



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

DAVID P. MASSARON
DIRECTOR

March 23, 2021

MEMORANDUM

TO: Office of Internal Audit Services
State Budget Office

FROM: Heather Boyd, Director *HB*
Office of Financial Management

SUBJECT: FY2019 Statewide Single Audit Corrective Action Plan

In accordance with the State of Michigan Financial Management Guide, Part VII, Chapter 4, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's State of Michigan Single Audit Report for the fiscal year ended September 30, 2019.

Questions regarding the summary table or corrective action plans should be directed to Derek Childs, Single Audit Coordinator, at ChildsD5@michigan.gov.

Attachment

cc: Executive Office
Doug Ringler, Auditor General
Jason Wentworth, Speaker of the House
Donna Lasinski, House Minority Leader
Mike Shirkey, Senate Majority Leader
Jim Ananich, Senate Minority Leader
David Massaron, State Budget Director
Bethany Wicksall, Deputy State Budget Director
Shawna Hessling, Director, Accounting and Financial Reporting Division 1
Derek Childs, Statewide Single Audit Coordinator
House Fiscal Agency
Senate Fiscal Agency
Chief Financial Officers
Chief Accountants

**State of Michigan
Single Audit Report
Summary of Agency Responses to Recommendations
Fiscal Year Ended September 30, 2019**

1. **Audit Recommendations the agency has complied with:**
2019-008, 2019-009, 2019-011, 2019-012, 2019-022, 2019-023, 2019-024, 2019-025, 2019-026, 2019-027, 2019-028, 2019-029, 2019-030, 2019-031, 2019-033, 2019-035, 2019-036, 2019-037, 2019-040, 2019-041*, 2019-046, 2019-048, 2019-052, 2019-056, 2019-058, 2019-060, 2019-062, 2019-066, 2019-068, 2019-072
2. **Audit Recommendations the agency will comply with:**
2019-001, 2019-002, 2019-003, 2019-004 (parts a. through d., e. *, f., and g), 2019-005, 2019-006, 2019-007, 2019-010, 2019-013, 2019-014, 2019-015, 2019-016, 2019-017, 2019-018, 2019-019, 2019-020, 2019-021, 2019-032, 2019-038, 2019-039, 2019-043, 2019-044, 2019-045, 2019-047, 2019-049, 2019-050, 2019-051, 2019-053, 2019-054, 2019-055, 2019-057, 2019-059, 2019-061, 2019-064, 2019-065, 2019-067, 2019-069, 2019-070, 2019-071
3. **Audit Recommendations the agency disagrees with and will not comply with:**
2019-004 (part h.), 2019-034, 2019-042, 2019-063
4. **Audit Recommendations Related to Other Audits:**
2019-073, 2019-074, 2019-075, 2019-076

These findings related to major programs that were audited by other auditors and were brought forward by the Office of the Auditor General into the audit report. As these findings were not directly addressed to the State Budget Office, we did not obtain corrective action plans for the findings related to them.

*Agency disagrees or partially agrees with the finding but agrees to comply or has complied with the recommendation.

Finding 2019-001

Access Limitations for Confidential Information in SIGMA

Recommendation

We recommend that the Michigan Department of Health and Human Services (MDHHS), the Department of Labor and Economic Opportunity (LEO), and the Michigan Department of Education (MDE) sufficiently limit access to confidential information to appropriate users of the information in the Statewide Integrated Governmental Management Applications (SIGMA).

Management Views

MDHHS, the Department of Licensing and Regulatory Affairs (LARA), LEO, and MDE agree with the finding.

Related to the Rehabilitation Services – Vocational Rehabilitation Grants to States program, Michigan Rehabilitation Services (MRS) and the Michigan Bureau of Services for Blind Persons (BSBP) transferred to LEO by Executive Order No. 2019-13 on August 11, 2019 and are no longer part of MDHHS and LARA.

BSBP and MRS both identify certain client personality identifiable information (PII) included within SIGMA payment records for a limited number of vendor transactions, so that the vendors can discern which client accounts they are receiving payment for.

A disclosure of client PII to LEO fiscal personnel by the State agencies for administration of the Vocational Rehabilitation (VR) program is permitted pursuant to 34 *CFR* 361.38(b). Therefore, LEO fiscal personnel viewing a BSBP or MRS client PII in a SIGMA payment record does not create a deficient practice. BSBP and MRS were unaware that additional SIGMA users could also view this information.

Planned Corrective Action

For part a., MDHHS's Financial Support Division has continued to work collaboratively with subsystem leads, MDHHS Compliance, DTMB DataStage, and SIGMA to discuss the best approach to mitigate PII information in SIGMA. MDHHS has determined the most efficient and cost-effective way to mitigate PII information within SIGMA is with modifications to the data by DTMB DataStage and not the individual subsystems. In addition, modifications will be made to SIGMA to accommodate the EFT remittance advice. The Statement of Work, Business Requirements, and other required documents have been completed. MDHHS is currently working with all parties to coordinate the necessary efforts to mitigate displaying of any PII information within SIGMA Financial.

LEO has started work with DTMB data stage to leverage the solution created with MDHHS. Modifications will be made so that the PII necessary for vendors to properly apply BSBP payments on behalf of its clients will not appear on the SIGMA remittance advice screen visible to other departments' staff. The payment information will instead appear in the secure state web portal where vendors will log into their accounts and view the information they require to properly apply BSBP payments on behalf of its clients.

For part b., MDHHS is no longer attaching documentation with confidential information into SIGMA. These documents are now being retained in Content Manager which has security restricted to only necessary MDHHS and audit staff. This process was fully implemented by October 31, 2018.

LEO BSBP will also instruct and train its staff not to include attachments containing PII when processing direct payments.

Anticipated Completion Date

MDHHS anticipates corrective action for part a. will be complete by March 31, 2021. MDHHS has completed corrective action related to part b. of finding.

LEO anticipates corrective action will be complete by April 30, 2021.

Finding 2019-002
Bridges Interface Controls

Recommendation

We recommend that MDHHS and DTMB ensure that effective interface controls are implemented for Bridges related to eligibility and benefit level for the Supplemental Nutrition Assistance Program (SNAP) Cluster, Temporary Assistance for Needy Families (TANF) Cluster, Child Care and Development Fund (CCDF) Cluster, Medicaid Cluster, Low-Income Home Energy Assistance Program (LIHEAP), and Children’s Health Insurance Program (CHIP).

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For part a., DTMB started work on this process as part of the now paused Bridges Integrated Automated Eligibility Determination System (Bridges) Modernization project. When authorized to do so by MDHHS, DTMB will work to ensure that the file control and batch summary tables used to reconcile Bridges interfaces consistently account for header and trailer records, represent control totals of information processed, and indicate whether the interface processed with or without exceptions.

For part b., when work is recommenced on part a., DTMB, in conjunction with MDHHS, will establish procedures to account for all interfaced records and to ensure that all records identified with errors and excluded from interface processing are investigated, corrected, and resubmitted for processing as appropriate.

For part c., the MDHHS Compliance and Data Governance Bureau has identified the outstanding sharing agreements. The coronavirus disease of 2019 (COVID-19) State of Emergency resulted in many priorities being shifted to support emergency activities. MDHHS will begin the process of creating a plan for remediation and prioritization for completion of missing sharing agreements based on risk to the programs and agency and anticipates having corrective action plans and the data sharing agreements in place by the end of June 2021.

Anticipated Completion Date

- a. and b. July 31, 2021, subject to MDHHS Projects Prioritization
- c. June 2021

Finding 2019-003
Bridges Security Management and Access Controls

Recommendation

We recommend that MDHHS and DTMB establish effective security management and access controls over Bridges users.

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For parts a., b., d., f., MDHHS will begin developing and implementing the Database Security Application (DSA) Bridges form which establishes a method to document user access request approval electronically; a method to more completely document incompatible role approval electronically; and methods to more completely and regularly monitor users utilizing the DSA Periodic Access Review (PAR) and/or Form Initiated Renewal on Expiration processes, which automatically creates appropriate renewal requests along with automatically submitting a drop access request for users that have not completed the required periodic and/or renewal access review.

