Fund was understated by \$124,875, State MOE for Case Management was understated by \$119,315, and State MOE for Michigan School Readiness was overstated by \$85,905. In aggregate, total State MOE was understated by \$33.</p> <p>CORRECTIVE ACTION DHS disagrees with the finding, in part. DHS disagrees the characterization of the difference shown for the Michigan School Readiness Program. DHS does not show a difference between their documentation for the Michigan School Readiness Program and the ACF-204, at the time the ACF-196 was prepared and submitted. The difference shown by the auditor is a timing difference that will be reflected in the subsequent fiscal year reports.</p> <p>The discrepancy shown in the Low-Income Energy Efficiency Fund is more accurately stated on the ACF-196 report. The ACF-204 is required to match, in total, the ACF-196.</p> <p>Corrective Action Plan: DHS will implement a procedure to verify that no changes have occurred to expenditures incurred by other State departments after the period reported by DHS and to report any changes in the subsequent fiscal year. DHS will improve its reconciliation processes for the ACF-196 and ACF-204 reports for MOE counted under the TANF program</p> <p>Barriers: None known</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Deborah Christopherson, Accountant</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 9h1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Subrecipient Monitoring-A-133 *		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	larsenj1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 7, 9h1, 10c, 13b, 16f2</p> <p>Note: Corrective action will be tracked with 2009-217, finding 7.</p> <p>FINDING DHS did not issue a management decision within the time frame for required by OMB Circular A-133.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION A management decision was issued and provided to the auditors during audit field work.</p> <p>DHS enhanced the subrecipient monitoring process in March of 2009 to provide additional assurance of complete and timely management decisions. The Office of Monitoring and Internal Control identifies, coordinates, and tracks all DHS management decisions required by OMB Circular A-133, and follows-up with appropriate DHS staff as the deadline nears. Office of Monitoring and Internal Control staff also provide technical assistance regarding management decisions.</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Monitoring and Internal Control</p> <p>Responsible Individual(s), Name(s), Title(s): Joshua Larsen, Director, OMIC</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Subrecipient Monitoring-Contractor *		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	larsenj1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8b1, 9h2</p> <p>Note: Corrective action will be tracked with 2009-216, finding 8b1.</p> <p>FINDING DHS did not monitor subrecipients and vendors for 17 (52 percent) of 33 contracts reviewed. DHS had approximately 1,100 contracts with subrecipients and vendors for PSSF during the two year audit period. A review of program monitoring efforts disclosed that DHS did not obtain performance documentation required by the contracts and did not perform on-site reviews to ensure compliance with the provisions of the contracts.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION DHS has implemented policy for contract monitoring. Policy CPM 304, effective 08/01/2009, requires each program office to perform a risk analysis of its contractors, develop an annual contract compliance plan and perform the functions in the plan (pre-award monitoring, off-site monitoring, and on-site monitoring). Policy requires the plan to be developed on an annual basis. OMIC will monitor the progress of each organizational unit's plan to ensure the monitoring functions are performed. OMIC has developed a Contract Compliance Assurance Guide to aide organizational units monitoring its contractors. OMIC will training August 2009 to October 2009 to DHS staff who are responsible for monitoring.</p> <p>Barriers: none</p> <p>Responsible Administration: Office of Monitoring and Internal Controls</p> <p>Responsible Individual(s), Name(s), Title(s): Josh Larsen, Director Bill Addison, Audit Liaison</p> <p>UDPATE 11/03/2009 Monitoring training was provided to DHS staff and concluded in October 2009. Each administration will prepare its monitoring plan after risk assessment training which is scheduled for December 2009. Monitoring will be conducted in accordance with the monitoring plan.</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Child Support Non-Cooperation		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2010	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	11/2/2009
Status	Open	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING</p> <p>DHS's internal control did not ensure that TANF program families who did not cooperate with establishing paternity and child support orders were sanctioned as required by federal law and DHS's TANF State plan. The auditors reviewed 51 case files of TANF program families identified as not cooperating with paternity and child support order establishment procedures and noted that DHS did not appropriately sanction the family in 9 (18 percent) of the 51 cases.</p> <p>Questioned Cost: \$702</p> <p>CORRECTIVE ACTION</p> <p>DHS agrees with the findings for non-cooperation with child support for this time period and has been working on this subject for some time. In 2005, DHS submitted a three year corrective compliance plan to HHS. DHS continued to meet the corrective compliance activities and timelines in this HHS approved plan, including developing a desk aid and web based training for local DHS offices in the fall of 2005. The desk aid and web based training continue to be available for staff. Many child support system changes were implemented in 2005 and 2006 to significantly improve the notification process for both cooperation and non-cooperation forms sent from the child support specialist to clients and to the local office staff. Monthly non-cooperation reports to monitor TANF closures were developed in late 2005 and continue to be issued to local offices. DHS developed quarterly error rate outcomes and continues to monitor progress on these outcomes. Targeted error rates specified in the plan were met through 2007. With the implementation of the new DHS eligibility system, Bridges, along with an interface with the child support system, MiCSES, TANF cases in non-compliance with child support will automatically close. This new automation will eliminate the issue in this audit finding. Prior to the rollout of the Bridges system in each county, a cleanup project was completed in 2008 and 2009, including a mass mailing to TANF clients who remain in non-cooperation with child support, allowing them an additional chance to cooperate with the child support program. Due to the extra time allotted for the statewide implementation of the Bridge's system, DHS requested an extension to the corrective compliance plan activities and timelines, and it was approved by HHS in early 2009. DHS expects that the revised targeted outcomes will be met through the automated closure process by June 27, 2010.</p> <p>Barriers:</p> <p>The automated case closure process is dependent on the successful completion of the interface between Bridges and MiCSES for this process. Initial testing showed few barriers.</p> <p>Responsible Administration:</p> <p>Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s):</p> <p>Terry Salacina, Deputy Director, Field Operations Administration</p> <p>11/01/2009: Bridges and MiCSES systems are unable to communicate. A workgroup is currently looking at this issue. Update October 2010.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-IEVS Retention		
Administration Area	PROJECT FINANCING		
Report Implementation Date	1/1/2010	Status Requested	11/12/2009
Status Contact	kurnick-zieglerj	Last Updated	11/12/2009
Status	Open	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS did not retain IEVS information to support that data was received or reports were prepared for case workers during the audit period.</p> <p>CORRECTIVE ACTION DHS will work with DIT to establish a retention schedule for data residing on DHS systems to ensure compliance with federal and/or state requirements.</p> <p>Anticipated Implementation Date: January 1, 2010 (this date reflects only the meeting with DIT at which time the corrective action plan will be developed and an implementation date will be identified).</p> <p>Barriers: none identified</p> <p>Responsible Administration: Financial, Quality, and Technology Services Office of Technology and Information Management</p> <p>Responsible Individual(s), Name(s), Title(s): Janet Kurnick-Ziegler, Acting Director, Office of Technology and Information Management</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 9i2b - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-IEVS-Not Using SSA Beneficiary Earnings Exchange Record of Federal Tax Information		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	12/1/2009	Status Requested	10/28/2009
Status Contact	johnroel	Last Updated	11/2/2009
Status	Open	Last Updated By	johnroel
Corrective Action Plan	<p>FINDING DHS did not use Social Security Administration (SSA) beneficiary earnings exchange records of federal tax return information to determine the recipient's need and eligibility for TANF program assistance.</p> <p>CORRECTIVE ACTION When Bridges is fully implemented statewide interface information will be sent to the local offices through tasks and reminders to complete this requirement.</p> <p>Anticipated Implementation Date: December 1, 2009</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Program Policy Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Louise Wing, Acting Director, Office of Program Policy Michelle Best, Manager, Medical Assistance Programs Unit Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 9i2c - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-IEVS-Include All Recipients in the Data Match		
Administration Area	PROJECT FINANCING		
Report Implementation Date	4/1/2010	Status Requested	11/10/2009
Status Contact	kurnick-zieglerj	Last Updated	
Status		Last Updated By	
Corrective Action Plan	<p>FINDING DHS did not include all recipients of TANF program funded benefits with income and/or citizenship requirements in the IEVS data matches conducted during the audit period. TANF funded day care and adoption recipients were not included in the data match.</p> <p>CORRECTIVE ACTION DHS will analyze the processes to determine what is needed to perform the data match.</p> <p>Barriers: Resources.</p> <p>Responsible Administration: Office of Technology and Information Management</p> <p>Responsible Individual(s), Name(s), Title(s): Janet Kurnick-Ziegler, Acting Director, Office of Technology and Information Management</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 9i2d - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-IEVS-Document Case Action		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING DHS needs to improve its internal control over case workers documenting action on IEVS information in the case files. The auditors reviewed 31 TANF program assistance cases and noted that DHS did not maintain documentation to support that the IEVS information was reviewed, verified, and used to determine the recipient's need and eligibility for TANF program assistance for 9 (29 percent) of 31 cases. Additionally, in 7 (23 percent) instances, DHS had evidence in the case file that IEVS information was used to determine the recipients need and eligibility for TANF program assistance, but did not document the actions taken on DHS required forms.</p> <p>CORRECTIVE ACTION Bridges now generates a task and reminder (T/R) for the worker to act upon any information that pertains to IEVS information. Any T/R not acted upon in a timely manner is escalated to the FIM. FIMs will be reminded to act upon any task/reminders that are escalated to them in a timely manner.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p> <p>UDPATE 11/02/2009: Tasks and reminders are going out as intended. When these are not acted upon by the worker, the case is escalated to the FIM.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9i3 - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Terminate Assistance for Refusal to Engage in Work		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING DHS did not always terminate assistance for TANF recipients who refused to engage in work and are not subject to exceptions established by DHS. The auditors reviewed 54 case files of TANF families in which a recipient was identified as not cooperating in work programs. In 6 (11 percent) of the 54 case files, DHS did not provide evidence that assistance had been terminated as required by federal regulation. Additionally, in 4 instances, DHS had evidence that recipients met the exception criteria but did not document the exception disposition on the required Good Cause Determination Form (DHS-71).</p> <p>CORRECTIVE ACTION Field Operations will develop a desk aid regarding the proper documentation and forms needed to support eligibility. This desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p> <p>UDPATE 11/02/2009: Desk aids have been completed. AP specialists have discussed at FIM meetings, JET meetings, etc.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9i4 - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	TANF-Document Assistance Termination Cases with Children Under Six Years of Age		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING DHS's internal control did not ensure that case workers documented the reason that TANF program assistance was terminated for recipients with a child less than six years of age</p> <p>CORRECTIVE ACTION Field Operations Administration is currently working with the Office of Training and Staff Development to create job aids clarifying what information is needed to meet requirements for TANF and other programs.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Deputy Director, Field Operations Administration</p> <p>UDPATE 11/02/2009 This issue was cleaned up for the Bridges conversion. Bridges systematically sends the worker a task and reminder. If a worker does not act upon a task and reminder, it is escalated to the FIM.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 9i5 - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	TANF-Submission of Amended Work Verification Plan		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	johnroel	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>FINDING DHS did not submit an amended Work Verification Plan when DHS modified its internal controls over the State's work participation rate. DHS outlined in its Work Verification Plan (effective September 30, 2007) the internal controls to be implemented to ensure compliance with work verification requirements. DHS did not implement local office case assistance case reviews as outlined in the Work Verification Plan. DHS submitted an amended plan to the federal government to eliminate the internal control, however, the amended plan was not submitted to HHS until August 2008 and the plan was not effective until October 1, 2008. 45 CFR 261.63 (c) requires DHS to submit an amended verification plan by the end of the quarter in which DHS modified its internal controls.</p> <p>CORRECTIVE ACTION The amended verification plan was effective October 2008.</p> <p>Anticipated Implementation Date: Implemented.</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Program Policy</p> <p>Responsible Individual(s), Name(s), Title(s): Louise Wing, Acting Director, Office of Program Policy Gail Fournier, Manager, Cash Assistance & Employment Unit</p>		
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Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Child Support-Payroll-Certifications *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8a(2), 10a, 20a(1), 21</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 8a2.</p> <p>FINDING DHS did not maintain the required certifications (semi-annual certification or pay period specific certification) to support the payroll costs for 1 employee. DHS did not complete a semi-annual certification or a pay period specific certification covering the selected pay period.</p> <p>Questioned Cost: \$ 29,401 Promoting Safe and Stable Families (finding 8) \$ 26,175 Child Support (finding 10) \$ 35,199 Medicaid Cluster (finding 20) \$ 122,676 Disability Insurance/Supplemental Security Income (finding 21)</p> <p>CORRECTIVE ACTION Policy was issued on July 23, 2008, and requires managers and supervisors of staff who are funded 100 percent by a single federal funding source to submit semi-annual certifications to the Division of Accounting who will send out a list of those staff and the forms for each certification period.</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: None</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Child Support-Procurement-Documentation of Suspension Debarment Review		
Administration Area	OFFICE OF CHILD SUPPORT		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stephenm3	Last Updated	11/2/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS, in coordination with DMB, did not maintain supporting documentation that one contract was awarded to subrecipients or vendors who were not suspended debarred.</p> <p>CORRECTIVE ACTION/RESPONSE DMB failed to make a notation that it had reviewed the suspension/debarment status of the vendor, Informatix Inc. DHS believes this was an isolated incident and has discussed with DMB. No further action will be taken at this time.</p> <p>Anticipated Implementation Date: n/a, isolated incident</p> <p>Barriers: n/a</p> <p>Responsible Administration: Office of Child Support</p> <p>Responsible Individual(s), Name(s), Title(s): Marilyn Stephen, Director, Office of Child Support</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Child Support-Subrecipient Monitoring-A133 *		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	larsenj1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 7, 9h1, 10c, 13b, 16f2</p> <p>Note: Corrective action will be tracked with 2009-217, finding 7.</p> <p>FINDING DHS did not issue a management decision within the time frame for required by OMB Circular A-133.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION A management decision was issued and provided to the auditors during audit field work.</p> <p>DHS enhanced the subrecipient monitoring process in March of 2009 to provide additional assurance of complete and timely management decisions. The Office of Monitoring and Internal Control identifies, coordinates, and tracks all DHS management decisions required by OMB Circular A-133, and follows-up with appropriate DHS staff as the deadline nears. Office of Monitoring and Internal Control staff also provide technical assistance regarding management decisions.</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Monitoring and Internal Control</p> <p>Responsible Individual(s), Name(s), Title(s): Joshua Larsen, Director, OMIC</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	REAP-Expenditure Documentation to Support Services		
Administration Area	REFUGEE SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	HornA	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS did not obtain all documentation necessary to support services provided to unaccompanied refugee minors in 5 (17.9 percent) of the 28 UMP expenditures reviewed. Federal Regulations 45 CFR 400.28 requires that DHS provide for the maintenance of operational records as are necessary for federal monitoring of the State's REAP. We questioned costs of \$17,544.</p> <p>CORRECTIVE ACTION The Office of Refugee Services limits funding for tutoring services to the allowable maximum rate of \$15 per hour and makes payment only after the service has been provided.</p> <p>Anticipated Implementation Date: Implemented.</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Refugee Services</p> <p>Responsible Individual(s), Name(s), Title(s): Al Horn, Program Director</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	REAP-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING</p> <p>DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION</p> <p>DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers:</p> <p>None.</p> <p>Responsible Administration:</p> <p>Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s):</p> <p>Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>		
Recoupment Recommended			
Recoupment Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	REAP-Client Eligibility-Missing Contractor Invoice		
Administration Area	REFUGEE SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	HornA	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>DHS did not maintain documentation to support refugees' eligibility in 1 (7.7 percent) of 13 UMP expenditures reviewed for fiscal year 2006-2007. DHS could not provide a list of refugees serviced to support that the expenditures were paid for refugees eligible for REAP's RCA grants.</p> <p>Note: DHS did was unable to locate the contractor billing for one month.</p> <p>Questioned Cost: \$34,199.</p> <p>CORRECTIVE ACTION</p> <p>The program office believes this was an isolated incident and that procedures are in place to ensure documentation is retained to support payments. The contractor has since been changed from a vendor to a subrecipient which has different reporting requirements.</p> <p>Anticipated Implementation Date: N/A</p> <p>Barriers: N/A</p> <p>Responsible Administration: Refugee Services</p> <p>Responsible Individual(s), Name(s), Title(s): Al Horn, Program Director</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 11c - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	REAP-Procurement-Services Before Contract Signed *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE</p> <p>Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed. Contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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View Audit 2009216 Finding 12a1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Documentation-Client Requested Services *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 12b(1), a(1), a(2), d(1):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 12b1.</p> <p>FINDING DHS did not ensure that LIHEAP expenditures met the requirements of federal regulation 45 CFR 96.30 which requires that DHS's fiscal control and accounting procedures permit the tracing of LIHEAP funds to document that DHS did not use LIHEAP funds in violation of the restrictions and prohibitions of LIHEAP laws and federal regulations.</p> <p>a. DHS did not maintain documentation to support that all requirements of DHS's LIHEAP State Plan were met for 9 (12 percent) of 76 SER energy expenditures reviewed.</p> <p>b. DHS did not properly authorize the client's energy related emergency assistance payment for 11 (14 percent) of 76 SER energy expenditures reviewed.</p> <p>c. DHS did not maintain documentation to support that energy related emergency and the payment amount issued for 6 (6 percent) of 76 SER energy expenditures reviewed.</p> <p>Questioned Cost: \$3,824</p> <p>CORRECTIVE ACTION Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Documentation-Valid Energy Need *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 12b(1), a(1), a(2), d(1):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 12b1.</p> <p>FINDING</p> <p>DHS did not ensure that LIHEAP expenditures met the requirements of federal regulation 45 CFR 96.30 which requires that DHS's fiscal control and accounting procedures permit the tracing of LIHEAP funds to document that DHS did not use LIHEAP funds in violation of the restrictions and prohibitions of LIHEAP laws and federal regulations.</p> <p>a. DHS did not maintain documentation to support that all requirements of DHS's LIHEAP State Plan were met for 9 (12 percent) of 76 SER energy expenditures reviewed.</p> <p>b. DHS did not properly authorize the client's energy related emergency assistance payment for 11 (14 percent) of 76 SER energy expenditures reviewed.</p> <p>c. DHS did not maintain documentation to support that energy related emergency and the payment amount issued for 6 (6 percent) of 76 SER energy expenditures reviewed.</p> <p>Questioned Cost: \$3,824</p> <p>CORRECTIVE ACTION</p> <p>Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Documentation		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>Finding No. 12b(1), a(1), a(2), d(1):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 12b1.</p> <p>FINDING DHS did not ensure that LIHEAP expenditures met the requirements of federal regulation 45 CFR 96.30 which requires that DHS's fiscal control and accounting procedures permit the tracing of LIHEAP funds to document that DHS did not use LIHEAP funds in violation of the restrictions and prohibitions of LIHEAP laws and federal regulations.</p> <p>a. DHS did not maintain documentation to support that all requirements of DHS's LIHEAP State Plan were met for 9 (12 percent) of 76 SER energy expenditures reviewed.</p> <p>b. DHS did not properly authorize the client's energy related emergency assistance payment for 11 (14 percent) of 76 SER energy expenditures reviewed.</p> <p>c. DHS did not maintain documentation to support that energy related emergency and the payment amount issued for 6 (6 percent) of 76 SER energy expenditures reviewed.</p> <p>Questioned Cost: \$3,824</p> <p>CORRECTIVE ACTION Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p> <p>UPDATE 11/02/2009: The desk aid has been completed and distributed. The issue has been discussed at various and multiple meetings.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 12b2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-HHC Vendor		
Administration Area	BUREAU FOR ADULT AND FAMILY SERVICES		
Report Implementation Date	7/1/2010	Status Requested	10/28/2009
Status Contact	johnroel	Last Updated	11/2/2009
Status	Open	Last Updated By	johnroel
Corrective Action Plan	<p>FINDING</p> <p>DHS had not implemented a process to periodically reconcile HHC claim detail information provided by the Department of Treasury in electronic format to the Department of Treasury's reimbursement billings and summary reports provided in paper format.</p> <p>DHS received reimbursement billings from the Department of Treasury with summary reports of claims processed and mailed by the Department of Treasury. DHC reconciled the reimbursement billing amounts to the summary reports prior to authorizing payment to the Department of Treasury. The Department of Treasury also provided DHS with an electronic file of the detailed claims processed and mailed by the Department of Treasury. DHS did not reconcile the electronic data to the summary data provided with the reimbursement billings.</p> <p>For 28 the 28 HHC processing runs reviewed, the detailed information in the electronic file totaled \$8,873,698 and the Treasury reimbursement billings totaled \$11,184,568, resulting in the reimbursement billings exceeding the total electronic claim detail information by \$2,310,870. DHS was unable to provide support for the difference.</p> <p>CORRECTIVE ACTION</p> <p>DHS contacted the Department of Treasury to discuss the findings. Treasury is concerned that perhaps the auditors do not have a proper understanding the claims process. A meeting will be scheduled with representatives from DHS, DIT, and Treasury to examine the procedures and determine why a difference exists between the electronic files and the summary data. DHS will periodically meet with DIT when billings are received to ensure the electronic files agree with the billing.</p> <p>Barriers:</p> <p>Scheduling a meeting may prove to be difficult.</p> <p>Responsible Administration:</p> <p>Bureau of Adult and Family Services</p> <p>Responsible Individual(s), Name(s), Title(s):</p> <p>Barb Anders, Director Linda Johnroe, Financial Analyst</p> <p>Update: October 29, 2009</p> <p>A meeting was held on August 5, 2009, with the Department of Treasury. We discussed the audit finding and they will check into the findings to see if they could explain what had occurred.</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 12b3 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING</p> <p>DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION</p> <p>DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>		
Recoupment Recommended			
Recoupment Comments			