For part c., DTMB will develop an organization-wide security framework for database security configuration management.

For part e., as of December 2019, DTMB developed and implemented remaining internal procedures for security management and access controls over the operating system for Bridges servers.

For part g., MDHHS established a monthly documentation and storage repository for all Bridges local office high-risk transaction report reconciliations to ensure proper monitoring of those transactions are occurring regularly and available for audit purposes.

For part h., MDHHS, along with DTMB, enhanced documentation of the non-local office high-risk transactions within the Bridges application, which included development of the procedures for properly monitoring those transactions. Beginning March 2020, the current high-risk transaction report is reviewed monthly and proper approval and documentation is retained.

MDHHS, along with DTMB, developed additional Bridges non-local office high risk transaction ad-hoc reports that identify actions performed by all central office staff. Beginning May 2020, the non-local office high risk transaction ad hoc reports are reviewed monthly and proper approval and documentation is retained.

Anticipated Completion Date

a., b., d., f. December 2021

c. DTMB has not yet determined an anticipated completion date.

e. Completed

g. Completed

h. Completed

Finding 2019-004
Income Eligibility and Verification System

Recommendations

We recommend that MDHHS and DTMB request and obtain Income Eligibility and Verification System (IEVS) information for all recipients.

We also recommend that MDHHS ensure that county/district office caseworkers consider and use IEVS information in a timely manner when making eligibility and benefit level determinations for these programs.

Management Views

MDHHS and DTMB agree with parts a. through d., f., and g. of the finding. MDHHS disagrees with parts e. and h. of the finding.

For part e., MDHHS disagrees that the IEVS information is required to be requested and obtained for recipients funded by the TANF Cluster adoption subsidies. Guidance from the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) states that if income or citizenship and alienage are not eligibility criteria for receipt of the benefit, then verification of income or citizenship and alienage through IEVS is unnecessary. Citizenship and alienage are not eligibility criteria for adoption subsidy eligibility since the eligibility is based on the child and not the adoptive parents.

For part h., MDHHS disagrees that IEVS information is required to be requested and obtained for modified adjusted gross income (MAGI) based recipients since eligibility is verified upon determination through the MAGI eligibility determination process and then granted for a 12-month continuous eligibility period. Requesting and obtaining IEVS information throughout the eligibility period would be irrelevant since eligibility is continuous.

Planned Corrective Action

For part a., MDHHS and DTMB will fully establish effective processing controls over Bridges interfaces to ensure that the data exchanged between Bridges and IEVS data sources are processed accurately, completely, and timely.

For parts b., c., and d., related to the TANF, Supplemental Nutrition Assistance Program (SNAP), and Medicaid Clusters, MDHHS's Economic Stability Administration (ESA) will continue to provide training and policy support to ensure that the local office specialists appropriately utilize the IEVS interface information in determining recipients' eligibility when applicable. ESA will be reviewing policy for direct assistance benefits that simplify the verification process while maintaining State and federal compliance.

For part e., MDHHS has added clarification to its TANF State Plan, and is awaiting federal approval.

For part f., MDHHS will continue to work internally, and with the National Technical Information Service, to obtain and utilize the Death Master file. This process has currently been placed on hold due to COVID-19 priorities that have resulted in staffing and time constraints.

For part g., related to SNAP, ESA has worked with the MDHHS Bureau of Finance and Accounting and established a process for timely submission of payment for the National Directory of New Hire interface. The fiscal year 2019 payment was complete as of February 26, 2019.

Anticipated Completion Date

- a. July 31, 2021, subject to MDHHS Project Prioritization
- b., c., and d. Ongoing
- e. MDHHS submitted the TANF State Plan clarification for approval on January 24, 2020 but cannot estimate when federal approval will be received.
- f. June 2021
- g. Completed

Finding 2019-005
ADP Security Program

Recommendation

We recommend that MDHHS and DTMB ensure that a comprehensive automated data processing (ADP) security program is established for information systems used to administer federal programs.

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For part a., DTMB has implemented a new system called the Michigan Continuity Management Solution that will allow each business area to create, manage, and store both disaster recovery plans (DRP) and business continuity plans (BCP) for systems. MDHHS will work with DTMB to prioritize the systems identified to have BCPs established.

For part b., MDHHS will assess, identify, and prioritize the completion of the DRPs for the systems cited in the audit finding in accordance with the State of Michigan (SOM) Technical Standard 1340.00.070.02 (Information Technology Continuity of Business Planning Standard). DTMB will support the completion of the DRPs as well as the testing of the necessary DRPs based on this assessment and based on guidance in the identified standard. Budget constraints could impact the completion and testing of the DRPs; as such, the corrective action implementation date has not yet been determined.

Anticipated Completion Date

- a. September 2021
- b. DTMB has not yet determined an anticipated completion date.

Finding 2019-006
MiSACWIS Security Management and Access Controls

Recommendation

We recommend that MDHHS and DTMB establish effective security management and access controls over the Michigan Statewide Automated Child Welfare Information System (MiSACWIS).

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For parts a., b., and f., MDHHS is implementing the DSA, which establishes a method to document user access request approval electronically, a method to more completely document incompatible role approval electronically, and methods to more completely and regularly monitor users by automatically removing access for users that have not submitted appropriate renewal requests and automatically removing access for privileged users that have not received a required periodic access review.

For part c., DTMB will develop an organization-wide security framework for database security configuration management.

For part d., DTMB developed and implemented remaining internal procedures for security management and access controls over the operating system for MiSACWIS servers. This was completed as of December 2019.

For part e., MDHHS, along with DTMB, is still working on identifying and documenting the high-risk transactions within the MiSACWIS application and to develop the procedures for properly monitoring those transactions. A plan for implementing and maintaining those procedures will also be completed.

Anticipated Completion Date

a., b., e., and f. February 2021

c. DTMB has not yet determined an anticipated completion date.

d. Completed

Finding 2019-007

CHAMPS Security Management and Access Controls

Recommendation

We recommend that MDHHS and DTMB establish effective security management and access controls over the Community Health Automated Medicaid Processing System (CHAMPS).

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For part a., DTMB will develop an organization-wide security framework for database security configuration management.

For part b., as of December 2019, DTMB developed and implemented remaining internal procedures for security management and access controls over the operating system for the CHAMPS servers.

For part c., MDHHS implemented a system fix in March 2020. In addition, during October 2020, MDHHS implemented a reconciliation process that utilizes an existing CHAMPS online search to identify high risk CHAMPS users and reconciles to the high-risk users on the DSA report. MDHHS will follow up on any identified exceptions.

For part d., MDHHS began reviewing privileged user access semi-annually through the PAR process within the DSA beginning September 2020.

Anticipated Completion Date

- a. DTMB has not yet determined an anticipated completion date.
- b., c., and d. Completed

Finding 2019-008

EGrAMS Security Management and Access Controls

Recommendation

We recommend that MDHHS establish effective security management and access controls over the Electronic Grants Administration and Management System (EGrAMS).

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS management implemented sufficient internal controls to ensure certification of user accounts are completed in compliance with SOM Technical Standard 1340.00.020.01 (Access Control Standard).

During September 2020, MDHHS implemented a semi-annual process to create and send a list of privileged users to the MDHHS Bureau of Grants and Purchasing Bureau Director for review and verification. During January 2021, MDHHS created and sent out an EGrAMS User Access Annual Reconciliation Survey to supervisors to verify that their staff have the appropriate EGrAMS security access.

Anticipated Completion Date

Completed

Finding 2019-009

MDE, IT General Controls

Recommendation

We recommend that MDE and DTMB fully establish effective general controls over the Michigan Electronic Grants System Plus (MEGS+), Cash Management System (CMS), and Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS).

Management Views:

MDE and DTMB agree with the finding.

Planned Corrective Action

For part a., DTMB will continue to train staff on change management processes through quarterly meetings. The first quarterly meeting was held August 31, 2020. Bi-monthly, DTMB Agency Services and MDE through the Office of Systems, Evaluation, and Technology and the system owners will review a sample of work items and will address any deviations with SOM Technical Standard 1340.00.060.01 (Enterprise Change Management Procedure). The first review was completed on August 31, 2020.

For part b., as of April 2020, DTMB developed and implemented internal standards and procedures for security management over the operating system for MEGS+, CMS, Food Nutrition System – Fiscal Reporting System, and GEMS/MARS servers.

Anticipated Completion Date
Completed

Finding 2019-010
MDE, IT Security Management and Access Controls

Recommendation

We recommend that MDE fully establish effective security management and access controls over MEGS+, CMS, and GEMS/MARS.

Management Views

MDE agrees with the finding.

Planned Corrective Action

For part a., MDE's Agency Security Officer shared the requirements for access controls and the MDE policy on security management for MDE information systems with all business owners on October 31, 2020.

For part b., the MDE policy on security management for MDE information systems requires all business owners to certify semiannually that all administrative accounts are up to date and in compliance by June 30 and December 31. This policy was updated on December 1, 2019 and is in place. MDE will ensure all office directors and business owners are aware of the current policy.

For part c., MDE is assessing controls and appropriate processes for identified MDE applications to comply with state standards. MDE will work with DTMB to understand the revisions to the state's technical standards and procedures in developing a set of tailored security and access control baselines based on the National Institute of Standards and Technology (NIST) control framework to ensure the controls for each information system are appropriate for the information types it processes. MDE will continue to monitor the state's efforts and MDE has not determined an anticipated completion date. In the interim, MDE will rely on compensating controls to mitigate these risks including:

- Inactive users will be deactivated, per MDE Security Management for MDE Information Systems policy. Furthermore, MDE's planned implementation of MiLogin will help automate this process.
- Adhere to business processes to address account security.
- MDE will begin to distribute an annual notice of user access to school districts. MDE will implement this notification initially with financial applications MEGS+, CMS, MiND, SAMS, and GEMS/MARS, then evaluate for additional applications. MDE anticipates this notification to take place by the end of June 2021. This notice will inform the district superintendents of school district staff with access to MDE data applications. Additionally, the notice will provide direction on how to make changes to user access, if needed.

Anticipated Completion Date

- a. Completed
- b. Completed
- c. June 30, 2021

Finding 2019-011
MDHHS, PACAP – Completeness and Accuracy of the PACAP

Recommendation

We recommend that MDHHS ensure that its Public Assistance Cost Allocation Plan (PACAP) includes a complete and accurate narrative.

Management Views

MDHHS agrees with the finding. MDHHS decreased the number of identified cost pools with inaccurate coding from 11 pools in fiscal year 2018 (69%) to seven pools in fiscal year 2019 (41%). The total instances of incompatible combinations for all seven pools totaled \$46,288 for the fiscal year. MDHHS analyzed the remaining exceptions and determined that two (29%) of the seven pools identified with exceptions only noted instances of high-level expenditure corrections and were allocated appropriately based on the document coding and statistics. As a result of this analysis and comparison of the minimal dollar impact of the exceptions noted in the remaining five pools to the overall federal grants, MDHHS determined it would not be efficient to make corrections for the fiscal year 2019 PACAP.

Planned Corrective Action

MDHHS created and utilized a report that identifies SIGMA coding that does not match the PACAP narrative and began utilizing the report July 1, 2019. MDHHS expects further improvements in coding accuracy during fiscal year 2020 because the report has now been utilized for an entire fiscal year.

Anticipated Completion Date

Completed

Finding 2019-012
MDHHS, PACAP – Inappropriate PACAP Allocation

Recommendation

We recommend that MDHHS ensure that it uses the appropriate PACAP data to allocate expenditures to its federal programs.

Management Views

MDHHS agrees with the finding. For part a., as a result of additional quality control measures that were implemented in July 2019, the number of statistical groups identified in the finding decreased from 27 instances for fiscal year 2018 to 11 for fiscal year 2019, which is a 59% decrease. For all 11 statistics identified, the total average quarterly variance was only \$22,557 and nine (82%) of the 11 statistics occurred before July 2019. MDHHS anticipates a further decrease in statistical errors for fiscal year 2020.

Planned Corrective Action

For part a., MDHHS implemented additional quality control measures in July 2019, including improved statistical input processes and statistical trend analysis based on quarterly Cost Allocation Validation Report database reports.

For part b., MDHHS used the corresponding quarterly statistics for the two cost pools identified beginning October 2020.

For part c., MDHHS now manually compares SIGMA employee records to the population of participants to determine which employees need to be manually added or removed beginning July 1, 2020. These changes are notated manually to document why the employee was added or removed. The Child Placement Agency rosters continue to be completed by a vendor. MDHHS will continue to work on improvements to the database that will allow utilization of the full functionality of the database to help automate these steps in the future.

Anticipated Completion Date
Completed

Finding 2019-013
MDHHS, Cash Management Process

Recommendations

We recommend that MDHHS and LEO follow its established cash draw process to prepare reimbursement requests in accordance with the Cash Management Improvement Act (CMIA).

We also recommend that MDHHS and LEO report complete and accurate noncompliant cash draw information to Treasury.

Management Views

MDHHS and LEO agree with the finding.

Planned Corrective Action

Rehabilitation Services – Vocational Rehabilitation Grants to States program:

MRS transferred to LEO by Executive Order No. 2019-13 on August 11, 2019 and is no longer part of MDHHS. Spending authority became available for LEO during fiscal year 2020, and LEO began making cash draws in December 2019. The LEO Federal Finance Manager will continue to monitor the draws made by the assigned accountant to ensure compliance with the CMIA going forward.

Other Programs:

During fiscal year 2019, MDHHS provided updates to Treasury for the fiscal year 2019 CMIA Treasury State Agreement (TSA) and the updated funding techniques have been approved in the 2019 TSA. The new funding techniques more accurately reflect how the SIGMA automated processes function and better internal controls have been applied to federal draws by noting any CMIA deviations on the draw cover sheet and the grant summary.

MDHHS is continuing to develop a grant draw tracking database that will track the funding technique timing and any deviations. In addition, MDHHS will provide training to staff and CMIA compliance will be incorporated in staff performance reviews.

Anticipated Completion Date

Corrective action is complete for the Rehabilitation Services – Vocational Rehabilitation Grants to States program. For the remaining programs, MDHHS will have the tracking database and training completed by March 31, 2021.

Finding 2019-014
MDHHS, Subaward Information

Recommendation

We recommend that MDHHS report to its subrecipients all subaward information as required by the Uniform Guidance.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For the WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program) and the Block Grant for Prevention and Treatment of Substance Abuse, MDHHS did not have all available information at the time the subaward was executed, so MDHHS included the best information available. MDHHS interpreted the regulations to require the updated information only to be reported if an amendment was necessary for some other purpose, therefore, MDHHS did not amend this agreement solely to provide the additional information. MDHHS will revise processes to strengthen internal control to identify information not initially available and verify that the subaward information conforms with federal regulations 2 *CFR* 200.331(a) and 45 *CFR* 75.352(a).

For the Crime Victims Assistance Program, MDHHS agrees it provided the incorrect Federal Award Identification Number (FAIN) to four of the 29 subrecipients reviewed and incorrect federal award date to 25 of the 29 subrecipients reviewed. However, the other fields required in federal regulations 2 *CFR* 200.331(a) and 45 *CFR* 75.352(a) that MDHHS provided were correct, including the Catalog of Federal Domestic Assistance (*CFDA*) number, which is the basis for the subrecipients tracking. MDHHS revised processes during December 2020 to strengthen internal control to identify and verify the subaward information conforms with federal regulations 2 *CFR* 200.331(a) and 45 *CFR* 75.352(a). In addition, the Bureau of Grants and Purchasing is working on an EGrAMS system enhancement that will provide timely grant information to the grantee and this enhancement is expected to be completed by October 1, 2021.

For TANF, the agreements identified were not maintained in EGrAMS during the audit period, but they have now been transitioned to EGrAMS. MDHHS will continue to maintain the identified agreements in EGrAMS because it contains agreement templates that have the functionality to populate the required data elements if available. The grants division section manager responsible for reviewing the grant agreements will continue to ensure the required data elements are populating on the agreements. If elements are not available at the time the award is issued, the grants division will follow up to ensure the information is conveyed to the grantee during the grant period when it becomes available. MDHHS will begin running an annual query of the EGrAMS vendor table to determine if any Data Universal Numbering System (DUNS) numbers are missing and correct if necessary.