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View Audit 2009216 Finding 12c - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Cash Management		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS did not use the correct funding technique as outlined in the CMIA agreement. The CMIA agreement requires that DHS used the Modified Payment Schedule-Biweekly funding technique which calculates the draw based on a prorated amount of the estimated total annual expenditures. DHS continued using the funding technique from fiscal year 2003-2004 for the first two quarters for the fiscal year ended 2007. DHS switched to the correct funding technique beginning with the third quarter draws.</p> <p>CORRECTIVE ACTION As noted in the finding, corrective action was implemented beginning with the third quarter draws.</p> <p>Barriers: none</p> <p>Responsible Administration: Chief Administrator's Office Division of Accounting</p> <p>Responsible Individual(s) Susan Kangas, CFO Russ Hecko, Director, Division of Accounting Lilia Denney, Manager, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Documentation-Client Eligibility *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 12b(1), a(1), a(2), d(1):</p> <p>Note: Corrective action will be tracked with 2009-216, finding 12b1.</p> <p>FINDING</p> <p>DHS did not ensure that LIHEAP expenditures met the requirements of federal regulation 45 CFR 96.30 which requires that DHS's fiscal control and accounting procedures permit the tracing of LIHEAP funds to document that DHS did not use LIHEAP funds in violation of the restrictions and prohibitions of LIHEAP laws and federal regulations.</p> <p>a. DHS did not maintain documentation to support that all requirements of DHS's LIHEAP State Plan were met for 9 (12 percent) of 76 SER energy expenditures reviewed.</p> <p>b. DHS did not properly authorize the client's energy related emergency assistance payment for 11 (14 percent) of 76 SER energy expenditures reviewed.</p> <p>c. DHS did not maintain documentation to support that energy related emergency and the payment amount issued for 6 (6 percent) of 76 SER energy expenditures reviewed.</p> <p>Questioned Cost: \$3,824</p> <p>CORRECTIVE ACTION</p> <p>Field Operations will be developing a desk-aid regarding the proper documentation and forms needed to support eligibility. The desk aid will be posted on the FIM/FIS/ES page and distributed at the FIM quarterly meetings and the AP Specialist meetings throughout the year.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 12d2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	LIHEAP-Documentation-Client Eligibility		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	11/5/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/5/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING</p> <p>DHS local office staff did not certify client eligibility for 20 (26 percent) of 76 SER energy expenditures reviewed. DHS policy require local office staff to certify by signature that a client met income and emergency need federal eligibility requirements.</p> <p>Questioned Cost: \$1,203</p> <p>CORRECTIVE ACTION</p> <p>Bridges contains functionality which determines eligibility for all programs for which a client has requested assistance. The worker must certify the case in the system in order for a client to receive benefits for which they are eligible.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Terry A. Salacina, Deputy Director, Field Operations Administration</p> <p>11/05/2009: The SER desk aid is posted to the training website and three SER Bridges training wizards are available to offer assistance to the workers.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CSBG-Procurement-Services Before Contract Signed *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE</p> <p>Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed. Contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 13b - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CSBG-Subrecipient Monitoring-A133 *		
Administration Area	MONITORING AND INTERNAL CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	larsenj1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 7, 9h1, 10c, 13b, 16f2</p> <p>Note: Corrective action will be tracked with 2009-217, finding 7.</p> <p>FINDING DHS did not issue a management decision within the time frame for required by OMB Circular A-133.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION A management decision was issued and provided to the auditors during audit field work.</p> <p>DHS enhanced the subrecipient monitoring process in March of 2009 to provide additional assurance of complete and timely management decisions. The Office of Monitoring and Internal Control identifies, coordinates, and tracks all DHS management decisions required by OMB Circular A-133, and follows-up with appropriate DHS staff as the deadline nears. Office of Monitoring and Internal Control staff also provide technical assistance regarding management decisions.</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Monitoring and Internal Control</p> <p>Responsible Individual(s), Name(s), Title(s): Joshua Larsen, Director, OMIC</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 14a1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CCDF-Documentation-Eligibility *		
Administration Area	EARLY EDUCATION AND CARE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	Brewer-WalravenL	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING 14b1a, 14a1, 14c1:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 14b1</p> <p>FINDING DHS did not maintain documentation to support client or provider eligibility for day care benefits.</p> <p>Questioned Cost: \$ 2,739</p> <p>CORRECTIVE ACTION DHS initiated a case review project in May 2008 to help improve case record documentation. This project measures for accurate and complete documentation in the client and provider CDC case record file. Any identified errors or instances of non-compliance require corrective action. These reviews allow the department to identify and address root causes related to errors, program non-compliance, and fraud.</p> <p>Anticipated Implementation Date: Implemented May 2008</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Early Education and Care Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Lisa Brewer-Walraven, Director, Office Early Education and Care Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 14a2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CCDF-Eligibility-Provider Convicted *		
Administration Area	EARLY EDUCATION AND CARE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	Brewer-WalravenL	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 14c2, 14a2, 14b1b:</p> <p>Note: corrective action will be tracked with 2009-216, finding 14c2.</p> <p>FINDING DHS did not maintain documentation to support client or provider eligibility for day care benefits.</p> <p>Questioned Cost: \$ 152</p> <p>CORRECTIVE ACTION DHS identified the unacceptable criminal background of the provider cited in April 2007 and terminated the provider at that time. In April 2007 DHS expanded the background checks conducted for unregulated, unlicensed providers.</p> <p>Anticipated Implementation Date: Implemented April 2007</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Early Education and Care Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Lisa Brewer-Walraven, Director, Office Early Education and Care Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CCDF-Documentation-Eligibility		
Administration Area	EARLY EDUCATION AND CARE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	Brewer-WalravenL	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding 14b1a, 14a1, 14c1:</p> <p>FINDING DHS did not maintain documentation to support client or provider eligibility for day care benefits.</p> <p>Note: Corrective action will be tracked with 2009-216, finding 14b1</p> <p>Questioned Cost: \$ 2,739</p> <p>CORRECTIVE ACTION DHS initiated a case review project in May 2008 to help improve case record documentation. This project measures for accurate and complete documentation in the client and provider CDC case record file. Any identified errors or instances of non-compliance require corrective action. These reviews allow the department to identify and address root causes related to errors, program non-compliance, and fraud.</p> <p>Anticipated Implementation Date: Implemented May 2008</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Early Education and Care Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Lisa Brewer-Walraven, Director, Office Early Education and Care Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	CCDF-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>
Recoupment Recommended	
Recoupment Comments	

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View Audit 2009216 Finding 14c1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CCDF-Documentation-Eligibility *		
Administration Area	EARLY EDUCATION AND CARE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	Brewer-WalravenL	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING 14b1a, 14a1, 14c1: Note: Corrective action will be tracked with 2009-216, finding 14b1</p> <p>FINDING DHS did not maintain documentation to support client or provider eligibility for day care benefits.</p> <p>Questioned Cost: \$ 2,739</p> <p>CORRECTIVE ACTION DHS initiated a case review project in May 2008 to help improve case record documentation. This project measures for accurate and complete documentation in the client and provider CDC case record file. Any identified errors or instances of non-compliance require corrective action. These reviews allow the department to identify and address root causes related to errors, program non-compliance, and fraud.</p> <p>Anticipated Implementation Date: Implemented May 2008</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Early Education and Care Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Lisa Brewer-Walraven, Director, Office Early Education and Care Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	CCDF-Eligibility-Provider Convicted		
Administration Area	EARLY EDUCATION AND CARE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	Brewer-WalravenL	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 14c2, 14a2, 14b1b:</p> <p>Note: corrective action will be tracked with 2009-216, finding 14c2.</p> <p>FINDING DHS did not maintain documentation to support client or provider eligibility for day care benefits.</p> <p>Questioned Cost: \$ 152</p> <p>CORRECTIVE ACTION DHS identified the unacceptable criminal background of the provider cited in April 2007 and terminated the provider at that time. In April 2007 DHS expanded the background checks conducted for unregulated, unlicensed providers.</p> <p>Anticipated Implementation Date: Implemented April, 2007</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Early Education and Care Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Lisa Brewer-Walraven, Director, Office Early Education and Care Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 15a - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Child Welfare-Procurement-No Contract		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	1/1/2010	Status Requested	11/16/2009
Status Contact	stjohnl	Last Updated	
Status		Last Updated By	
Corrective Action Plan	<p>Finding No. 15a, 16e1:</p> <p>FINDING DHS's internal control did not ensure that it entered into written contracts for procurements that required a written contractual relationship. The vendor provided foster care services during the audit period.</p> <p>Questioned Cost: \$56 / Child Welfare / PAFC 99-50007 / Spectrum Human Services \$3,499 / Foster Care / PAFC 06-99009 / Lutheran Social Services of Michigan</p> <p>CORRECTIVE ACTION: DHS will follow-up to determine what actions need to be taken.</p> <p>Anticipated Implementation Date: January 1, 2010 (preliminary review as noted in corrective action above).</p> <p>Barriers:</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 15b - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Child Welfare-Procurement-Services Before Contract Signed *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE</p> <p>Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed. Contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
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Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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View Audit 2009216 Finding 15c - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Child Welfare-Procurement-Expenditures After Contract		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	11/16/2009 
Status Contact	stjohnl	Last Updated	11/16/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 15c, 16e3:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 15c.</p> <p>FINDING DHS's internal control did not prevent contracts from incurring expenditures for services provided after the contract expiration date.</p> <p>Questioned Cost: \$ 62,170 Child Welfare (3 contracts) \$ 46,988 Foster Care Title IV-E (5 contracts)</p> <p>RESPONSE DHS disagrees with the finding, in part.</p> <p>A subsequent review of the audit finding disclosed that contracts were in place with the contractors. The auditor's based their finding on the contract number identified in the Model Payment System. However, the follow-up review disclosed that the payment to the contractor is not based on that contract number, but the account coding information within SWSS. The contract number is included in Model Payments as reference but was not changed to reflect the contract in place at the time the payment was made to the contractor.</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 16a1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Day Care Maintenance Expense		
Administration Area	EARLY EDUCATION AND CARE		
Report Implementation Date	1/1/2010	Status Requested	10/28/2009
Status Contact	Brewer-WalravenL	Last Updated	
Status		Last Updated By	
Corrective Action Plan	<p>Findings 16a1, 16b1b</p> <p>Note: Corrective action will be tracked with 2009-216, finding 16a1.</p> <p>FINDING DHS inappropriately charged day care related maintenance payments made for the education need reason to the Foster Care Title IV-E program. DHS charged day care related maintenance payments for children that needed care while their foster parents attended classes leading to a high school diploma or its equivalent or English as a second language classes.</p> <p>The questioned costs were calculated using the total amount of daycare expenditures, with a need reason code of 3 (Education), charged to the Foster Care IV-E Program. Individual payments were not tested. The reason is that, per regulation 45 CFR 1355.20, the OAG had determined education was not an allowable need reason for daycare for a foster care maintenance payment.</p> <p>Questioned Cost: \$49,091</p> <p>CORRECTIVE ACTION DHS needs to research this issue further. DHS's current interpretation is if a foster parent's need reason is high school completion, and if the SWSS fund source indicator for the child is "IV-E," DHS pays from PCA 72157, which uses Title IV-E funds.</p> <p>Anticipated Implementation Date: Research should be complete by December 31, 2009.</p> <p>Barriers: no information provided</p> <p>Responsible Administration: Early Education and Care Bureau of Children's Services</p> <p>Responsible Individual(s), Name(s), Title(s): Lisa Brewer-Walraven, Director, EEC Kathryn O'Grady, Director, Children's Services</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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View Audit 2009216 Finding 16a2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Eligibility *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	1/1/2010	Status Requested	11/16/2009 
Status Contact	stjohnl	Last Updated	11/16/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Findings 16a2, 16b1c, 16c2</p> <p>Note: Corrective action will be tracked with 2009-216, finding 16c2.</p> <p>FINDING DHS improperly claimed Title IV-E foster care funding for maintenance payments on behalf of children who were ineligible.</p> <p>Questioned Cost: \$ 1,325 16c2a \$ 1,122 16c2c</p> <p>CORRECTIVE ACTION Targeted case reads are required for all cases that authorize Title IV-E payments beginning April 1, 2009. For any case found to be Title IV-E ineligible, designated staff request a remedy ticket to correct the eligibility in SWSS-FAJ. The reason for ineligibility is included as part of the request. Case reads allow DHS to review for deficiency trends so appropriate actions can be taken to educate staff or make other changes (e.g., system changes, policy changes, etc.).</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 16a3 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Foster Care-Child Care Institution Expenditures		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	11/16/2009
Status Contact	stjohnl	Last Updated	11/16/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Note: Finding 16a3 is comprised of parts a, b, and c. Each finding part and each corrective action plan are identified below.</p> <p>FINDING 16a3a DHS divides CCI payments into maintenance and treatment portions based on expenditure reports submitted by the CCIs, but it does not have policies and procedures in place requiring that rates be updated on a periodic basis, when new expenditure reports are submitted by the CCIs. As a result, DHS did not complete an updated analysis of maintenance and treatment expenditure reports and update the rates during the audit period.</p> <p>Questioned Cost: Undeterminable</p> <p>RESPONSE DHS disagrees with the finding, in part.</p> <p>DHS disagrees that if failed to comply with Activities Allowed or Unallowed. The finding states that DHS does not have policies and procedures in place requiring that rates be updated on a periodic basis, when new expenditure reports are submitted by CCIs. While the statement is true, there are no federal regulations which require DHS to have policies and procedures to update the rates on a periodic basis.</p> <p>Corrective Action Plan: DHS recalculated the residential maintenance percentage in 2008 and has drafted policies and procedures that will result in the recalculation of residential IV-E maintenance percentages on a 2 year cycle beginning October 1, 2010.</p> <p>Barriers: n/a</p> <p>Responsible Administration: Chief Administrator's Office Division of Contracts and Rate Setting</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Division of Contracts and Rate Setting, Director Vic Burankis, Rate Setting Specialist</p> <p>FINDING 16a3b Based on the maintenance and treatment rates actually applied by DHS during the audit period, DHS inappropriately charged CCI payments to the Foster Care Title IV-E program when issuing retroactive payments.</p> <p>Questioned Cost: \$12,880</p> <p>CORRECTIVE ACTION The retroactive payments were entered into SWSS using exception request service codes so payment information would be reflected in that system. Because the service codes are tied into specific account coding, the payments were incorrectly allocated. The payment information in SWSS is made through the Model Payment System. Changes to the Model Payment System and SWSS are being made at this time and consideration will be given on the best process to accurately account for retroactive payments.</p> <p>Barriers: none identified</p>
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Responsible Administration:
Children's Services Administration

Responsible Individual(s), Name(s), Title(s):
Mary Mehren, Director, Office of Federal Compliance

Update 11-06-09:
All changes to the Model Payment System and SWSS have been made and account numbers corrected.

FINDING 16a3c
DHS inappropriately charged payments for summer school classes to the Foster Care Title IV-E program.

Questioned Cost: \$232

CORRECTIVE ACTION
This case was reviewed by the Federal Compliance Office. Corrective action has been implemented.

Barriers:
none identified

Responsible Administration:
Children's Services Administration

Responsible Individual(s), Name(s), Title(s):
Mary Mehren, Director, Office of Federal Compliance

Recoupment Recommended	N/A
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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View Audit 2009216 Finding 16b1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Expenditures and Eligibility		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	1/1/2010	Status Requested	11/2/2009
Status Contact	stjohnl	Last Updated	11/2/2009
Status	Open	Last Updated By	frayrek
Corrective Action Plan	<p>Finding 16b1 is comprised of several parts. Parts 16b1e and 16b1f will be accounted for here. Other parts of finding 16b1 are accounted with 2009-216 as follows: 16b1a - 16c1 16b1b - 16a1 16b1c - 16a2 and 16c2 16b1d - 16a3</p> <p>FINDING 16b1e DHS's internal controls did not prevent the issuance of overpayments. DHS's process for re-issuance of cancelled warrants, resulting from increased retroactive payment authorizations, did not calculate the proper re-issuance amount and resulted in overpayments.</p> <p>Questioned Costs: \$2,012.</p> <p>CORRECTIVE ACTION This case was reviewed by the Federal Compliance Office and the Reconciliation and Recoupment Unit. DHS agrees the payments were made in error. On June 1, 2009, the Federal Compliance Office instructed recoupment activity to commence immediately for these over-issuances</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: None identified.</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p> <p>FINDING 16b1f For 1 (12.5 percent) of 8 expenditures reviewed, DHS did not maintain documentation supporting the payment for the determination of care supplemental payment issued.</p> <p>Questioned Costs: \$26.</p> <p>CORRECTIVE ACTION DHS will follow-up to determine what actions need to be taken.</p> <p>Anticipated Implementation Date: January 1, 2010</p> <p>Barriers: None identified.</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p>		
Recoupment Recommended	N/A		

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View Audit 2009216 Finding 16b2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Payroll-Using Established Cost Pools *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9b2(a), 16b2, 17b1, 18b2:</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9b2a.</p> <p>FINDING DHS did not properly allocate employee payroll costs using established cost pools for employees who worked less than 100 percent on a single award. DHS improperly recorded 100 percent of the salaries for 8 employees directly to the Foster Care Title IV=E program. DHS should have recorded the expenditures to a cost pool and allocated the costs to the federal programs benefited by these employees' services.</p> <p>Questioned Cost: \$ (74,066) TANF \$ 64,222 Foster Care Title IV-E \$ (1,114) Adoption Assistance \$ (52,150) SSBG</p> <p>CORRECTIVE ACTION The accounting codes of the staff will be changed to a program cost account that is linked to the appropriate cost pool. Journal vouchers will be prepared to properly allocate the questioned cost to the correct funding sources.</p> <p>Barriers: none</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 16b3 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Foster Care-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>
Recoupment Recommended	
Recoupment Comments	

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View Audit 2009216 Finding 16c1 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Foster Care-Child Placing Agency Adm Costs		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	11/6/2009	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	11/6/2009
Status	Completed	Last Updated By	stjohnl

Corrective Action Plan	<p>Finding No. 16b1a, 16c1</p> <p>FINDING DHS inappropriately charged Child Placing Agency (CPA) administrative costs to Title IV-E Foster Care. CPA administrative expenditures are incurred for foster care related services that benefit other federal programs in addition to Title IV-E Foster Care. DHS's Public Assistance Cost Allocation Plan (PACAP) includes a cost pool for these types of expenditures.</p> <p>In addition, effective October 31, 2007, Act 131, P.A. 2007, established an option for CPAs to receive an increased administrative rate. However, DHS implemented the increased administrative rate effective October 1, 2007. As a result, approximately \$116,300 of the questioned cost amount noted below, were for payments which did not comply with State law.</p> <p>Questioned Cost: \$273,861</p> <p>CORRECTIVE ACTION The retroactive payments were entered into SWSS using exception request service codes so payment information would be reflected in that system. Because the service codes are tied into specific account coding, the payments were incorrectly allocated. The payment information in SWSS is made through the Model Payment System. Changes to the Model Payment System and SWSS are being made at this time and consideration will be given on the best process to accurately account for retroactive payments.</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p> <p>11-06-09: All needed changes to the Model Payment system and SWSS have been made and account numbers corrected.</p>
Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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View Audit 2009216 Finding 16c2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Eligibility		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	11/6/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	11/6/2009
Status	Completed	Last Updated By	stjohnl
Corrective Action Plan	<p>Findings 16a2, 16b1c, 16c2</p> <p>Note: Corrective action will be tracked with 2009-216, finding 16c2.</p> <p>FINDING DHS improperly claimed Title IV-E foster care funding for maintenance payments on behalf of children who were ineligible.</p> <p>Questioned Cost: \$ 1,325 16c2a \$ 1,122 16c2c</p> <p>CORRECTIVE ACTION Targeted case reads are required for all cases that authorize Title IV-E payments beginning April 1, 2009. For any case found to be Title IV-E ineligible, designated staff request a remedy ticket to correct the eligibility in SWSS-FAJ. The reason for ineligibility is included as part of the request. Case reads allow DHS to review for deficiency trends so appropriate actions can be taken to educate staff or make other changes (e.g., system changes, policy changes, etc.).</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Terry Salacina, Director, Field Operations</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 16c3 - 12/1/2009

View Audit Details

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Maintenance Payment-Placement with Health Care Provider		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	11/6/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	11/6/2009
Status	Completed	Last Updated By	stjohnl
Corrective Action Plan	<p>FINDING DHS improperly claimed funding for a maintenance payment on behalf of a child who was ineligible because the child was placed with a medical vendor.</p> <p>CORRECTIVE ACTION Agree. Worker error allowed for processing of this payment. DHS will work with Reconciliation and Recoupment to rectify the error in the fund source executed in this payment.</p> <p>Barriers: None identified.</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p> <p>11-06-09: The Department agrees that the placement setting was ineligible for a Title IV-E claim and this is an error case. The error has been corrected.</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 16c4 - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Search Abuse and Neglect Registries in Other States		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>DHS did not implement required searches of child abuse and neglect registries maintained by other States in accordance with the federally mandated effective date for the 15 month period of October 1, 2006, through December 31, 2007. As a result, children may have been placed in the homes of foster parents and with other adults living in the home that had child abuse and neglect complaints filed in other states. DHS began requesting searches of other State's child abuse and neglect registries in January 2008.</p> <p>Questioned Cost: \$-0-</p> <p>CORRECTIVE ACTION</p> <p>As noted in the audit finding, DHS began requesting searches of other State's child abuse and neglect registries in January 2008.</p> <p>Anticipated Implementation Date: Implemented</p> <p>Barriers: None</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-MOE-Claiming County PA Office Expenditures		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	3/1/2010	Status Requested	11/3/2009
Status Contact	stjohnl	Last Updated	11/6/2009
Status	Open	Last Updated By	stjohnl
Corrective Action Plan	<p>FINDING DHS contracts with PA offices for representation of DHS in child abuse and neglect hearings. DHS reimburses the counties 50 percent of the eligible expenditures billed by the county PA offices. The amount of eligible expenditures billed by the county PA office, but not reimbursed by DHS represent third party in-kind contributions, which are not an allowable form of match for the Foster Care Title IV-E program. However, DHS inappropriately claimed these third party in-kind contribution amounts in its administrative expenses and obtained federal reimbursement at 50 percent federal financial participation. (PROFC contracts)</p> <p>Questioned Cost: \$503,020</p> <p>RESPONSE DHS disagrees with the finding, in part.</p> <p>DHS has mirrored other states with regard to Title IV-E funding for these contracts and has long standing approval from ACF for these contracts. The county matching for the administrative claim is not in kind but is allowable cash expenditure for salary costs for legal services provided to DHS. Michigan initiated the contracts after protracted discussions with ACF Region V and was instructed that contracts for legal services at the county level must follow the federal rules for inter-agency cooperative agreements. They were based on the federal Title IV-D child support regulations because there is a similar need for contracted legal services for the child support program. The child support regulations CFR 303.107, CFR 304.21 and CFR 304.20 are the basis for developing Title IV-E legal services; the same principles apply to child welfare.</p> <p>DHS further disagrees with the interpretation that the county contribution in this contract is "in-kind". The county portion of costs for representation of DHS in foster care matters (i.e. attorney salaries) is its match to the Title IV-E funds. 45 CFR 1356.60 (c)(2)(ii) support the allowable administrative costs necessary for the administration of the foster care program in "Preparation for and participation in judicial determinations;"</p> <p>The full expenditure is an allowable cost under Title IV-E and is claimed at the federal financial participation rate of 50% for Title IV-E administration.</p> <p>DHS began executing the Prosecuting Attorney contracts over twelve years ago without an audit finding. Contracts of these types are an acceptable administrative claim and are entered into by Michigan as well as other states within Region V.</p> <p>Corrective Action Plan: DHS will seek clarification from the federal funding source.</p> <p>Anticipated Implementation Date: March 1, 2010 (date relates to seeking clarification rather than a corrective action implementation date)</p> <p>Barriers: timely response from federal funding source</p> <p>Responsible Administration: Children's Services</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status			
OIA Comments			