For Child Support Enforcement, MDHHS agrees that the dollar amount made available under each federal award was not reported to subrecipients. Prior to September 27, 2019, the HHS ACF quarterly Notice of Award documents did not include the federal award date or FAIN but did list a grant document number. The September 27, 2019 Notice of Award document does include the federal award date as well as the award number and the FAIN, which are one in the same in this instance, but it is important to note that this is not always the case and it was not clarified on the document. Therefore, the federal award date and the FAIN were not provided to subrecipients because MDHHS did not know that the award number was also the FAIN.

MDHHS has posted the quarterly HHS ACF Notice of Award documents to the MDHHS Office of Child Support website starting with the September 27, 2019 document and will continue to post them upon receipt.

Anticipated Completion Date
October 1, 2021

Finding 2019-015
MDHHS, Beneficiary Eligibility

Recommendations

We recommend that MDHHS properly consider Medicaid and CHIP eligibility documentation in accordance with eligibility requirements.

We also recommend that MDHHS maintain documentation to support that beneficiary eligibility was determined in accordance with eligibility requirements.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will evaluate available training that is specific to workers utilizing required information in the case file and documenting information required to be utilized during eligibility determination. MDHHS will determine if additional trainings need to be developed to help ensure workers are reviewing and maintaining required eligibility documentation when determining eligibility for both Medicaid and CHIP cases. Evaluation of training has currently been put on hold due to COVID-19 priorities that have resulted in staffing and time constraints.

Anticipated Completion Date
March 31, 2021

Finding 2019-016
MDHHS, Expenditure Processing for Medical Payments

Recommendation

We recommend that MDHHS ensure that Bridges and CHAMPS contain the correct Medicaid Cluster and CHIP eligibility information to allow MDHHS to record expenditures to the appropriate program at the time of payment and to ensure that the related federal draw is accurate and timely.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has submitted a work request (WR) to ensure correct eligibility classifications in Bridges at the time of payment and the enhancement has been prioritized for implementation by December 2020. MDHHS would like to note that although these expenditures were determined not to be CHIP eligible, they are Medicaid eligible which is a net difference in federal funding of \$744.

MDHHS will continue its manual process of transferring expenditures from Medicaid to CHIP, on a quarterly basis, by completing a summary-level adjustment determined by analyzing CHAMPS payment data and Bridges eligibility data. In addition, MDHHS began retaining the detailed expenditure level transactions for audit purposes during fiscal year 2020.

Anticipated Completion Date

The manual process of transferring expenditures on a quarterly basis from Medicaid to CHIP is ongoing. MDHHS anticipates that the Bridges enhancement will be completed by December 2020.

Finding 2019-017

MDHHS - Transitional Medicaid and CHIP Eligibility

Recommendation

We recommend that MDHHS ensure that renewals are processed on a timely basis for beneficiaries receiving transitional medical assistance (TMA).

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has developed a query to help ensure beneficiaries are identified and removed from TMA on a timely basis. However, due to COVID-19 priorities, there have been considerable constraints on staffing which has delayed the implementation of running the monthly query.

Anticipated Completion Date

June 2021 and ongoing

Finding 2019-018

MDHHS, Eligibility Interface Errors

Recommendation

We recommend that MDHHS maintain documentation to support that eligibility records with identified errors and excluded from eligibility interface processing are investigated, corrected, and resubmitted for processing as appropriate and in a timely manner.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS's Medical Services Administration (MSA) will work to develop a process for reviewing eligibility interface errors identified on the member level error (MLE) report on a timely basis. This process will include some type of comparison of identified duplicates on the MLE report with the PD-001 Potential Duplicate Individual Report (produced by Bridges and reviewed by ESA) to ensure that no potential duplicate records are being missed between the two reports. This process has currently been put on hold due to COVID-19 priorities that have resulted in constraints on staffing and time.

Anticipated Completion Date

The process will be developed by December 31, 2020 and the comparison will be completed by June 30, 2021.

Finding 2019-019

MDHHS, Provider Eligibility

Recommendations

We recommend that MDHHS obtain and timely update and approve CHAMPS for all required disclosures from Prepaid Inpatient Health Plan entities, MI Choice entities, Medicaid Health Plan entities, the Dental Health Plan entity, and its Pharmacy Benefits Manager.

We also recommend that MDHHS monitor its MI Choice entities' network of providers to ensure that providers enter into provider agreements and make all required disclosures.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will increase efficiencies for obtaining, updating, and approving required disclosures by updating the disclosure forms and improving documentation of data collection activities and anticipates completion by December 31, 2021.

MDHHS is also developing policy to require atypical providers, including those in the MI Choice Waiver Program (MI Choice) entities' provider networks, to enroll in CHAMPS. Once this occurs, MSA will be able to monitor MI Choice provider enrollments through queries of CHAMPS data to ensure compliance with federal regulations 42 *CFR* 455.104 through 42 *CFR* 455.106 and 42 *CFR* 457.935. The process to begin enrolling atypical providers has currently been put on hold due to COVID-19 priorities that have resulted in constraints on staffing and time.

Anticipated Completion Date

MDHHS has not yet determined an anticipated completion date to enroll atypical providers in CHAMPS.

Finding 2019-020

SNAP Cluster, CFDA 10.551 and 10.561, System and Organization Controls

Recommendation

We recommend that MDHHS improve its monitoring of the operating effectiveness of general controls for the subservice organizations that provide various services to the State's Electronic Benefits Transfer (EBT) service provider.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The MDHHS SNAP Administrator and EBT Coordinator awarded a new contract for EBT services and negotiated with the contractor to require a SOC report for subcontractors.

Anticipated Completion Date

Review of the SOC report will be completed by April 30, 2021.

Finding 2019-021

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557, MI-WIC IT General Controls

Recommendation

We recommend that MDHHS and DTMB fully establish effective general controls over the Michigan Women, Infants, and Children Information System (MI-WIC).

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For part a., DTMB will develop an organization-wide security framework for database security configuration management and an organization-wide database privileged access rectification framework.

For part b., DTMB developed and implemented the remaining internal procedures for security management and access controls over the operating system for the MI-WIC servers. This was completed as of December 2019.

Anticipated Completion Date

- a. DTMB has not yet determined an anticipated completion date.
- b. Completed

Finding 2019-022

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557, MI-WIC User Access

Recommendation

We recommend that MDHHS establish effective user access controls over MI-WIC.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The Michigan Women, Infants, and Children Data and Systems Management (DSM) team in collaboration with DTMB will conduct a review of the MI-WIC user roles to determine which roles meet the criteria of privileged accounts in accordance with SOM Technical Standard 1340.00.020.01 (Access Control Standard). The DSM team, led by the MI-WIC System Administrator will coordinate and perform role reviews of all privileged accounts semi-annually, to be completed by March 31st and September 30th of each year until resources are available for system enhancements. The privileged accounts were identified during July 2020 and the first review of privileged and non-privileged accounts was performed by September 30, 2020.

The MI-WIC system will be enhanced to flag privileged roles to automatically expire on March 31st and September 30th each year unless reviewed and approved by the designated staff. Enhancements to MI-WIC will be completed at a future date as resources and funding allow.

Anticipated Completion Date
Completed

Finding 2019-023

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557, Compliance Buys of High-Risk Vendors

Recommendation

We recommend that MDHHS conduct compliance buys on a minimum of 5% of the number of vendors authorized by MDHHS as of October 1 of the current fiscal year.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The Michigan State Plan amendment was approved by the U.S. Department of Agriculture on June 4, 2019. However, due to the termination of the compliance buy contract during fiscal year 2018 and lack of trained departmental staff, funding for 2019 was temporarily taken out of the budget. Adequate funding has been secured for fiscal year 2020. The WIC Program secured a specialized compliance buy contractor to meet the required minimum of 5% of currently authorized vendors. The agreement has been finalized and WIC completed the required investigations by September 30, 2020.

Anticipated Completion Date

Completed

Finding 2019-024

National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401, Propriety of Expenditures

Recommendation

We recommend that the Department of Military and Veterans Affairs (DMVA) ensure that supervisors properly approve employee time sheets.