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Single Audit Report

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-MOE-Claiming County of Wayne Expenditures		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>DHS claimed 100 percent of the Wayne County expenditures and thereby inappropriately obtained federal reimbursement for county-funded expenditures.</p> <p>Questioned Cost: \$1,735,605 (included in 16f1 which questioned all payments to Wayne County)</p> <p>DHS RESPONSE</p> <p>DHS disagrees with the finding.</p> <p>The terms of the Title IV-E contract specify the reimbursement amount to the County of Wayne, who is a subrecipient of DHS. To date, DHS has claimed only the maintenance payments made on behalf of Title IV-E eligible children residing in Title IV-E eligible placements. While these maintenance costs are originally funded 50 percent by the County of Wayne and 50 percent by the State of Michigan General Funds, the full amount of the maintenance payments is an allowable cost under Title IV-E and is matched at the applicable Federal Medical Assistance Percentage (FMAP) established for each fiscal year. Title IV-E imposes no restrictions on what the State of Michigan does with the resultant federal reimbursement of allowable costs.</p> <p>The OAG's interpretation that federal regulations do not allow claiming Title IV-E funds for allowable costs incurred by the County of Wayne under legal contract with DHS would, perforce, mean that the State of Ohio, which is a county administered and state supervised child welfare system, would be ineligible for Title IV-E funding for the maintenance and administration costs expended on behalf of Title IV-E eligible children by any of Ohio's counties. Federal regulations allow counties to administer all or parts of the child welfare system under agreement with their state's welfare agency, and county expenditures allowable under Title IV-E receive federal financial participation in Ohio, California, Texas, Wisconsin and eight other states, including Maryland, where the state supervises and administers the child welfare program for all its counties except Montgomery County, which is supervised by the state agency but administers the Title IV-E program under agreement with the state.</p> <p>Corrective Action Plan: n/a</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: n/a</p> <p>Responsible Administration: Children's Services</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Procurement-No Written Contract *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	11/9/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 15a, 16e1:</p> <p>FINDING DHS's internal control did not ensure that it entered into written contracts for procurements that required a written contractual relationship. The vendor provided foster care services during the audit period.</p> <p>Questioned Cost: \$56 / Child Welfare / PAFC 99-50007 / Spectrum Human Services \$3,499 / Foster Care / PAFC 06-99009 / Lutheran Social Services of Michigan</p> <p>CORRECTIVE ACTION: DHS will follow-up to determine what actions need to be taken.</p> <p>Barriers:</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Procurement-Services Before Contract Signed *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed. Contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Procurement-Expenditures After Contract *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	11/12/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 15c, 16e3:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 15c.</p> <p>FINDING DHS's internal control did not prevent contracts from incurring expenditures for services provided after the contract expiration date.</p> <p>Questioned Cost: \$ 62,170 Child Welfare (3 contracts) \$ 46,988 Foster Care Title IV-E (5 contracts)</p> <p>RESPONSE DHS disagrees with the finding, in part.</p> <p>A subsequent review of the audit finding disclosed that contracts were in place with the contractors. The auditor's based their finding on the contract number identified in the Model Payment System. However, the follow-up review disclosed that the payment to the contractor is not based on that contract number, but the account coding information within SWSS. The contract number was included in Model Payments as reference but was not changed to reflect the contract in place at the time the payment was made to the contractor.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Subrecipient Monitoring-Contractor		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	1/1/2010	Status Requested	11/2/2009
Status Contact	stjohnl	Last Updated	11/6/2009
Status	Completed	Last Updated By	stjohnl
Corrective Action Plan	<p>FINDING</p> <p>DHS's internal control did not ensure that it monitored Wayne County's eligibility determinations for juvenile justice children. In order to be reimbursed, Wayne County submits a billing which lists the Wayne County juvenile justice children for whom they are requesting reimbursement. DHS does not verify the eligibility of the children for whom they are paying. The contract between Wayne County and DHS was silent on who was responsible for the continued determination.</p> <p>Questioned Costs: \$2,434,760 (entire amount provided to Wayne County for the audit period)</p> <p>CORRECTIVE ACTION</p> <p>DHS disagrees in part. Disagree with questioned cost amount which assumes each child was ineligible.</p> <p>DHS began efforts to improve compliance with federal regulations by way of establishing the Federal Compliance Office (FCO). The FCO became fully operational in September 2008 with a funding manager and four analysts. The FCO assigned staff to work with Wayne county on improving the subrecipient monitoring of the Title IV-E contract. In January 2009, FCO initiated planning with the County and DHS office on a protocol that would establish business processes that would monitor Title IV-E eligibility and payments for the youth supervised under the contract. By March 2009, detailed procedures were established so that monitoring could begin on new cases entering care. On June 8, 2009, all parties agreed to finalization of the protocol and procedures which are attached to this response. Based on the development and agreement to the procedures, DHS believes by October 1, 2009, all cases receiving services under the Title IV-E contract with Wayne County will be appropriately monitored and in compliance with federal regulations.</p> <p>Barriers: None identified.</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Mary Mehren, Director, Office of Federal Compliance</p> <p>11-06-09: This has been completed.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Foster Care-Subrecipient Monitoring-A133 *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	11/9/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 7, 9h1, 10c, 13b, 16f2</p> <p>Note: Corrective action will be tracked with 2009-217, finding 7.</p> <p>FINDING DHS did not issue a management decision within the time frame for required by OMB Circular A-133.</p> <p>Questioned Cost: \$ -0-</p> <p>CORRECTIVE ACTION A management decision was issued and provided to the auditors during audit field work.</p> <p>DHS enhanced the subrecipient monitoring process in March of 2009 to provide additional assurance of complete and timely management decisions. The Office of Monitoring and Internal Control identifies, coordinates, and tracks all DHS management decisions required by OMB Circular A-133, and follows-up with appropriate DHS staff as the deadline nears. Office of Monitoring and Internal Control staff also provide technical assistance regarding management decisions.</p> <p>Anticipated Implementation Date: n/a</p> <p>Barriers: None.</p> <p>Responsible Administration: Office of Monitoring and Internal Control</p> <p>Responsible Individual(s), Name(s), Title(s): Joshua Larsen, Director, OMIC</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Adoption-Reissued Payments		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING</p> <p>DHS incorrectly charged 5 (27.8 percent) of 18 reissued payments reviewed to the Adoption Assistance Program. Adoption Assistance Program staff used the incorrect program code when reissuing a payment. DHS should charged this expenditure to either TANF or State funds.</p> <p>DHS indicated that these types of payments must be processed manually, which could result in coding errors. DHS indicated in its November 2007 corrective action plan that the unit supervisor had trained staff on policy and proper account coding to improve accuracy when processing payments. However, testing results indicated the error rate related to these payments has increased since the prior audit.</p> <p>CORRECTIVE ACTION</p> <p>Effective May 1, 2009, the payment vouchers (DHS-1582) are approved by the Adoption Subsidy Program unit manager to ensure proper account coding.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Karen Iverson, Adoption Subsidy Program Unit Manager</p> <p>UPDATE 11/02/2009: The Adoption Subsidy Program Unit Manager has been and will continue to sign all of the vouchers to ensure proper coding.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Adoption-Payroll-Using Established Cost Pools *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9b2(a), 16b2, 17b1, 18b2:</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9b2a.</p> <p>FINDING DHS did not properly allocate employee payroll costs using established cost pools for employees who worked less than 100 percent on a single award. DHS improperly recorded 100 percent of the salaries for 8 employees directly to the Foster Care Title IV=E program. DHS should have recorded the expenditures to a cost pool and allocated the costs to the federal programs benefited by these employees' services.</p> <p>Questioned Cost: \$ (74,066) TANF \$ 64,222 Foster Care Title IV-E \$ (1,114) Adoption Assistance \$ (52,150) SSBG</p> <p>CORRECTIVE ACTION The accounting codes of the staff will be changed to a program cost account that is linked to the appropriate cost pool. Journal vouchers will be prepared to properly allocate the questioned cost to the correct funding sources.</p> <p>Barriers: none</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Adoption-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Adoption-Eligibility-Based on AFDC		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	9/24/2009	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>FINDING</p> <p>DHS did not ensure that adoption subsidy payments based on AFDC eligibility were made on behalf of AFDC eligible children. In determining if an adoption subsidy qualifies for payment under the Adoption Assistance Program, DHS relies on the Foster Care Title IV-E program eligibility determination that DHS documents in SWSS-FAJ. Federal Law USC 673(A)(2)(a) indicates that a child must meet one of three financial based criteria to be eligible for Adoption Assistance Program. The criteria used by at least 92.6 percent of the Adoption Assistance Program's participants is that the child was or would have been eligible for the former AFDC program. This criteria includes a requirement that the child's removal from the home must be a result of a voluntary placement agreement or a judicial determination that the removal from the home was in the child's best interest. DHS Adoption Assistance program staff use the former AFDC eligibility and judicial determination information from SWSS-FAJ in determining eligibility for the Adoption Assistance program. In the review of the Foster Care Title IV-E program, the audit finding noted that 13.6 percent of the Title IV-E funded foster care payments sampled did not meet the Foster Care Title IV-E eligibility requirements related to AFDC eligibility and the judicial determination that removal from the home was in the child's best interest.</p> <p>CORRECTIVE ACTION</p> <p>The Adoption Assistance Subsidy program will no longer rely entirely on Foster Care Title IV-E eligibility information. A change will be made to Adoption Subsidy system where the adoption assistance certification worker will answer the following questions: Former ADC eligibility Yes No Judicial determination Yes No</p> <p>Barriers: none identified</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Karen Iverson, Adoption Subsidy Program Unit Manager</p> <p>UPDATE 11/02/2009: This has been in place since July 2009.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Adoption-Eligibility-Prospective Parent Background Checks		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING</p> <p>DHS did not ensure that required background checks for prospective adoptive parents during the period of 10/1/2006-12/31/2007 were conducted. Federal law 42 USC 671(a)(20)(A) implemented additional background checks for prospective foster care and adoptive placements. The law requires each State to conduct fingerprint-based criminal record checks of the national crime information databases and to search for child abuse and neglect registry databases in each State the prospective foster or adoptive parent and any other adult living in the home have resided in the previous five years if that state maintains such a registry. The checks must be completed prior to approving the foster care or adoptive placement, and are required whether of foster care maintenance payments or adoption assistance payments are to be made on behalf of the child.</p> <p>The deadline for compliance was 10/01/2006; however, States could be granted an implementation delay if State legislation (other than legislation appropriating funds) would be required in order for the State to comply with the additional requirements.</p> <p>DHS informed HHS that it could not implement the fingerprint-based criminal record check requirements without State legislation and HHS granted a delay in implementation based on DHS's request. DHS implemented the fingerprint-based criminal record check requirement effective 01/1/2008 without obtaining the State legislation they indicated to HHS would be necessary. As of 03/2009, legislation had not been enacted to comply with the fingerprint-based criminal record check requirement.</p> <p>Additionally, DHS did not request a delay in implementation of the requirements to search child abuse and neglect registry databases in each State the prospective foster or adoptive parent or any other adult living in the home have resided in the previous five years. DHS implemented the database search effective 01/01/2008.</p> <p>There were approximately 3,300 state ward finalized adoptions in Michigan during the period 10/01/2006-12/31/2007. All of these placements were in violation of Federal law. Of those adoptions, approximately 2,000 involved children that received Title IV-E funded adoption subsidy payments. Accordingly, all of the adoption subsidy payments were ineligible for Federal funding participation.</p> <p>RESPONSE</p> <p>DHS disagrees in part. The audit found that there were approximately 3,300 state ward finalized adoptions in Michigan between 10/01/2006-12/31/2007. It should be noted that DHS conducted Michigan Central Registry clearances during this period. The delay in implementing the federal requirement jeopardized child safety only where prospective adoptive parents lived outside the state during the preceding five years. This likely involved a small percentage of the finalized adoptions for the period in question and would have to be a factor in determining the number of adoptions that would be considered to be in violation of the federal law.</p> <p>CORRECTIVE ACTION</p> <p>DHS has complied. On January 1, 2008, Public Act 218 of 2007 went into effect. This legislation required licensed foster parents to undergo the required national fingerprint-based criminal background checks. Policy CFB 2008-004 "Fingerprinting: Foster Home and Adoption Applicants and Current Foster Home Licensees was issued in January 2008. Effective January 1, 2008, this policy extended the fingerprint-based criminal history checks to all adoption applicants, including unlicensed relatives and unlicensed unrelated caregivers. An instructional memo from BCAL and the Licensing Record Clearance Request were distributed and included information on background and clearance requirements for foster homes and adoption applicants.</p> <p>Anticipated Implementation Date: N/A, corrective action has been implemented.</p> <p>Barriers: None, corrective action has been implemented.</p> <p>Responsible Administration:</p>		

	Field Operations Administration
	Responsible Individual(s), Name(s), Title(s): Karen Iverson, Adoption Subsidy Program Unit Manager
Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Adoption-MOE-Advance Payments		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	11/12/2009
Status Contact	kangass1	Last Updated	11/12/2009
Status	Completed	Last Updated By	kangass1
Corrective Action Plan	<p>FINDING</p> <p>DHS provided advance payments totaling \$412,157 to child placing agencies to find permanent adoptive placements for children in fiscal year 2007-2008. DHS assigned incorrect account coding to these advance payments. As a result, DHS received federal reimbursement for these costs at a FFP rate of 58.1 percent; however, these administrative expenditures were only eligible for reimbursement at a FFP of 50 percent.</p> <p>Questioned Cost: \$412,157</p> <p>CORRECTIVE ACTION</p> <p>Account coding will be established so expenses are properly accounted for. A journal voucher will be prepared to correctly classify the expense for all of fiscal year 2009. The 2009 adjustment resulting from the journal voucher will be reflected in the current quarter expenditure column on the federal report and therefore will be included with all other costs that are incurred during that quarter. For 2008 an internal journal voucher (IJV), which is used for federal reporting purposes, will be posted the same quarter that the journal voucher for 2009 is processed and this will be reflected in the prior period expenditure column on the federal claim.</p> <p>Barriers: none</p> <p>Responsible Administration: Children's Services Administration Chief Administrator's Office Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Susan Kangas, CFO Russ Hecko, Director, Division of Accounting Cathy Gosselin, Federal Reporting</p> <p>UDPATE 11/2009 New coding was established in July 2009 and journal vouchers completed in Appropriation Year 2009.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Expenditures in Accordance with State Plan		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	11/2/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	11/2/2009
Status	Completed	Last Updated By	leer2
Corrective Action Plan	<p>Finding No. 18a1, 18b1b</p> <p>FINDING DHS's did not ensure that expenditures were incurred in accordance with the SSBG State Plan. DHS claimed expenditures for information, referral, and advocacy service and homeless youth services expenditures but had not included these activities in the SSBG State Plan.</p> <p>Questioned Cost: \$ 4,337,926</p> <p>CORRECTIVE ACTION DHS disagrees with the finding, in part. The finding is a result of interpretation and application of wording contained in the State Plan. DHS is amending the State Plans to clarify.</p> <p>Barriers: None</p> <p>Responsible Administration: Chief Administrator's Office, Budget Division</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, Chief Administrator Jane Shultz, Director, Budget Division Rosemary Lee, Budget Analyst</p> <p>UPDATE 11/02/2009 An amendment to the Social Services Block Grant (SSBG) State Plan for FY 2007, 2008 and 2009 for the referenced findings has been prepared and submitted. The amended language was incorporated into the FY 2010 SSBG State Plan.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Process Payment with No Invoice		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	11/5/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/5/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>Finding No. 18b1a2, 18a2</p> <p>FINDING DHS processed a payment without receiving an invoice from the provider or verification that services were rendered by the provider in 1 (4 percent) of 23 medical evaluation/diagnostic examination expenditures reviewed.</p> <p>Questioned Cost: \$ 300</p> <p>CORRECTIVE ACTION Field Operations has requested the local office identify the cause of this error and what corrective action steps will be taken to avoid the same error in the future.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p> <p>11/2009: The local office has been notified of the audit finding and proper procedure has been explained. The importance of case documentation has also been highlighted per L-Letter 09-012.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 18a3 - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Eligibility-Documentation to Support Client Eligibility		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/9/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>Finding No. 18a3, 18b1a4, 18c1</p> <p>Note: Corrective action will be tracked with 2009-216, finding 18a3.</p> <p>FINDING DHS did not maintain documentation to support client eligibility for child day care payments in 11 (34 percent) of 32 expenditures reviewed.</p> <p>Questioned Cost: \$1,842</p> <p>CORRECTIVE ACTION Field Operations will work with the Office of Training and Staff Development and the CDC Case Read Unit to develop a communication regarding proper documentation for CDC eligibility.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p> <p>UPDATE 11/02/2009: L-Letter 09-137 was issued to staff on 10/09/2009 with three powerpoint trainings related to this topic. Additional powerpoint trainings are expected to be presented throughout the year to educate staff on CDC eligibility and documentation. In addition, DHS initiated a case review project in May 2008 to help improve case record documentation. This project measures for accurate and complete documentation in the client and provider CDC case record file. Any identified errors or instances of non-compliance require corrective action. These reviews allow the department to identify and address root causes related to errors, program non-compliance, and fraud.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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View Audit 2009216 Finding 18a4 - 12/1/2009

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Eligibility-Documentation to Support Provider Eligibility		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/9/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	11/2/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>Finding No. 18a4, 18b1a5, 18c2, 18b1d</p> <p>Note: Corrective action will be tracked with 2009-216, finding 18a4.</p> <p>FINDING DHS did not maintain documentation to support provider eligibility for child day-care payments to relative/aide providers in 3 (20 percent) of 15 expenditures reviewed.</p> <p>Questioned Cost: \$583 -- includes \$248 which is questioned in b(1)(d)</p> <p>CORRECTIVE ACTION Field Operations will work with the Office of Training and Staff Development and the CDC Case Read Unit to develop a communication regarding proper documentation for CDC eligibility.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p> <p>UDPATE 11/02/2009: L-Letter 09-137 was issued to staff on 10/09/2009 with three powerpoint trainings related to this topic. Additional powerpoint trainings are expected to be presented throughout the year to educate staff on CDC eligibility and documentation. In addition, DHS initiated a case review project in May 2008 to help improve case record documentation. This project measures for accurate and complete documentation in the client and provider CDC case record file. Any identified errors or instances of non-compliance require corrective action. These reviews allow the department to identify and address root causes related to errors, program non-compliance, and fraud.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Propriety of Expenditures		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	11/5/2009	Status Requested	10/28/2009
Status Contact	frayrek	Last Updated	11/5/2009
Status	Completed	Last Updated By	frayrek
Corrective Action Plan	<p>Finding 18b1 contains several parts. Findings 18b1a1 and 18b1a3 will be tracked as finding 18b1. The remaining parts of the finding are tracked with 2009-216 as follows: 18b1a2 = 18a2 18b1a4 = 18a3 18b1a5 = 18a4 18b1b = 18a1</p> <p>FINDING 18b1a1 DHS approved improper contract rate changes in 1 (50 percent) of 2 guardianship services expenditures reviewed. Questioned Cost: \$125</p> <p>CORRECTIVE ACTION Field Operations has requested the local office identify the cause of this error and what corrective action steps will be taken to avoid the same error in the future.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p> <p>11/2009: The local has been made aware of the audit finding and correct procedure explained. In addition, the importance of case documentation was addressed to all local offices per L-Letter 09-012.</p> <p>FINDING 18b1a3 DHS did not properly approve 1 (4 percent) of 23 medical evaluation/diagnostic examination expenditures reviewed. Questioned Cost: \$300</p> <p>CORRECTIVE ACTION Field Operations has requested the local office identify the cause of this error and what corrective action steps will be taken to avoid the same error in the future.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p> <p>11/2009: The local has been made aware of the audit finding and correct procedure explained. In addition, the importance of case documentation was addressed to all local offices per L-Letter 09-012.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Payroll-Using Established Cost Pools *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9b2(a), 16b2, 17b1, 18b2:</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 9b2a.</p> <p>FINDING DHS did not properly allocate employee payroll costs using established cost pools for employees who worked less than 100 percent on a single award. DHS improperly recorded 100 percent of the salaries for 8 employees directly to the Foster Care Title IV=E program. DHS should have recorded the expenditures to a cost pool and allocated the costs to the federal programs benefited by these employees' services.</p> <p>Questioned Cost: \$ (74,066) TANF \$ 64,222 Foster Care Title IV-E \$ (1,114) Adoption Assistance \$ (52,150) SSBG</p> <p>CORRECTIVE ACTION The accounting codes of the staff will be changed to a program cost account that is linked to the appropriate cost pool. Journal vouchers will be prepared to properly allocate the questioned cost to the correct funding sources.</p> <p>Barriers: none</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/30/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Eligibility-Documentation to Support Client Eligibility *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 18a3, 18b1a4, 18c1</p> <p>Note: Corrective action will be tracked with 2009-216, finding 18a3.</p> <p>FINDING DHS did not maintain documentation to support client eligibility for child day care payments in 11 (34 percent) of 32 expenditures reviewed.</p> <p>Questioned Cost: \$1,842</p> <p>CORRECTIVE ACTION Field Operations will work with the Office of Training and Staff Development and the CDC Case Read Unit to develop a communication regarding proper documentation for CDC eligibility.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Eligibility-Documentation to Support Provider Eligibility *		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 18a4, 18b1a5, 18c2, 18b1d</p> <p>Note: Corrective action will be tracked with 2009-216, finding 18a4.</p> <p>FINDING DHS did not maintain documentation to support provider eligibility for child day-care payments to relative/aide providers in 3 (20 percent) of 15 expenditures reviewed.</p> <p>Questioned Cost: \$583 -- includes \$248 which is questioned in b(1)(d)</p> <p>CORRECTIVE ACTION Field Operations will work with the Office of Training and Staff Development and the CDC Case Read Unit to develop a communication regarding proper documentation for CDC eligibility.</p> <p>Barriers: None</p> <p>Responsible Administration: Field Operations</p> <p>Responsible Individual(s), Name(s), Title(s): Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Procurement-Services Before Contract Signed *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/30/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE</p> <p>Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed. Contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Procurement-State Ad Board Approval		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	11/16/2009 
Status Contact	kangass1	Last Updated	11/16/2009
Status	Completed	Last Updated By	weberh
Corrective Action Plan	<p>FINDING</p> <p>DHS did not maintain supporting documentation of State Ad Board approval for one contract that required approval. The total value of the contract was \$43,269. The questioned cost represents the expenditure transaction value sampled.</p> <p>Note: The contract is GUARD 06-11001-3 with Child and Family Services of Southwestern Michigan</p> <p>Questioned Cost: \$1,590</p> <p>CORRECTIVE ACTION</p> <p>DHS believes this is an isolated incident.</p>		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	SSBG-Subrecipient Monitoring-Contractor		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	11/5/2009	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	11/5/2009
Status	Completed	Last Updated By	stjohnl
Corrective Action Plan	<p>FINDING DHS did not provide subrecipients with timely information relating to the CFDA number, the name of the federal awarding agency, or the related federal laws and regulations for 4 (100 percent) of 4 subrecipient contracts reviewed.</p> <p>DHS changed the funding source of expenditures related to homeless youth services without notifying the subrecipients of the change. The contracts indicated that expenditures would be funded by TANF (CFDA 93.558), but DHS changed the funding source to SSBG after the contracts were signed. DHS maintained a contract payment tracking web site from which subrecipients could obtain the name of the federal awarding agency and read the related federal laws and regulations. However, the web site did not provide the SSBG CFDA number until after DHS issued the first payment to the subrecipient.</p> <p>CORRECTIVE ACTION</p> <ol style="list-style-type: none"> As of January 1, 2009, all DHS HYR Contractors were provided both codes and CFDA #'s listed on the front of the contract. As of February 2009, a new expenditure report was created and introduced to the HYR contractors at the quarterly contractor's meeting on 2/19/2009. The explanation for the different fund sources was provided, which included identifying TANF as the funding source for Outreach and Basic Care Center. Title XX was identified as the fund source for the Transitional Living Placement portion of the HYR contracts, i.e. the homeless youth portion. Completed February 19, 2009. The HYR Expenditure report includes the proper coding listed under each program (see attached) to ensure expenditures are paid from the proper fund source and in the proper proportions. Completed February 19, 2009. By October 1, 2009, the DHS Contract Administrator will send an instructional memo to all contractors, i.e. subrecipients listing the corresponding CFDA number (93.667) along with the address to the federal CFDA website. The DHS instructional memo will direct the contractor to review the website and sign a statement, as provided by DHS, verifying the subrecipient has read the related federal laws and regulations. The statement will be returned to DHS by the contractor and will be located in the contractor's case file maintained by the Contract Administrator. Completed – Letter sent September 29, 2009 to HYR Contractors with responses returned on the Verification of Subrecipient Monitoring Form as requested by October 15, 2009. <p>Anticipated Implementation Date:</p> <ol style="list-style-type: none"> Implemented as of January 1, 2009 – completed. Implemented February 2009 – completed. Implemented with expenditures and billings as of January 2009 – completed. October 1, 2009, is the anticipated completion date for sending the instructional memo. <p>Barriers: None identified.</p> <p>Responsible Administration: Childrens Services Administration, Bureau of Child Welfare, Permanency Division – Youth Services Unit.</p> <p>Responsible Individual(s), Name(s), Title(s): Ken Marks, HYR Contract Administrator Sherie Bailey, Youth Services Manager Kate Hanley, Director, Division of Permanency Suzanne Stiles Burke, Director, Bureau of Child Welfare Kathryne O'Grady, Deputy Director</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Chafee-Reasonable Expenditure-Eligibility and Expenditures		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	4/1/2010	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	11/5/2009
Status	Open	Last Updated By	stjohnl

Corrective Action Plan	<p>Finding No. 19a1, 19a2, 19b, 19c</p> <p>Note: Corrective action will be tracked with 2009-219, finding 19a1.</p> <p>FINDING DHS did not maintain documentation of birth certificates, court orders, service plans, and contracts to support that the youth were of proper age and eligible to receive assistance and to ensure that payments were for reasonable and necessary services.</p> <p>Questioned Cost: \$28,418</p> <p>CORRECTIVE ACTION DHS is creating a form for youth eligibility that must be completed prior to using Chafee (YIT) funds. The YIT Eligibility checklist mirrors policy to ensure eligibility determinations are documented for open case youth, closed case youth, and special cases. The checklist includes a section to verify that required information is documented in the case file (i.e., birth certificate, date entered care, date the case closed, Updated Service Plan/Initial Service Plan, and/or Child (Re)Assessment of Needs and Strengths form DHS-146). The checklist must be signed and dated by the foster care worker and supervisor.</p> <p>DHS will monitor Chafee (YIT) expenditures through random documentation/file requests of local offices and contractor expenditures.</p> <p>DHS will add language to the Service Youth Profile Report (DHS-4713) to ensure that public and private agency staffs are fully aware that all expenditures must support the youth attaining self-sufficiency and they must explain on the DHS-4713 how the expenditure supports the youth in attaining self-sufficiency.</p> <p>The form changes will be incorporated into policy and SWSS. Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p> <p>11-05-09: 1. DHS is creating a form for youth eligibility that must be completed prior to using Chafee (YIT) funds. The Youth In Transition Funding (YIT) Youth Eligibility Checklist mirrors policy to ensure eligibility determinations are documented for open case youth, closed case youth, and special cases. Further, the eligibility checklist includes verification that the required documentation is located in the case file, i.e. birth certificate, date entered care, date the case closed, USP/ISP and/or DHS 146. In addition, the eligibility checklist will require the foster care and supervisor's signatures along with the date the form was completed. • The eligibility checklist, accompanying policy, and training or presentations on using the form will be implemented by October 1, 2009. • Change: The Chafee eligibility form, "DHS-722 Youth In Transition Funding (YIT) Eligibility Checklist", is completed and will be available for use on 11/12/2009. The specifics of this form are also contained in the SWSS/FAJ implementation of the "DHS-4713 Service Youth Profile Report" due for release on or before 1/1/2010. A L-Letter (as an interim policy) has been drafted, but will not be published until December 15, 2009.</p> <p>2. DHS will monitor Chafee (YIT) expenditures through random documentation/file requests bi-annually of the</p>
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local office expenditures and contractor expenditures.

- An expenditure monitoring tool, process, procedure and instruction will be developed and implemented by October 1, 2009.
- Changed: This has not been completed. Development and implementation will not be completed until February 1, 2010. The first random case review request will occur by April 1, 2010 in order to ensure 4713's may be pulled from SWSS to request specific cases from the randomly selected counties.

3. DHS will add language to the DHS 4713 to ensure public and private agency child welfare staffs are fully aware that all expenditures must support the youth attaining self-sufficiency. The specific language to be added in bolded font on page 1 of the DHS 4713 under Instructions is "All expenditures must support the youth in achieving self-sufficiency. (Please refer to CFF 950)"

- Changed from September 1, 2009. The DHS-4713 has not been updated to reflect this change. The form will be updated by January 1, 2010, and the policy FOM 950 by April 1, 2010.

4. On the DHS 4713 under the Comments section of page 3, a statement will be added that states the following: "Explain how the above expenditure supports the youth in attaining self-sufficiency." Instruction will be added to policy CFF 950 regarding these form changes.

- Changed from September 1, 2009. The DHS-4713 has not been updated to reflect this change. The form will be updated by January 1, 2010. Policy will be updated by April 1, 2010.

5. DHS will include any form changes to the DHS 4713 in the SWSS system when the DHS 4713 is implemented on October 1, 2009.

- Changed from October 1, 2009. The implementation of the DHS-4713 has been delayed from the anticipated start date of October 1, 2009. Implementation of the 4713 on SWSS/FAJ will be completed by January 1, 2010. Anticipated changes to the 4713 on SWSS/FAJ will not be completed until July 1, 2010 rather than making those requests now and delaying the release even further.

b. Allowable Costs/Cost Principals

- (1) DHS did not maintain adequate documentation to support 14 (17%) of 82 CFCiP expenditures reviewed.

CAP

b.(1)(a)(b)(c) See item a. Activities Allowed or Unallowed.

(d) Invoices or receipts to support the amount of the payment made.

1. DHS will include in the DHS 4713 form Instructions language stating "The original receipts and invoices must be attached to the DHS 1291 or DHS 1582 in order for the payment to be processed. A copy of all original receipts and invoices must remain attached to a hard copy of the DHS 4713 and located in the youth's case file."

- Changed from September 1, 2009. The DHS-4713 has not been updated to reflect this change. The form will be updated by January 1, 2010.

(e) Contracts to support the services must be provided.

1. DHS will include language within the CFF 950 policy manual and on the YIT contract template stating: "Payment for goods and services for a youth by a contractor is ineligible for payment until the contract is signed by both parties, i.e. DHS and the contractor. Goods and/or services conveyed to a youth by a contractor are ineligible for payment under Chafee CFDA # 93.674 if those goods and/or services were rendered on a date prior to both parties signing the contract."