Management Views

DMVA agrees with the finding.

Planned Corrective Action

Corrective action has been issued to the human resources (HR) staffer responsible for the errors and lack of appropriate follow-up action required to properly verify time submissions. Additionally, the HR Director now reviews the SIGMA Post Certification Timesheet Submission Reports (e.g., by employee, by manager) on a bi-weekly basis to review outstanding supervisor and employee certifications to monitor ongoing compliance of appropriate follow through on outstanding items. DMVA updated its payroll process. The process will be as follows:

1. Payroll technician will send "Payroll Deadline Reminder" emails.
2. Timesheets that are not submitted and/or approved prior to the deadline will be left for SIGMA to process, except for staff on medical and/or paid administrative leave where HR has other information to validate the time entries. In those instances, the payroll technician

will enter the timesheets for staff and ensure applicable certifications are completed for audit purposes.

3. Following payroll processing, payroll technician will provide a list of names of all employees that failed to submit and managers that failed to approve timesheets to CFMO Leadership and HR Labor Relations with a copy to the Chief of Construction and Facilities Management and the HR Director. In instances of repeated noncompliance by state employees, Labor Relations staff will follow up to ensure appropriate corrective action is issued. In instances of repeated noncompliance by non-state supervisors (Armory Managers) the issue will be elevated to the Army Chief of Staff for resolution.
4. Following payroll processing, payroll technician will review all system generated timesheets and take appropriate follow-up action with employees and managers to ensure time entry is accurate and has all required certifications for audit purposes. This will occur before the end of the subsequent payroll period. Any instances of non-compliance should be escalated as previously noted.
5. Following payroll processing, payroll technician will run SIGMA certification reports and ensure all outstanding certifications are cleared prior to the subsequent payroll period. Any instances of non-compliance should be escalated as previously noted.

Anticipated Completion Date

Completed

Finding 2019-025

National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401, Timeliness of Cash Draws

Recommendations

We recommend that DMVA design its cash draw process to prepare reimbursement requests in accordance with the funding technique as required in the CMIA agreement.

We also recommend that DMVA report complete and accurate noncompliant cash draw information to Treasury.

Management Views

DMVA agrees with the finding.

Planned Corrective Action

For part a., the DMVA Office of Financial Services (OFS) hired an additional staff member to assist with the federal billing process for the portion of responsibility that falls within OFS. OFS will also be more diligent following up with program managers and escalating delayed responses.

For part b., DMVA consulted with Treasury for clarification regarding cash management reporting. CFDA 12.401 is not included in the CMIA agreement for fiscal year 2020, and as a result, DMVA is not currently required to report cash draw information to Treasury. If the program is included in a future CMIA agreement, DMVA will include prior year revenue in the cash management report covering the period in which the funds were received and will consider all factors impacting the timeliness of draws when explaining the reason for the cash draw noncompliance.

Anticipated Completion Date
Completed

Finding 2019-026

National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401, Requests for Reimbursement

Recommendation

We recommend that DMVA ensure that it has executed cooperative agreement modifications with sufficient funding before it submits requests for reimbursement of program expenditures to the United States Property Fiscal Office (USPFO).

Management Views

DMVA agrees with the finding.

Planned Corrective Action

DMVA revised its reimbursement tracking worksheets for each appendix to ensure reimbursements were not requested prior to the execution of cooperative agreement funding modifications. When preparing reimbursement requests for prior years, DMVA will ensure agreements are properly funded prior to requests for reimbursement instead of anticipating funding modifications will be completed at the time of close out.

DMVA is also reviewing open award documents throughout the year to close or reduce awards to not overstate outstanding obligations.

Anticipated Completion Date
Completed

Finding 2019-027

National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401, Notifications for Appendices Exceeding 90% Threshold

Recommendation

We recommend that DMVA notify the USPFO when appendices exceed 90% of the AFP limitation amount.

Management Views

DMVA agrees with the finding.

Planned Corrective Action

DMVA will send a memo to the USPFO when it is estimated that costs will exceed the 90% Annual Funding Program (AFP) limitation amount, rather than when known actual costs exceed the AFP limitation. DMVA has added a column to the reimbursement tracking worksheet that calculates the percentage of estimated AFP spent and has also added a column to the tracking worksheet for "Date Memo Sent".

Anticipated Completion Date
Completed

Finding 2019-028
National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401,
Disclosure of Obligations

Recommendation

We recommend that DMVA disclose all outstanding obligations on extension requests to the USPFO.

Management Views

DMVA agrees with the finding.

Planned Corrective Action

For appendices 1001, 1002, 1004, and 1007, when the monthly expenditure reports are run for both projects and non-project expenditures, the line number/tab/approved extension request that contains the outstanding obligation is noted on the report before submitting to the Construction and Facilities Management Office (CFMO). DMVA implemented the following process for all appendices beginning with the May 2020 expenditure reports: OFS will run the monthly expenditure reports for all appendices and update respective spreadsheets. For any expenditure that is not tied to the current fiscal year and program period, OFS will note the approved Master Cooperative Agreement Extension Request, including tab and line number that includes the outstanding obligation, in the right margin.

OFS's current practice is to send an e-mail to USPFO when OFS comes across an outstanding obligation that was missed on a previous extension request and include any backup received from the federal program manager (PM). OFS also adds it to the next quarterly extension request that is prepared and submitted to USPFO for approval. This process was in place during fiscal year 2019, but not documented for the two expenditures cited in the finding. To better ensure that OFS does not miss expenditures from any federal fiscal years that are not on delivery orders or purchase orders, OFS will run a report on prior federal fiscal years and will do this every quarter for all appendices prior to the preparation of an extension request. If OFS finds an item that was not included on an extension request, OFS will request to have it added prior to submitting a request for reimbursement. OFS confirmed with USPFO that OFS may proceed in this manner.

OFS will require assistance from CFMO to provide a list quarterly of all open projects. OFS will be able to compare this list to the encumbrance report and check for projects initiated, but the Contract Order has not reached OFS yet.

Anticipated Completion Date

Completed

Finding 2019-029
National Guard Military Operations and Maintenance (O&M) Projects, CFDA 12.401,
Timeliness of Appendix Final Accounting

Recommendation

We recommend that DMVA submit on a timely basis a final accounting of all funding and disbursements for appendix agreements.

Management Views

DMVA agrees with the finding.

Planned Corrective Action

DMVA has updated its reimbursement tracking and added a column for “Final Payment Email Sent” for each reimbursement request. This will trigger that a review must take place with each reimbursement request. DMVA has begun meeting with the USPFO and PMs to discuss issues with each appendix. These meetings provide an opportunity to discuss issues ahead of closeout versus at the time of closeout.

Anticipated Completion Date

Completed

Finding 2019-030

Grants to States for Construction of State Home Facilities, CFDA 64.005, Overdrawn Funds

Recommendation

We recommend that DMVA prepare its draw of federal funds on a reimbursement basis.

Management Views

DMVA agrees with the finding.

Planned Corrective Action

DTMB will notify DMVA when construction costs are paid. DMVA will draw down federal funds after verifying payment documents are final.

Anticipated Completion Date

Completed

Finding 2019-031

Grants to States for Construction of State Home Facilities, CFDA 64.005, Required Provisions

Recommendation

We recommend that DMVA and DTMB include all applicable required provisions in contracts of federal awards.

Management Views

DMVA and DTMB agree with the finding.

Planned Corrective Action

DMVA will indicate the fund source on form DTMB-400 Project Request and Approval. When a DTMB-400 form indicates federal funds, DTMB Office of Design and Construction (DTMB-DCD) will include applicable federal provisions when generating contracts and purchase orders on DMVA’s behalf.

Anticipated Completion Date

Completed

Finding 2019-032

Grants to States for Construction of State Home Facilities, CFDA 64.005, Wage Rate Requirements

Recommendations

We recommend that DMVA and DTMB include required prevailing wage rate provisions in contracts for federally funded construction.

We also recommend that DMVA collect weekly certified payrolls.

Management Views

DMVA and DTMB agree with the finding. For part a., environmental and construction projects are bid by DTMB-DCD. Failure to include prevailing wage rate provisions in one contract was an oversight. For part b., DTMB-DCD requested the vendor collect and retain the weekly certified payroll. DTMB-DCD and DMVA can access and obtain the weekly certified payroll at any time. The U.S. Department of Veterans Affairs (USDVA) had previously informed DMVA that weekly certified payroll did not need to be submitted on a weekly basis but rather upon the USDVA's request.

Planned Corrective Action

For part a., DTMB-DCD will complete a change order on the one contract to include the required prevailing wage rate provisions by February 28, 2021. DTMB-DCD will ensure that the required prevailing wage rate provisions are included on all contracts that have a federal funding source.

For part b., DTMB-DCD and DMVA has requested the contractor to transmit the weekly certified payroll.

Anticipated Completion Date

- a. February 28, 2021
- b. Completed

Finding 2019-033

Rehabilitation Services - Vocational Rehabilitation Grants to States, CFDA 84.126, Cash Management Process

Recommendations

We recommend that LEO design its cash draw process to prepare reimbursement requests in accordance with the CMIA agreement.

We also recommend that LEO report complete and accurate noncompliant cash draw information to Treasury.

Management Views

LARA and LEO agree with the finding. BSBP transferred to LEO by Executive Order No. 2019-13 on August 11, 2019 and is no longer part of LARA. However, the cash draw process remained at LARA through the end of fiscal year 2019 and draws were delayed due to year end closing activities. When spending authority became available at LEO during fiscal year 2020, expenditures were reviewed in detail and cash draws were made on a bi-weekly basis starting on November 8, 2019, and bi-weekly draws were completed as of that date going forward.

Planned Corrective Action

LEO's Federal Finance Manager will continue to monitor the assigned accountant's draws to ensure that they remain timely and accurate.

Anticipated Completion Date

Completed

Finding 2019-034

Rehabilitation Services - Vocational Rehabilitation Grants to States, CFDA 84.126, Pre-Employment Transition Services Earmarking Threshold

Recommendation

We recommend that LEO design its State Vocational Rehabilitation Services earmarking process to ensure that it reserves and expends sufficient Pre-ETS based on the federal grant award.

Management Views

LEO disagrees with the finding and has the documentation necessary to demonstrate it met the federal reserve and expend requirements.

The VR award is a one-year award with a one-year period of performance that may be extended an additional year if carryover requirements are met. LEO met the requirements to extend the federal fiscal year (FFY) 2018 award to a two-year period of performance. The overlap of a carryover year (e.g., eligible FFY 2018 VR award with a FFY 2019 carryover year) with a VR award in its year of appropriation (e.g., FFY 2019) does not require a VR agency to prioritize or otherwise obligate and liquidate VR funds for pre-employment transition services from either award in any particular order.

Planned Corrective Action

LEO has communicated its process to Rehabilitation Services Administration (RSA). LEO interprets RSA's response to indicate LEO is in compliance with the reserve and expend requirement. As such, no corrective action is necessary.

Anticipated Completion Date

Not applicable

Finding 2019-035

Supporting Effective Instruction State Grants, CFDA 84.367, Management Decisions

Recommendation

We recommend that MDE issue required management decisions in a timely manner for subrecipient single audit reports with findings.

Management Views

MDE agrees with the finding.

Planned Corrective Action

MDE has automated monthly deadline notifications to program offices for management decisions in GEMS/MARS. This will ensure MDE timely issues required management decisions for subrecipient single audit reports with findings.

Anticipated Completion Date
Completed

Finding 2019-036
Student Support and Academic Enrichment Program, CFDA 84.424, Use of Funds

Recommendation

We recommend that MDE ensure that local educational agencies who receive \$30,000 or more in SSAE Program funds use a portion of the funds to support one or more activities pertaining to the effective use of technology.

Management Views

MDE agrees with the finding.

Planned Corrective Action

MDE implemented an error message into the Consolidated Application in MEGS+ if the allocation amount of Title IV, Part A, less any transferred amounts, is greater than \$29,999 and the technology category amount is not greater than \$1.

Anticipated Completion Date
Completed

Finding 2019-037
Aging Cluster, CFDA 93.044, 93.045, and 93.053, AIS FIRST User Access

Recommendation

We recommend that MDHHS establish effective user access controls over the Aging Information System (AIS) Financial Information Reporting System Tool (FIRST).

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS has completed a replacement user agreement for the identified user.

In addition, for parts a. and b., MDHHS began developing new AIS FIRST system functionality during fiscal year 2019, and implemented during October 2019, to better manage, verify, and control AIS FIRST access and access rights, including an online "User Rights Termination/Change Request" form built into AIS FIRST to allow users to submit requests to change user access when a user needs a change in access rights or no longer needs access. This accompanied a systemwide reiteration of requirements to notify MDHHS when user status changes.

For part c., system-generated user verification report functionality has been developed for MDHHS to verify internal agency users and external non-agency users need for continued access to AIS FIRST. The process to verify internal agency and non-agency external users has been implemented.

For part d., MDHHS's limited number of privileged AIS FIRST user accounts were reviewed as part of the semi-annual verification in October 2019 and June 2020.

Anticipated Completion Date
Completed

Finding 2019-038
TANF Cluster, CFDA 93.558, Non-Financial Eligibility Documentation

Recommendation

We recommend that MDHHS obtain and maintain sufficient non-financial case record documentation to support client eligibility for TANF Cluster assistance.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS ESA will continue to remind local office staff that policies and procedures must be followed when determining eligibility. ESA will continue training through the Office of Workforce Development and Training (OWDT) website. Additionally, MDHHS plans to develop and implement a fleeing felon policy by March 2021.

Anticipated Completion Date

Ongoing

Finding 2019-039
TANF Cluster, CFDA 93.558, Income Eligibility Documentation

Recommendation

We recommend that MDHHS maintain sufficient income eligibility documentation to support client eligibility for TANF Cluster assistance.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS ESA will continue to educate local office staff on policies and procedures along with online training through the OWDT website.

Anticipated Completion Date

Ongoing

Finding 2019-040
TANF Cluster, CFDA 93.558, Eligibility Redeterminations for TANF-Funded Adoption Subsidy

Recommendation

We recommend that MDHHS ensure and retain documentation to demonstrate compliance with federal laws and regulations relating to annual eligibility redeterminations by retaining documentation, conducting annual eligibility redeterminations, and determining adoptive family eligibility in accordance with TANF Cluster eligibility requirements.

Management Views

MDHHS partially agrees with this finding. Section 400.115i of the *Michigan Compiled Laws* does not specifically dictate the methodology the adoptive parent must utilize to file the annual report. MDHHS allows flexibility for the parents to either utilize the annual redetermination form or to report the required information through a telephone interview. MDHHS's policy does not require submission of the annual redetermination form when a phone interview is conducted. If the parent chooses to utilize the annual redetermination form, it does need to be signed, returned, and maintained by MDHHS.

Planned Corrective Action

For part a., MDHHS's policy requires that the annual eligibility redetermination must be conducted with a parent. Procedures have been updated to require that upon completion of a phone interview, staff will review and confirm the responses with the parent and document the parent's verbal confirmation in the applicable database. In addition, procedures have been updated to require that if an annual eligibility redetermination form is utilized, the document will be retained and uploaded. MDHHS trained staff on the new process during December 2020.

For part b., the annual report was not completed in two cases for 2017. In 2018, a data report was built in MiSACWIS that provides the information needed for MDHHS to follow to ensure completion of annual reports and to terminate TANF funding when an annual report is not completed. MDHHS will continue using this data report to verify completion of all annual reports and will terminate TANF funding when an annual report is not completed.

For part c., MDHHS began conducting monthly quality control reviews during October 2020 to verify that TANF eligibility requirements are met.

Anticipated Completion Date

Completed

Finding 2019-041

TANF Cluster, CFDA 93.558, Foster Care Assistance

Recommendation

We recommend that MDHHS only claim for federal reimbursement allowable expenditures that are included in MDHHS's TANF State Plan.

Management Views

MDHHS disagrees with the finding. MDHHS asserts that payments to unlicensed relatives are allowable expenditures because these expenditures meet the criteria allowed in the TANF State Plan and federal law 42 USC 608(a)(10)(A) does not apply.