- Policy will be updated by April 1, 2010.

c. Eligibility:

(1) DHS did not maintain adequate documentation of birth certificates to support the youths' eligibility to receive CFCiP funded services in 8 (10%) of 82 expenditures reviewed.

(2) DHS did not maintain adequate documentation to support that the child was in a foster care placement after his/her 14th birthday, based on an adjudication of abuse and/or neglect or juvenile justice and was eligible to receive CFCiP funded services in 7 (6%) of 82 expenditures reviewed.

CAP:

(1) and (2) - See item a. Activities Allowed or Unallowed.

- The eligibility checklist, accompanying policy, and training or presentations on using the form will be implemented by October 1, 2009.

- Change: The Chafee eligibility form, "DHS-722 Youth In Transition Funding (YIT) Eligibility Checklist", is completed and will be available for use on 11/12/2009. The specifics of this form are also contained in the SWSS/FAJ implementation of the "DHS-4713 Service Youth Profile Report" due for release on or before 1/1/2010. A L-Letter (as an interim policy) has been drafted, but will not be published until December 15, 2009.

Recoupment Recommended	
Recoupment Comments	
OIA Status	
OIA Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Chafee-Documentation-Eligibility and Expenditures *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 19a1, 19a2, 19b, 19c</p> <p>Note: Corrective action will be tracked with 2009-219, finding 19a1.</p> <p>FINDING DHS did not maintain documentation of birth certificates, court orders, service plans, and contracts to support that the youth were of proper age and eligible to receive assistance and to ensure that payments were for reasonable and necessary services.</p> <p>Questioned Cost: \$28,418</p> <p>CORRECTIVE ACTION DHS is creating a form for youth eligibility that must be completed prior to using Chafee (YIT) funds. The YIT Eligibility checklist mirrors policy to ensure eligibility determinations are documented for open case youth, closed case youth, and special cases. The checklist includes a section to verify that required information is documented in the case file (i.e., birth certificate, date entered care, date the case closed, Updated Service Plan/Initial Service Plan, and/or Child (Re)Assessment of Needs and Strengths form DHS-146). The checklist must be signed and dated by the foster care worker and supervisor.</p> <p>DHS will monitor Chafee (YIT) expenditures through random documentation/file requests of local offices and contractor expenditures.</p> <p>DHS will add language to the Service Youth Profile Report (DHS-4713) to ensure that public and private agency staffs are fully aware that all expenditures must support the youth attaining self-sufficiency and they must explain on the DHS-4713 how the expenditure supports the youth in attaining self-sufficiency.</p> <p>The form changes will be incorporated into policy and SWSS.</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Chafee-Documentation-Eligibility and Expenditures *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 19a1, 19a2, 19b, 19c</p> <p>Note: Corrective action will be tracked with 2009-219, finding 19a1.</p> <p>FINDING DHS did not maintain documentation of birth certificates, court orders, service plans, and contracts to support that the youth were of proper age and eligible to receive assistance and to ensure that payments were for reasonable and necessary services.</p> <p>Questioned Cost: \$28,418</p> <p>CORRECTIVE ACTION DHS is creating a form for youth eligibility that must be completed prior to using Chafee (YIT) funds. The YIT Eligibility checklist mirrors policy to ensure eligibility determinations are documented for open case youth, closed case youth, and special cases. The checklist includes a section to verify that required information is documented in the case file (i.e., birth certificate, date entered care, date the case closed, Updated Service Plan/Initial Service Plan, and/or Child (Re)Assessment of Needs and Strengths form DHS-146). The checklist must be signed and dated by the foster care worker and supervisor.</p> <p>DHS will monitor Chafee (YIT) expenditures through random documentation/file requests of local offices and contractor expenditures.</p> <p>DHS will add language to the Service Youth Profile Report (DHS-4713) to ensure that public and private agency staffs are fully aware that all expenditures must support the youth attaining self-sufficiency and they must explain on the DHS-4713 how the expenditure supports the youth in attaining self-sufficiency.</p> <p>The form changes will be incorporated into policy and SWSS.</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Chafee-Documentation-Eligibility-Birth Certificates *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 19a1, 19a2, 19b, 19c</p> <p>Note: Corrective action will be tracked with 2009-219, finding 19a1.</p> <p>FINDING DHS did not maintain documentation of birth certificates, court orders, service plans, and contracts to support that the youth were of proper age and eligible to receive assistance and to ensure that payments were for reasonable and necessary services.</p> <p>Questioned Cost: \$28,418</p> <p>CORRECTIVE ACTION DHS is creating a form for youth eligibility that must be completed prior to using Chafee (YIT) funds. The YIT Eligibility checklist mirrors policy to ensure eligibility determinations are documented for open case youth, closed case youth, and special cases. The checklist includes a section to verify that required information is documented in the case file (i.e., birth certificate, date entered care, date the case closed, Updated Service Plan/Initial Service Plan, and/or Child (Re)Assessment of Needs and Strengths form DHS-146). The checklist must be signed and dated by the foster care worker and supervisor.</p> <p>DHS will monitor Chafee (YIT) expenditures through random documentation/file requests of local offices and contractor expenditures.</p> <p>DHS will add language to the Service Youth Profile Report (DHS-4713) to ensure that public and private agency staffs are fully aware that all expenditures must support the youth attaining self-sufficiency and they must explain on the DHS-4713 how the expenditure supports the youth in attaining self-sufficiency.</p> <p>The form changes will be incorporated into policy and SWSS.</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p>
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Chafee-Documentation-Court Orders *		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 19a1, 19a2, 19b, 19c</p> <p>Note: Corrective action will be tracked with 2009-219, finding 19a1.</p> <p>FINDING DHS did not maintain documentation of birth certificates, court orders, service plans, and contracts to support that the youth were of proper age and eligible to receive assistance and to ensure that payments were for reasonable and necessary services.</p> <p>Questioned Cost: \$28,418</p> <p>CORRECTIVE ACTION DHS is creating a form for youth eligibility that must be completed prior to using Chafee (YIT) funds. The YIT Eligibility checklist mirrors policy to ensure eligibility determinations are documented for open case youth, closed case youth, and special cases. The checklist includes a section to verify that required information is documented in the case file (i.e., birth certificate, date entered care, date the case closed, Updated Service Plan/Initial Service Plan, and/or Child (Re)Assessment of Needs and Strengths form DHS-146). The checklist must be signed and dated by the foster care worker and supervisor.</p> <p>DHS will monitor Chafee (YIT) expenditures through random documentation/file requests of local offices and contractor expenditures.</p> <p>DHS will add language to the Service Youth Profile Report (DHS-4713) to ensure that public and private agency staffs are fully aware that all expenditures must support the youth attaining self-sufficiency and they must explain on the DHS-4713 how the expenditure supports the youth in attaining self-sufficiency.</p> <p>The form changes will be incorporated into policy and SWSS.</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p>		
Recoupment Recommended			
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OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Chafee-MOE-Identification of Room and Board Expenses		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	7/1/2010	Status Requested	10/28/2009
Status Contact	stjohnl	Last Updated	11/5/2009
Status	Open	Last Updated By	stjohnl
Corrective Action Plan	<p>FINDING</p> <p>DHS was not able to identify total expenditures related to room and board for children who were between 18 and 21 years of age. 42 USC 677(3)(B) requires states to certify that no more than 30 percent of its CFCIP funds will be expended on room and board for youth ages 18 through 20, and no CFCIP funds will be used for room and board for youth who have not yet turned 18. DHS documents the services provided to youth on the DHS-4713. Local offices must submit the DHS-4713 to the central office after completion where central office staff enters the information into a tracking database. However, central office did not obtain all DHS-4713 forms for the audit period, and therefore, was unable to enter all relevant data in a timely manner.</p> <p>Questioned Cost: -0-</p> <p>CORRECTIVE ACTION</p> <p>The DHS-4713 will be fully integrated into SWSS/SACWIS. Quarterly data reports will be requested from the data management unit to track and monitor overall state expenditures. The first quarterly report will be available on January 15, 2010, for the first quarter of fiscal year 2010.</p> <p>Barriers: none identified</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p> <p>11-05-09:</p> <ul style="list-style-type: none"> • Policy will be updated by July 1, 2010. • FOM 950 will be updated to include the necessary language. Policy will be written and implemented in collaboration with the Field Operations Administration. Beginning on April 1, 2010, the DHS Youth Services Unit will request data reports quarterly from the Data Management Unit to track and monitor overall state expenditures to ensure that matching, level of effort, and earmarking are monitored on a regular basis. <p>CFF 950 will be updated to instruct and inform public and private child welfare staffs and administrators of the 30% rule for housing.</p> <ul style="list-style-type: none"> • Policy FOM 950 (formerly CFF 950) is updated and will be published on December 1, 2009. <p>CFF 950 policy for private and public child welfare staffs on the responsibility of DHS foster care monitors to document the DHS 4713 for any Chafee funded eligible service on the SWSS/SACWIS system will be implemented by January 1, 2010.</p> <ul style="list-style-type: none"> • Accompanying L-Letter (as an interim policy) has been drafted, but will not be published until December 15, 2009. Policy will be updated by July 1, 2010. 		
Recoupment Recommended	N/A		
Recoupment Comments			
OIA Status			
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Chafee-Procurement-No Written Contract		
Administration Area	BUREAU OF CHILDREN'S SERVICES		
Report Implementation Date	4/1/2010	Status Requested	11/2/2009
Status Contact	stjohnl	Last Updated	11/6/2009
Status	Open	Last Updated By	stjohnl
Corrective Action Plan	<p>FINDING DHS did not enter into a written contract with 11 vendors of the Chafee program that provided foster care to children during the audit period.</p> <p>Questioned Cost: \$ 35,417 (includes \$217 questioned in 19b and \$2,449 questioned in 19c)</p> <p>CORRECTIVE ACTION: DHS will include language within the CFF 950 policy manual and on the YIT contract template stating: "Payment for goods and services for a youth by a contractor is ineligible for payment until the contract is signed by both parties, i.e. DHS and the contractor. Goods and/or services conveyed to a youth by a contractor are ineligible for payment under Chafee CFDA # 93.674 if those goods and/or services were rendered on a date prior to both parties signing the contract." Policy will be updated by April 1, 2010.</p> <p>Barriers:</p> <p>Responsible Administration: Children's Services Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Kathryn O'Grady, Director, Children's Services Administration Suzanne Stiles-Burke, Acting Director, Bureau of Child Welfare Kate Hanley, Director, Permanency Division Sherie Bailey, Manager, Youth Services</p>		
Recoupment Recommended			
Recoupment Comments			
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Chafee-Procurement-Services Before Contract Signed *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/30/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>Finding No. 9f1, 11c, 13a, 15b, 16e2, 18d1, 19e2:</p> <p>Note: Corrective action will be tracked with 2009-216, finding 9f1.</p> <p>DHS's internal control did not ensure that contracts were signed by authorized representatives of all parties before services began.</p> <p>Questioned Cost:</p> <p>\$ 55,091 TANF (finding 9) \$ 29,301 Refugee Services (finding 11) \$ 240,868 CSBG (finding 13) \$ -0- Child Welfare Services (finding 15) \$ 22,948 Foster Care Title IV-E (finding 16) \$ 17,307 SSBG (finding 18) \$ 34,517 Chafee Foster Care (finding 19)</p> <p>CORRECTIVE ACTION / RESPONSE</p> <p>Generally, DHS and the contractor are serving a vulnerable population (e.g., foster care children, vulnerable adults, etc.), and DHS believes it is in the best interest of the client to continue services. Both DHS and the contractor work in a good faith relationship until the contract or amendment has been signed. Contract expenditures are within the contract period and no payments are made to the contractor until the contract has been signed.</p> <p>Barriers:</p> <p>Responsible Administration: Chief Administrator's Office Children's Services Administration Refugee Services Bureau of Community Action Field Operations Administration</p> <p>Responsible Individual(s), Name(s), Title(s): Susan Kangas, CFO Helen Weber, Director, Division of Contracts and Rate Setting Kathryn O'Grady, Director, Children's Services Administration Al Horn, Program Manager, Refugee Services Stacie Gibson, Director, Bureau of Community Action Terry Salacina, Director, Field Operations Administration</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Medicaid Cluster-Payroll-Certifications *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8a(2), 10a, 20a(1), 21</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 8a2.</p> <p>FINDING DHS did not maintain the required certifications (semi-annual certification or pay period specific certification) to support the payroll costs for 1 employee. DHS did not complete a semi-annual certification or a pay period specific certification covering the selected pay period.</p> <p>Questioned Cost: \$ 29,401 Promoting Safe and Stable Families (finding 8) \$ 26,175 Child Support (finding 10) \$ 35,199 Medicaid Cluster (finding 20) \$ 122,676 Disability Insurance/Supplemental Security Income (finding 21)</p> <p>CORRECTIVE ACTION Policy was issued on July 23, 2008, and requires managers and supervisors of staff who are funded 100 percent by a single federal funding source to submit semi-annual certifications to the Division of Accounting who will send out a list of those staff and the forms for each certification period.</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: None</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Medicaid Cluster-Cost Allocation *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 6a, 9b(3), 11a(2), 12b(3), 14b(2), 16b(3), 17b(2), 18b(3), 20a(2) :</p> <p>NOTE: Corrective action implementation will be monitored as part of 2009-216, Finding 6a.</p> <p>FINDING DHS did not amend its cost allocation plan and did not submit an amendment to the HHS Division of Cost Allocation (DCA), in accordance with federal requirements. As a result, DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>In the fiscal year ended 09/30/2008, DHS included first line supervisors' costs in a cost pool along with their staff to be allocated to federal programs based on time studies. DHS's federally approved cost allocation plan methodology indicated that the first line supervisors' costs would be allocated to federal programs based on a distribution of the relative number of staff they supervised. DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to DCA.</p> <p>Questioned Cost: \$ -0-</p> <p>DHS disagrees with the finding, in part.</p> <p>The description of Cost Pool 8007, Local Office Management and Support, is: "This cost pool is used to accumulate the costs of providing administrative support services benefiting all programs administered within DHS local offices located in every county in the state and throughout larger metropolitan areas. The administrative support services include salary, wages, and fringe benefits for local office management, clerical support and fiscal support, their related training and travel, and the costs of providing office space and utilities, contractual services, supplies, and material, and non-program-specific central office policy and field management.</p> <p>Cost Pool 07 is allocated according to the percentage distribution of FTE Assistance Payments, Family Independence Specialist, and Social Services Worker positions housed in local offices as identified in the quarterly "FTE Count by Program Code" report displayed in the description of Cost Pool 8006. These FTE data are used to develop the "Direct Worker Count" shown in the following pages."</p> <p>DHS believes that the costs of first-line supervisory staff were appropriately assigned to this cost pool as long as all local office first-line supervisory personnel were included – thus, providing for the consistent treatment of such costs.</p> <p>DHS will, however, update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>CORRECTIVE ACTION DHS will update its cost pool descriptions in its next submission to the Division of Cost Allocation.</p> <p>Barriers: None.</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Lawrence Matecki Fields, Director Revenue and Federal Reporting Accounting Division</p>		
Recoupment Recommended			
Recoupment Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Medicaid Cluster-MEQC Error Rate		
Administration Area	QUALITY CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	hornj	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS did not report MEQC error results based on final eligibility conclusions. DHS prepared the fiscal year 2006-2007 annual federal MEQC report using ICES rather than FCES, which did not impact the overall mispayment error rate, but caused the errors to be incorrectly classified within the error categories.</p> <p>RESPONSE DHS disagrees with the finding.</p> <p>Title 42 Code of Federal Regulation, Part 431 – State Organization and General Administration, Section 431.865 – Disallowance of Federal financial participation for erroneous State payments (for annual assessment periods ending after July 1, 1990), p.58, states “the National mean error rate means the payment weighted average of the eligibility payment error rates for all States.” [See Attachment A.] This federal regulation is the basis for the Department of Human Services, Office of Quality Assurance’s, position that the payment error rate should be based on the eligibility review.</p> <p>In addition, the error rate reports submitted to the Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS), have consistently been based on this interpretation of the federal regulation. This interpretation has never been questioned or challenged by HHS/CMS. Therefore, the Department of Community Health (DCH) and the Department of Human Services, Office of Quality Assurance, conclude that the reports were done properly with the correct use of the eligibility payment error finding (the ICES), and that our interpretation of the federal regulation is correct.</p> <p>The federal regulations and the federal MEQC Manual clearly state that the quality control process includes two types of reviews:</p> <ol style="list-style-type: none"> 1) an eligibility review conducted by OQA reviewers, and based on a thorough investigation of actions taken by the DHS local office regarding an individual’s eligibility, and based on an independent client interview by the OQA reviewer. 2) a payment review conducted by the OQA Central Office Medicaid Analyst and Statistician, consisting of a determination about the possible claims misspent, and whether these misspent dollars (if any) were due to a liability or an eligibility error. <p>The ICES is the result of the eligibility review and is based on the information available to the DHS local office eligibility specialist. It is important to the policy and local office recipients of these review findings, to use the ICES so they can take appropriate action to correct and prevent errors.</p> <p>The FCES is the result of the payment review. It is used to determine if error dollars are liability or eligibility driven.</p> <p>OAG Audit Review #741041 is an example of how the two MEQC review types enhance one another. In the eligibility review, the OQA reviewer correctly coded the ICES as liability understated because the mother (individual) was determined to be eligible with a \$1,405 deductible. However, in the payment review, the OQA MA Analyst and Statistician noted that the total paid claims (\$806) was less than the individual’s deductible. According to Title 42 Code of Federal Regulation, Part 431 – State Organization and General Administration, Section 431.865 – Disallowance of Federal financial participation for erroneous State payments (for annual assessment periods ending after July 1, 1990), p.59, (B) the error dollar amount is “the difference between the correct amount of beneficiary liability and the amount of beneficiary liability met by the individual or family for the review month.” [See Attachment B.]</p> <p>Corrective Action Plan: The Department of Community Health and Department of Human Services, Office of Quality Assurance, will request a written policy clarification from the Department of Health and Human Services, Center for Medicare and Medicaid Services.</p>		

Anticipated Implementation Date:
Immediately upon receipt of the written federal clarification.

Barriers:
None

Responsible Administration:
Department of Community Health, Bureau of Medicaid Program Operations
Department of Human Services, Office of Quality Assurance

Responsible Individual(s), Name(s), Title(s):
Terry Geiger, Director, Bureau of Medicaid Program Operations, DCH
Julie Horn Alexander, Director, Office of Quality Assurance, DHS

Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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View Audit 2009216 Finding 20b2 - 12/1/2009

Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Medicaid Cluster-MEQC Report-Completed Case Reviews		
Administration Area	FIELD OPERATIONS		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	frayrek	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS did not include all completed case reviews in the fiscal year 2006-2007 annual federal MEQC report. For 1 (2.3 percent) of 43 MEQC sample cases reviewed, the OAG noted that DHS completed a case review that concluded the case did not contain eligibility errors but did not include the case in the fiscal year 2006-2007 annual federal MEQC report as a completed review.</p> <p>CORRECTIVE ACTION DHS/Office of Quality Assurance (OQA) has established an internal control process to complete a reconciliation of the data base as each month is finalized. The reconciliation process assures that all sampled cases are included in the data analysis. Sampled cases will equal the sum of dropped cases due to over sampling, cases dropped by the reviewer for reasons listed MEQC manual for the eligibility review, and the number of completed cases. The number of completed cases equals the number of correct cases and the number of error cases.</p> <p>Anticipated Implementation Date: Implemented May 2009.</p> <p>Barriers: None</p> <p>Responsible Administration: Department of Human Services, Office of Quality Assurance</p> <p>Responsible Individual(s), Name(s), Title(s): Laura Colville, Manager, Statistics and Data Support Sandra Clack, Statistician Denise Daily, Medicaid Analyst</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Medicaid Cluster-MEQC Report-Weighted Average Documentation		
Administration Area	QUALITY CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	hornj	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>FINDING DHS did not maintain documentation to support the weighted average used to calculate the error rates reported in the fiscal year 2006-2007 annual federal MEQC report. As a result, the OAG was unable to determine if the correct error rates were presented in the fiscal year 2006-2007 annual federal MEQC report.</p> <p>CORRECTIVE ACTION DHS Office of Quality Assurance (OQA) established an internal control process to maintain the documentation that supports the source and accuracy of the population counts used for the weighted average to calculate the error rates.</p> <p>Data is analyzed and data tables are populated for the fiscal year 2007-2008 annual federal MEQC report. A spreadsheet is maintained indicating the source of population figures is from the monthly MA Active Sample Stage 2 EM-562 report. By month, the stratum population counts are recorded. As the reviews for each month are completed, the sample counts are recorded.</p> <p>Anticipated Implementation Date: Implemented May 2009.</p> <p>Barriers: None</p> <p>Responsible Administration: Department of Human Services, Office of Quality Assurance</p> <p>Responsible Individual(s), Name(s), Title(s): Laura Colville, Manager, Statistics and Data Support Sandra Clack, Statistician</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008

Finding Description	Medicaid Cluster-MEQC Report-Weighted Average Documentation		
Administration Area	QUALITY CONTROL		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	hornj	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac

Corrective Action Plan	<p>FINDING</p> <p>DHS did not update the OQA database to reflect proper final case eligibility status. Inaccuracies in the OQA database may lead to inaccurate reporting of future DHS MEQC results. DHS prepared federal reports using the OQA database which summarizes cases reviewed, initial and final eligibility conclusions, and misspent dollars associated with error cases. The OAG noted three cases in which the FCES was not updated in the database to reflect the proper status. The OAG determined the three database inaccuracies did not impact the overall mispayment rate reported by DHS in the fiscal year 2006-2007 annual federal MEQC report.</p> <p>CORRECTIVE ACTION</p> <p>An internal control process has been implemented to assure that the FCES value reflects any changes made to the database.</p> <p>Anticipated Implementation Date: Implemented. This problem was discovered in February 2009 during the finalization of the data for fiscal year 2007-2008. The internal control was implemented immediately.</p> <p>Barriers: None</p> <p>Responsible Administration: Office of Quality Assurance</p> <p>Responsible Individual(s), Name(s), Title(s): Laura Colville, Manager, Statistics and Data Support Sandra Clack, Statistician Denise Daily, Medicaid Analyst</p>
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Recoupment Recommended	
Recoupment Comments	
OIA Status	Approved
OIA Comments	

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Audit Title	SINGLE AUDIT FOR FYE 2007 and 2008 (OAG)		
Auditing Agency	OFFICE OF THE AUDITOR GENERAL	Begin Date	10/1/2006
Report Issuance Date	9/24/2009	End Date	9/30/2008
Finding Description	Disability Insurance/SSI-Payroll-Certifications *		
Administration Area	CHIEF ADMINISTRATOR'S OFFICE		
Report Implementation Date	10/1/2009	Status Requested	10/28/2009 
Status Contact	kangass1	Last Updated	10/29/2009
Status	Completed	Last Updated By	osgac
Corrective Action Plan	<p>Finding No. 8a(2), 10a, 20a(1), 21</p> <p>Note: Corrective action will be tracked with 2009-216, Finding 8a2.</p> <p>FINDING DHS did not maintain the required certifications (semi-annual certification or pay period specific certification) to support the payroll costs for 1 employee. DHS did not complete a semi-annual certification or a pay period specific certification covering the selected pay period.</p> <p>Questioned Cost: \$ 29,401 Promoting Safe and Stable Families (finding 8) \$ 26,175 Child Support (finding 10) \$ 35,199 Medicaid Cluster (finding 20) \$ 122,676 Disability Insurance/Supplemental Security Income (finding 21)</p> <p>CORRECTIVE ACTION Policy was issued on July 23, 2008, and requires managers and supervisors of staff who are funded 100 percent by a single federal funding source to submit semi-annual certifications to the Division of Accounting who will send out a list of those staff and the forms for each certification period.</p> <p>Anticipated Implementation Date: implemented</p> <p>Barriers: None</p> <p>Responsible Administration: Division of Accounting</p> <p>Responsible Individual(s), Name(s), Title(s): Russ Hecko, Director, Division of Accounting Lilia Denney, Manger, Federal Reporting Unit</p>		
Recoupment Recommended			
Recoupment Comments			
OIA Status	Approved		
OIA Comments			



State of Michigan
Department of Human Services
Acronym Listing

AA	Affirmative Action
ABAWD	Able Bodied Adult with Dependents
ABAWOD	Able Bodied Adult without Dependents
ABW	Adult Benefit Waiver
AC	Agency Code
ACDF	Automated Credit Dispute Verifications
ACF	Administration for Children and Families
ACP	Adult Community Placement
ADA	Americans with Disabilities Act
AFC	Adult Foster Care
AFDC	Aid to Families with Dependent Children
AFF	Automated Find and Fix
AFSCME	American Federation of State, County, and Municipal Employees
AG	Attorney General
AH	Administrative Handbook
AH	Administrative Hearings
AHH	Adult Home Help
AHR	Authorized Hearing Representative
AILS	Adult Independent Living Services
AL	Annual Leave
ALMB	Additional Low-Income Medicare Beneficiary
ALJ	Administrative Law Judge
AMP	Adult Medical Program
AP	Assistance Payments
APS	Adult Protective Services
APHSA	American Public Human Services Association
AR	Administrative Recoupment
AR	Authorized Representative
ARRA	American Recovery Reinvestment Act
ARS	Automated Recoupment System
ARU	Automated Response Unit
AS	Adoption Services
ASCAP	Adult Services Comprehensive Assessment Program
ASM	Adult Services Manual
ASM	Administrative Services Manager
ASP	Administrative Service Program
ASSIST	Automated Social Services Information and Support System
ASW	Adult Services Worker
AT	Action Transmittal
AWOLP	Absent Without Legal Permission (foster children)
AWS	Alternative Work Schedule
AY	Appropriation Year
BAFM	Budget, Analysis, and Financial Management (now BFAS)
BAFS	Bureau of Adult and Family Services
BAM	Bridges Administrative Manual



State of Michigan
Department of Human Services
Acronym Listing

BAS	Basic Adult Services
BCAEO	Bureau of Community Action and Economic Opportunity
BASW	Black Association of Social Workers
BCAL	Bureau of Child and Adult Licensing
BCW	Bureau of Child Welfare
BCBSM	Blue Cross Blue Shield of Michigan
BCJOS	Building Check and Job Order Sheet
BEM	Bridges Eligibility Manual
BEP	Business Enterprise Program
BFAS	Bureau of Financial and Administrative Services
BIC	Beneficiary Identification Code
BICE	Biennial Internal Control Evaluation
BITS	Bureau Information Tracking System (Adult and Child Licensing)
BJJ	Bureau of Juvenile Justice
BLT	Banked Leave Time
BOA	Bureau of Accounting
BPB	Bridges Policy Bulletin
BPG	Bridges Policy Glossary
BPX	Bridges Policy Index
BSW	Bachelor of Social Work
BWEF	Bench Warrant Enforcement Fund
CAA	Career Advancement Account
CAA	Community Action Agency
CAN	Children's Action Network
CAO	Chief Administrative Office
CAO	Chief Administrative Officer
CAP	Community Action Program
CAP	Corrective Action Plan
CAP	Cost Allocation Plan
CAR	Case Assessment Review
CCC	Comprehensive Community Care
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CCF	Child Care Fund
CCI	Child Care Institution
CCPIS	Child Care Placement Information System
CDC	Child Day Care
CDC	Child Development and Care
CDHRC	County Directors Human Resource Committee
CDI	Children's Disability Initiative
CDR	Continuing Disability Review
CFCIP	Chafee Foster Care Independent Living Program
CFDA	Catalog of Federal Domestic Assistance
CFO	Chief Financial Officer
CFSR	Child and Family Services Review



State of Michigan
Department of Human Services
Acronym Listing

CFR	Code of Federal Regulations
CG	Certified Group
CI	Consolidated Inquiry
CIL	Center for Independent Living
CIMS	Client Information Management System
CIO	Chief Information Officer
CIS	Client Information System
CJO	County Juvenile Officer
CLPP	Consolidated Local Office Purchase Plan
CM	Case Manager
CMA	Cash, Medical, and Administration
CMH	Community Mental Health
CMIA	Cash Management Improvement Act
CMO	Care Management Organization
CO	Central Office
COBRA	Consolidated Omnibus Budget Reconciliation Act
CMS	Center for Medicare and Medicaid Services
CPA	Certified Public Accountant
CPA	Child Placing Agency (private)
CPL	Child Protection Law
CPP	Client Participation Payment
CPS	Children's Protective Services
CRA	Credit Reporting Agency
CRIPA	Civil Rights of Institutionalized Persons Act
CRMC	County Resource Management Committee
CRP	Cooperative Reimbursement Program
CS	Civil Service
CSA	Children's Services Administration
CSAS	Center for Substance Abuse Services
CSBG	Community Services Block Grant
CSCD	Circumstances Start Change Date
CSE	Child Support Enforcement
CSENET	Child Support Enforcement Network
CSES	Child Support Enforcement System
CSPP	Child Safety and Permanency Plan
CSSM	Contractual Services, Supplies, Materials
CSU	Customer Service Unit
CTF	Children's Trust Fund
CTW	Community Treatment Worker
CW	Case Worker
CWEP	Community Work Experience Program
CWFS	Child Welfare Funding Specialist
CWI	Child Welfare Institute
CWL	Child Welfare Licensing
CWIB	Child Welfare Improvement Bureau
CWS	Child Welfare Specialist (degree)



State of Michigan
Department of Human Services
Acronym Listing

CWSS	Child Welfare Services: State Grants
CWTI	Child Welfare Training Institute
CY	Calendar Year
DA	Departmental Analyst
DA	District Analyst
DA	District Attorney
DBA	Doing Business As
DBO	Deputies, Bureau, Office Director memos
DC	Day Care
DC	Disabled Children (Title XVI)
DCDC	Detailed Case Data Component
DCH	Department of Community Health
DCRS	Division of Contracts and Rate Setting
DDS	Disability Determination Services
DE	Disability Examiner
DEERS	Defense Enrollment and Eligibility Reporting System
DEL	Delinquency
DELEG	Department of Energy, Labor, and Economic Growth
DEQ	Department of Environmental Quality
DHO	Department Hearing Officer
DHS	Department of Human Services
DIB	Disability Insurance Benefits (Title II)
DIT	Department of Information Technology
DLEG	Department of Labor and Economic Growth
DMB	Department of Management and Budget
DO	District Office
DOB	Date of Birth
DOC	Department of Corrections
DOC	Determination of Care
DOE	Department of Education
DOE	Department of Energy
DOT	Department of Transportation
DRA	Data Reliability Audit
DRA	Deficit Reduction Act
DSA	Detroit Service Area
DSP	Designated Staff Person
DSW	Delinquency Services Worker
DW	Department Wards
DV	Direct Voucher
DV	Domestic Violence
DVPTB	Domestic Violence and Prevention Treatment Board
EAP	Electric Assistance Program
EBT	Electronic Benefits Transfer
EC	Executive Council