Michigan's TANF State Plan allows TANF funds to be used for an Emergency Relief program, which includes providing "emergency foster family care or residential group care for children separated from their parents if such care cannot be provided under Title IV-E". While the TANF State Plan does not specifically define an emergency, MDHHS believes that any instance when a child must be removed from his or her home constitutes an emergency situation. MDHHS does recognize that an emergency should be time-limited in nature. The State Plan addresses this by specifically limiting the amount of time during which Emergency services can be provided: "Emergency services are limited to the duration of the emergency, not to exceed 364 days." In 2019, TANF funds were only used to pay for services to children living with an unlicensed relative for the first 120 days after they were removed. This is well below the current

emergency time period allowed in the State Plan, and thus meets the TANF State Plan's definition of an emergency.

In April 2019, MDHHS changed its policy to allow unlicensed relatives to receive a foster care payment instead of a Family Independence Program (FIP) payment. The TANF State Plan does not specify that emergency relief is only available to licensed relatives and does not indicate the child should be treated differently due to the licensure status of the family or individual with whom they are placed. In addition, the TANF State Plan does not require that the program must have been operating under Aid to Families with Dependent Children (AFDC) or Emergency Relief to be allowed. Therefore, any program that is authorized by law and meets the criteria laid out in the TANF State Plan is allowable.

In addition, the child is living with a relative so they meet TANF purpose one, which is to provide assistance to needy families so that children may be cared for in their own homes or the homes of relatives. Federal Law 42 USC 608(a)(10)(A) requires that a State to which a grant is made under section 603 of this title shall not use any part of the grant to provide assistance for a minor child who has been, or is expected by a parent (or other caretaker relative) of the child to be, absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days as the State may provide for in the State plan submitted pursuant to section 602 of this title. For this program, all the children are living with caretaker relatives, and are thus not absent from their family's home, so the temporary absence period does not apply. Further, ACF explicitly allows expenditures to children placed with relatives, stating that TANF may be used to provide a broad range of services, including ongoing assistance and other benefits and services to needy caretaker relatives who can provide a safe place for a needy child to live and avoid his or her placement in foster care.

Planned Corrective Action

Although MDHHS disagrees with the finding, MDHHS evaluated the TANF State Plan and submitted an amendment to ACF to provide necessary clarification.

Anticipated Completion Date

Completed

Finding 2019-042

TANF Cluster, CFDA 93.558, Emergency Foster Care Assistance

Recommendation

We recommend that MDHHS appropriately consider a child's circumstances to ensure that the child meets TANF Cluster eligibility requirements.

Management Views

MDHHS disagrees that a child with a dual court ward status should be ineligible for foster care abuse and neglect services. Although the child in the case identified was eligible for juvenile justice services, the TANF funded payments were for foster care abuse and neglect services for a child that was placed in a foster care placement. The current TANF State Plan and the prior AFDC plan allow for emergency relief for emergency foster family care.

Planned Corrective Action

MDHHS disagrees with the finding and does not intend to take further action.

Anticipated Completion Date

Not applicable

Finding 2019-043

TANF Cluster, CFDA 93.558, Child Support Non-Cooperation

Recommendation

We recommend that MDHHS appropriately and timely sanction TANF Cluster families who do not cooperate with establishing paternity and child support orders.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS specialists reinstated FIP cases prior to the non-cooperation penalty being served, and in one case, the specialist sent out another decision notice which incorrectly carried out the negative action date. These are training issues that are covered under the OWDT website. MDHHS will continue to provide support to the local office staff with training and policy support as needed.

Anticipated Completion Date

Ongoing

Finding 2019-044

TANF Cluster, CFDA 93.558, Penalty for Refusal to Work

Recommendation

We recommend that MDHHS appropriately apply refusal to work sanction requirements for TANF Cluster recipients.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., the cases identified in the finding were part of a Bridges issue that was previously identified and fixed with WR BRGUS00321074 in 2016. The identified system fix has corrected the issue going forward. However, MDHHS cannot retroactively sanction a recipient due to the previous system issue because the recipients were not notified that there was a noncooperation concern.

For part b., MDHHS will continue to supply specialists conducting determinations with policy and training support, as needed, through OWDT website trainings. In addition, a policy mailbox is available to local office staff for policy clarification and guidance.

Anticipated Completion Date

- a. Completed
- b. Ongoing

Finding 2019-045

TANF Cluster, CFDA 93.558, Lack of Child Care for Single Custodial Parent of Child Under Age Six

Recommendation

We recommend that MDHHS properly determine TANF Cluster benefits when a parent cannot engage in required employment-related activities because of their inability to obtain needed child care for a child under the age of six.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to supply specialists with policy and training support, as needed, OWDT website trainings. In addition, a policy mailbox is available to local office staff for policy clarification and guidance.

Anticipated Completion Date

Ongoing

Finding 2019-046

CCDF Cluster, CFDA 93.575 and 93.596, MWBC Child Care System User Access

Recommendation

We recommend that MDE and LARA establish effective user access controls over the Michigan Workforce Background Check (MWBC) Child Care System.

Management Views

LARA and MDE agree with the finding.

Planned Corrective Action

LARA has developed and implemented an Access and Security Agreement form that clearly defines MWBC Child Care System user access roles and will require users to abide by applicable federal and state laws and LARA security policies. This form requires approval by the manager of LARA's Bureau of Community and Health Systems (BCHS) for MWBC Child Care System account creation and the level of access provided. BCHS will maintain forms for auditing purposes until that employee's termination of employment plus three years.

Anticipated Completion Date

Completed

Finding 2019-047

CCDF Cluster, CFDA 93.575 and 93.596, Client Eligibility

Recommendations

We recommend that MDE and MDHHS properly consider all client income when determining eligibility for child care services.

We also recommend that MDE and MDHHS maintain sufficient documentation and ensure that Bridges appropriately reflects supporting documentation to support that client eligibility was determined in accordance with eligibility requirements.

Management Views

MDHHS and MDE agree with the finding.

Planned Corrective Action

MDHHS Public Assistance Operations (PAO), within ESA, will continue assisting the local office staff and Business Service Center (BSC) staff by providing guidance on MDE policies and processes. ESA will provide this guidance to local office and BSC staff by identifying and supplying answers from questions previously answered by MDE or by directing local office and BSC staff to the proper MDE policy. Policy changes or noted trends may be addressed during PAO's Bridges Bits and Bytes (BBB) communication sessions, formerly Partners in Progress (PiP).

Anticipated Completion Date

Ongoing

Finding 2019-048

CCDF Cluster, CFDA 93.575 and 93.596, Cash Management Process

Recommendations

We recommend that MDE follow its established cash draw process and prepare reimbursement requests in accordance with the CMIA agreement for the CCDF Cluster.

We also recommend that MDE report complete and accurate information to Treasury for noncompliant cash draws.

Management Views

MDE agrees with the finding.

Planned Corrective Action

For part a., MDE began taking screen shots of the Payment Management System list of awards on a weekly basis. This allows MDE to update award amounts available for draw prior to the weekly update of the Federal Letter of Credit system.

For part b., the revised process noted in part a. will ensure administrative funds are available and drawn in a timely manner. The federal program began splitting the award into three separate awards. MDE was not aware until after the beginning of the fiscal year. MDE changed its process so that only drawable awards are charged and SIGMA coding was adjusted to allocate costs across the three awards based on available funding.

For part c., MDE changed its CMIA tracking spreadsheet and began to use Treasury's receipt date to record the revenue starting October 1, 2020.

Anticipated Completion Date

Completed

Finding 2019-049

CCDF Cluster, CFDA 93.575 and 93.596, Provider Health and Safety Requirements

Recommendation

We recommend MDE and LARA maintain sufficient documentation to support child care providers meet applicable health and safety requirements to be eligible for CCDF Cluster payments.

Management Views

LARA and MDE agree with the finding.

Planned Corrective Action

For part a., the required health and safety topics were promulgated into the administrative rules for child care providers in December 2019. The promulgation process began in April 2018 after Public Act 116 was amended. The process of revising the rules to include the required federal standards took 21 months from start to completion.