State of Michigan
Department of Human Services
Acronym Listing

ECAP	Executive Corrective Action Panel
ECIC	Early Childhood Investment Corporation
EDBC	Eligibility Determination Benefit Calculation
EDG	Eligibility Determination Group
EEC	Early Education and Care
EEI	Employee Engagement Initiative
EFIP	Extended Family Independence Program
EFT	Electronic Funds Transfer
EITC	Earned Income Tax Credit
EMT	Executive Management Team
EO	Executive Order
EOP	Equal Opportunity Program
EP	Early Payment
EP	Eligibility Period
EPSDT	Early and Periodic Screening, Diagnosis, and Treatment
ERC	Error Review Committee
ERM	State Emergency Relief Manual
ES	Eligibility Specialist
ESS	Employment Support Services
E&T	Employment and Training
FAJ	Foster Care, Adoption, Juvenile Justice
FAME	Food Assistance Management Evaluation
FAP	Food Assistance Program
FAST	Family Automated Screening Tool
FBI	Federal Bureau of Investigation
FC	Foster Care
FCC	Family Coordinating Council (Strong Families)
FCDS	Federal Claims Documentation Study
FCMU	Federal Compliance and Maximization Unit
FCR	Federal Case Registry
FDR	Final Departmental Review
FEMA	Federal Emergency Management Agency
FF	Families First
FFP	Federal Financial Participation
FIA	Family Independence Agency
FIDM	Financial Institution Data Match
FIL	Federal Inmate Locator
FIM	Family Independence Manager
FIS	Family Independence Specialist
FIT	FAP Intervention Team
FIT	Field Input Team
FMG	Financial Management Guide
FMRC	Fair Market Rate Contract
FNS	Food and Nutrition Services (U.S. Department of Agriculture)
FO	Field Office



State of Michigan
Department of Human Services
Acronym Listing

FO	Field Operations
FOA	Field Operations Administration
FOC	Friend of the Court
FOIA	Freedom of Information Act
FP	Family Preservation
FR	Family Reunification
FRAM	Financial Reporting and Accounting Manual
FRC	Family Resource Center
FSA	Field Services Administration
FSAR	Food Stamp Authorized Representative
FSS	Family Support Services
FSSP	Family Self Sufficiency Plan
FTBS	Families Together Building Solutions
FTE	Full Time Equivalent (position)
FTRO	Federal Tax Refund Offset
FTW	Freedom to Work
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GED	General Education Development
GF/GP	General Fund/General Purpose
GPRA	Governmental Performance and Results Act
HAP	Heating Assistance Program
HB	House Bill
HCBW	Home Care Based Waiver
HCFA	Health Care Financing Administration
HCBWS	Home Care Based Waiver Services
HHC	Home Heating Credit
HHS	Health and Human Services
HHS	Home Help Services
HIV	Human Immunodeficiency Virus
HKP	Health Kids Program
HMO	Health Maintenance Organization
HRMN	Human Resources Management Network
HUD	Housing and Urban Development
ICFMR	Intermediate Care Facility for the Mentally Retarded
ICHAT	Internet Criminal History Access Tool
ICO	Internal Control Officer
IDA	Individual Development Account
IDC	Interdepartmental Clearance
IEVS	Income Eligibility Verification System
ILS	Independent Living Services
INA	Immigration and Nationality Act



State of Michigan
Department of Human Services
Acronym Listing

IPV	Intentional Program Violation
IR	Information and Referral
ISP	Initial Service Plan
ITB	Invitation to Bid
ITMS	Information Technology Management Services
ITT	Information Technology Technician
IWN	Income Withholding Notice
JAD	Joint Application Design
JAIBG	Juvenile Accountability Incentive Block Grant
JCYOI	Jim Casey Youth Opportunity Initiative
JET	Jobs, Education, and Training
JJ	Juvenile Justice
JJDAR	Juvenile Justice Diversion and Reintegration
JJDP	Juvenile Justice and Delinquency Prevention
JJOLT	Juvenile Justice On-Line Technology
JJS	Juvenile Justice Services
JPA	Joint Performance Agreement
JRT	Joint Review Team
KPI	Key Performance Indicator
LAP	Licensing Automation Project
LAFI	Legal Affairs and Financial Integrity
LASR	Local Accounting System Replacement
LC	Level of Care
LCA	LIHEAP Crisis Assistance
LEAA	Law Enforcement Assistance Administration
LEIN	Law Enforcement Information Network
LHD	Local Health Department
LIHEAP	Low Income Home Energy Assistance Program
LIF	Low Income Family
LIT	Line Item Transfer
LO	Local Office
LOA	Local Office Automation
LOC	Level of Care
LOR	Local Office Reports Manual
LPA	Limited Purpose Agency
LR	LASR Report
LSB	Legislative Service Bureau
LTC	Long Term Care
L UW	Logical Unit of Work
LWO	Local Weatherization Operator
MA	Medical Assistance
MADA	Michigan Assistance Donation Agreements



State of Michigan
Department of Human Services
Acronym Listing

MAGE	Michigan Association of Government Employees
MAGIC	Michigan Automated Grant Information Connection
MARE	Michigan Adoption Resource Exchange
MAIN	Michigan Administrative Information Network
MARS	Michigan Assistance and Referral Service
MCAAA	Michigan Community Action Agency Association
MCB	Michigan Commission for the Blind
MCF	Medical Care Facility
MCDC	Michigan Commission on Disability Concerns
MCI	Master Client Index
MCI	Michigan Children's Institute
MCL	Michigan Compiled Law
MIC	Michigan Children's Institute
MCSF	Michigan Child Support Formula
MCSSA	Michigan County Social Services Association
MCSSW	Michigan County Social Services Workers
MDT	Multi Disciplinary Team
MDVPTB	Michigan Domestic Violence Prevention and Treatment Board
MFT	Managed File Transfer
MHA	Michigan Hospital Association
MHBCCC	Michigan Home Based Child Care Council
MiCAP	Michigan Combined Application Project
MiCSES	Michigan Child Support Enforcement System
MICWA	Michigan Indian Child Welfare Agency
MIFPI	Michigan Family Preservation Initiative
MISDU	Michigan State Disbursement Unit
MIRS	Michigan Information and Research Services, Inc.
MJC	Michigan Jobs Commission
MLHS	Michigan League for Human Services
MMIS	Michigan Medicaid Information System
MOE	Maintenance of Effort
MOMS	Maternity Outpatient Medical Services
MOU	Memorandum of Understanding
MPCB	Multi Purpose Collaborative Body
MPS	Model Payment System
MPSC	Michigan Public Service Commission
MRT	Medical Review Team
MSA	Medical Services Administration
MSAEYC	Michigan Association for the Education of Young Children
MSEA	Michigan State Employees Association
MSBF	Michigan State Bar Foundation
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
MSW	Masters of Social Work
MSWC	Medical Social Work Consultant
MWA	Michigan Works Agency



State of Michigan
Department of Human Services
Acronym Listing

MWE	Major Wage Earner
NABSW	National Association of Black Social Workers
NASCSP	National Association for State Community Services Program
NASW	National Association of Social Workers
NCIC	National Crime Information Center
NCP	Non Custodial Parent
NDI	New Director Institute
NEAT	National Energy Audit
NERE	Non-Exclusively Represented Employee
NGA	National Governor's Association
NH	Nursing Home
NIGP	National Institute of Governmental Purchasing
NPSOR	National Public Sex Offender Registry
NSA	Northern Service Area
NSF	Non Sufficient Funds
NSI	New Supervisor Institute
OAA	Office of Affirmative Action
OAG	Office of the Auditor General
OBRA	Omnibus Budget Reconciliation Act
OCAL	Office of Child and Adult Licensing
OCR	Office of Civil Rights
OCRS	Office of Contracts and Rate Setting
OCS	Office of Child Support
ODIS	Office of Delinquency Information System
OEPC	Office of Employment Policy Coordination
OFA	Office of the Family Advocate
OFM	Office of Financial Management
OHR	Office of Human Resources
OI	Overissuance
OIA	Office of Internal Audit
OIAS	Office of Internal Audit Services
OIG	Office of the Inspector General
OLM	On-Line Manuals
OLR	Office of Labor Relations
OMB	Office of Management and Budget
OMIC	Office of Monitoring and Internal Controls
OPD	Office of Professional Development
OQA	Office of Quality Assurance
ORR	Office of Refugee Resettlement
OSA	Office of Services to the Aging
OSB	Office of the State Budget
OSCAR	Online Solution for Complete and Accurate Reporting
OSE	Office of the State Employer
OTIM	Office of Technology and Information Management



State of Michigan
Department of Human Services
Acronym Listing

OTIS	Offender Tracking Information System
OTSD	Office of Training and Staff Development
PA	Prosecuting Attorney
PA	Public Act
PA	Public Assistance
PACAP	Public Assistance Cost Allocation Plan
PACC	Prosecuting Attorneys Coordinating Council
PAL	Payment Authorization List
PAM	Program Administrative Manual
PARIS	Public Assistance Reporting Information System
PCA	Program Cost Account
PCEL	Position Comparison Equivalency Level
PCN	Policy Change Notice
PD	Position Description
PD	Presumptive Disability
PDC	Payment Document Control
PDS	Physical Disability Services
PEC	Permanent Employee Count
PED	Period End Date
PEFR	Performance Agreement
PEM	Program Eligibility Manual
PEP	Paternity Establishment Percentage
PF	Processing Fee
PI	Project Identification
PIP	Program Improvement Plan
PLG	Program Leadership Group
PMPD	Performance Management Development Plan
POA&M	Plan of Action and Milestones
POI	Pollution Occurrence Insurance
POMS	Program Operations Manual System
POS	Purchase of Service
PPA	Patient Pay Amount
PPB	Program Policy Bulletin
PPO	Preferred Provider Organization
PRM	Program Reference Manual
PRPFC	Personal Responsibility Plan and Family Contract
PRR	Program Revision Request
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
PS	Protective Services
PSD	Period Start Date
PSD	Procurement Suspension Debarment
PSDDS	Program Support and Disability Determination Service
PSF	Preventative Services for Families
PSMIS	Protective Services Management Information System
PSOR	Public Sex Offender Registry



State of Michigan
Department of Human Services
Acronym Listing

PSP	Physician Sponsor Plan
PTR	Partial Tuition Refund
PY	Program Year
PZ	Project Zero
QA	Quality Analyst
QA	Quality Assurance
QC3	Quality Community Care Council
QDW	Qualified Disabled Working Individual
QMB	Qualified Medical Beneficiary
RAP	Refugee Assistance Program
RAP	Reports Access Program
RAPC	Refugee Assistance Program Cash
RAPM	Refugee Assistance Program Medical
RAS	Responsibility Accounting System
RAU	Regional Accounting Unit
RCA	Refugee Cash Assistance
RCAM	Risk, Control Activity, Monitoring
RDSS	Regional Detention Support Services
REAP	Refugee Entrant Assistance Program
RESA	Regional Educational Service Agency
RF	Reference Manual
RFP	Request for Proposal
RFQ	Request for Quote
RFT	Reference Tables
RO	Regional Office
ROMA	Results Oriented Management and Accountability
RMA	Refugee Medical Assistance
RS	Recoupment Specialist
RS	Refugee Services
RSDI	Retirement and Survivors Disability Insurance
RSS	Refugee Social Services
RSS	Registration and Support Specialist
S&W	Salary and Wage
SA	State Assistance
SASP	Sexual Assault Services Program
SATC	Substance Abuse Treatment Center
SACWIS	State Automated Child Welfare Information System
SB	Senate Bill
SBO	State Budget Office
SB/SF	Strength Based/Solution Focused
SCAO	State Court Administrative Office
SDA	Service Delivery Area
SDA	State Disability Assistance



State of Michigan
Department of Human Services
Acronym Listing

SDC	Special Disabled Children
SDM	Structured Decision Making
SDU	State Disbursement Unit
SDV	Senior/Disabled/Veteran Member
SDX	State Data Exchange
SEF	State Emergency Funds
SEFA	Statement of Expenditures of Federal Awards
SEM	System Engineering Methodology
SER	State Emergency Relief
SFA	Senate Fiscal Agency
SFA	State Family Assistance
SFSC	Strong Families Sage Children
SGA	Substantial Gainful Activity
SHA	Special Hearing Allowance
SHRT	State Hearing Review Team
SIC	System Instruction Code
SIU	Special Investigations Unit
SL	Sick Leave
SLA	Service Level Agreement
SLA	Special Living Arrangement
SLMB	Specified Low Income Medical Beneficiaries
SNAP	Supplemental Nutrition Assistance Program (formerly Food Stamps)
SOAHR	State Office of Administrative Hearings and Rules
SODA	Status Offense Diversion Agency
SOLQ	State On-Line Query
SOM	State of Michigan
SOMCAFR	State of Michigan Comprehensive Annual Financial Report
SOS	Secretary of State
SR	Service Request
SR	Simplified Reporting
SRT	State Review Team
SSA	Social Security Administration
SSB	Social Security Benefits
SSGB	Social Services Block Grant
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
SSN	Social Security Number
STFS	Short Term Family Support
STRO	State Tax Refund Offset
STSM	Screen Transaction System Management
SUITE	State Unified Information Technology Environment
SVES	State Verification Exchange System
SWSA	Southwest Service Area
SWSS	Social Worker Support System
SWSS-FAJ	Social Worker Support System for Foster Care, Adoption, Juvenile Justice



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TAA	Trade Adjustment Assistance
TANF	Temporary Assistance for Needy Families
TAT	Technical Assistance Team
TBI	Traumatic Brain Injury
TIP	Tuition Incentive Program
TMA	Transitional Medical Assistance/Medicaid
TMAP	Transitional Medical Assistance Program
TOA	Types of Assistance
TPL	Third Party Liability
TPSO	Third Party Service Organization
TSMF	To Strengthen Michigan Families
TTY	Teletype for the Deaf
UA	Unemployment Agency
UAW	United Auto Workers
UC	User Code
UIFSA	Uniform Interstate Family Support Act
UFO	Urban Field Operations
UIA	Unemployment Insurance Agency
UMP	Unaccompanied Minor Program
UPA	Unreimbursed Public Assistance
URM	Unaccompanied Refugee Minor
USP	Updated Service Plan
USC	United States Code
USDA	United States Department of Agriculture
VA	Veteran's Administration
VAW	Violence Against Women
VCL	Verification Checklist
VDT	Video Data Terminal
VHF	Voluntary Heating Fuel
WA	Wraparound
WAP	Weatherization Assistance Program
WCDHS	Wayne County Department of Human Services
WEI	Work Eligible Individual
WF	Work First
WFM	Weatherization Field Manual
WIA	Workforce Investment Act
WOC	Working Out of Class
WPN	Weatherization Program Notice
WR	Work Request
WX	Weatherization
YIT	Youth in Transition
YRD	Youth Residence Director



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