For part b., on October 1, 2019 MDE implemented new policy that requires all licensed providers and all license exempt unrelated providers to MDE and LARA to complete annual ongoing health and safety training provided by the department. Ongoing health and safety trainings began in March 2020 and will continue to be offered annually.

For part c., LARA will develop and implement a checklist of required health and safety topics to be completed at each licensing visit.

For part d., LARA will ensure the interim inspections are completed within the timelines stated in LARA policies numbered 650 (Interim Inspections – Child Care Homes) and 780 (Interim Inspections – Child Care Centers). Each area manager will review the Bureau Information Tracking System report titled Reminder List of Interims each month to ensure the interim inspections are completed.

For part e., LARA will ensure corrective action plans are signed by the provider. In the event the licensee sent in a corrective action plan without a signature, the licensing consultant will return it to get a signature or will keep the email from the licensee with it to verify agreement on the part of the licensee.

For part f., child care area managers will follow up with the child care consultants to ensure all documentation of license extensions are maintained in the licensee's file by following policy number 910 (Field Files), which lists the items that should be in the child care licensee file.

Anticipated Completion Date

- a. Completed
- b. Completed
- c. March 31, 2021
- d. Completed
- e. Completed
- f. Completed

Finding 2019-050

CCDF Cluster, CFDA 93.575 and 93.596, Fraud Detection and Repayment

Recommendation

We recommend that MDE, in conjunction with MDHHS, develop and implement sufficient processes to help ensure that they pursue repayment efforts for child care fraud convictions.

Management Views

MDE and MDHHS agree with the finding.

Planned Corrective Action

MDE staff will continue to enter all non-fraud/intentional program violation (IPV) claims in Bridges, as well as forward all potential fraud/IPV claims to the MDHHS Office of Inspector General (OIG) for criminal investigation of fraud. Regarding the referral of delinquent claims to Treasury, MDE has instructed MDHHS that it is MDE's policy (Bridges Administrative Manual 725) to refer all delinquent Child Development and Care (CDC) claims, which includes those resulting from fraud and IPVs, to Treasury for collection actions. This will be a manual process until Bridges is updated to perform these referrals automatically.

MDE is awaiting a response from its federal funding agency to clarify allowability of writing off receivables resulting from fraud or IPV that are more than six years old without any activity.

To facilitate the write-off of CDC claims older than six years without payment activity for at least six years, MDE has a pending Bridges WR with MDHHS/DTMB to provide a list of all CDC claims established more than six years ago. That Bridges WR has not been fulfilled, and there is no promised date that this data will be made available due to higher priority Bridges WRs that need to be addressed. Therefore, MDE and MDHHS will no longer wait for that Bridges WR to be completed and once federal approval is received, MDHHS will immediately initiate a manual process of searching for these claims and begin writing off any remaining balance of each of them.

Anticipated Completion Date

March 2021

Finding 2019-051

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, and 93.778 (ARRA), Payments on Behalf of Ineligible Beneficiaries

Recommendation

We recommend that MDHHS ensure that beneficiary eligibility is updated in CHAMPS.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is developing a comprehensive monitoring process which will identify any records between CHAMPS and Bridges which are out of sync and a methodology to resolve any identified eligibility issues.

Anticipated Completion Date

September 30, 2021

Finding 2019-052
Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, MiAIMS User Access

Recommendation

We recommend that MDHHS establish effective user access controls over the Michigan Adult Integrated Management System (MiAIMS).

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS reviewed all MiAIMS users for appropriate access. MDHHS completed this review December 31, 2019.

For part b., MDHHS began utilizing monthly MiAIMS user reports in January 2020 to monitor user access of MiAIMS. The DSA became functional during August 2020 for MiAIMS users and user registration was initiated. As of December 2020, all MiAIMS users are now registered in the DSA and going forward the DSA will be used to monitor semi-annual and annual reviews electronically.

For part c., the DSA is now functional and MDHHS is able to maintain necessary documentation electronically. Instructions were sent to staff regarding the new DSA process for user registration during August 2020.

Anticipated Completion Date

Completed

Finding 2019-053
Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, Ineligible HHP Payments

Recommendation

We recommend that MDHHS ensure that Home Help Program (HHP) clients meet HHP eligibility criteria for the services provided.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will review home help policy to determine if there are modifications to the policy that can be made regarding admission and discharge days. MDHHS will also continue to work with the OIG to develop a post payment monitoring protocol. Once the protocol is finalized, the HHP office will develop policy to provide a clear process for Home Help staff.

Anticipated Completion Date

January 31, 2021

Finding 2019-054

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, Home Health Services and Documentation

Recommendation

We recommend that MDHHS ensure that home health agencies maintain appropriate documentation.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to enhance home health agencies communications and explore opportunities for changes to its current policies while continuing to conform to federal requirements. However, many of the home health providers also have Medicare patients and exclusively use the Medicare required plan of care form, which is not conducive to some 42 CFR 484.60 requirements. The CFR indicates that the “patient’s mental, psychosocial, and cognitive status” must be assessed; however, these are all components of the beneficiary’s overall mental status and wellbeing and would not necessarily be assessed individually.

Anticipated Completion Date

March 31, 2021

Finding 2019-055

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, Home Help Payment Oversight

Recommendation

We recommend that MDHHS review home help provider invoices to help ensure that home help payments are reflective of the services provided, accurately calculated, and properly approved.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS implemented a standardized Home Help Agency invoice and corresponding policy on October 1, 2019 that requires information needed to support the payment. Individual caregiver verifications currently in Electronic Service Verifications/Paper Service Verifications will be replaced with Electronic Visit Verification (EVV). The Home Help payment system will be updated or replaced so that verification review will be automated to verify services were provided before payment is made.

For part b., a mini webinar was released for adult services staff to discuss shared living, how it impacts instrumental activities of daily living, and what is needed for documentation. Adult services staff completed the webinar during September 2020.

For part c., a new policy was implemented June 1, 2020, that clearly notes supervisor approval is not needed for agency payments.

Anticipated Completion Date

a. New system changes will take several years to fund and develop. No specific date has been determined at this time for the development and implementation of EVV.

- b. Completed
- c. Completed

Finding 2019-056

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, Agency Provider Overpayments

Recommendation

We recommend that MDHHS ensure that providers paid at the agency rate are on the MDHHS's list of approved agencies.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MSA issued bulletin MSA 19-18 on July 15, 2019. This bulletin, which was effective October 1, 2019, requires agencies to submit an MSA-1904 Home Help Agency Invoice each month after services are provided and before payment can be made. A monthly report is generated to identify future authorizations and delete payments before they are issued. Workers do not authorize payment until the invoice is reviewed and approved.

Anticipated Completion Date

Completed

Finding 2019-057

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, Practitioner Reimbursement

Recommendation

We recommend that MDHHS ensure proper payment of practitioner fee-for-service (FFS) claims for the Medicaid Cluster.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS continues to implement changes to minimize the overlap of capitation payments and FFS payments for the same member for the same month. In 2019, MDHHS formed a multi-disciplinary workgroup within the MSA. The workgroup is discussing process improvements for responding to the CHAMPS receipt of retroactive removal of eligibility from Bridges. MDHHS anticipates that the work will be finalized by February 28, 2021.

Additionally, MDHHS is developing an automatic procedure for the system to identify when eligibility is corrected and sent to CHAMPS. The new process will put the correct enrollment back on CHAMPS at the same time the corrected eligibility is received. MDHHS anticipates it will be released into production by February 28, 2021.

MDHHS anticipates that the combination of process changes will mitigate any overlap in payments.

Anticipated Completion Date

February 28, 2021

Finding 2019-058

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, MARIS User Access

Recommendation

We recommend that MDHHS establish effective user access controls over the Medicaid Audit Recovery and Investigation System (MARIS).

Management Views

MDHHS partially agrees with the finding. MDHHS agrees that semi-annual reviews were not conducted on privileged users, however, there was minimal risk that an Office of Inspector General (OIG) employee was provided access inappropriately or that their access level was inappropriate. The OIG documented the access review and approval process electronically within MiLogin.

MARIS requires a two-step authorization to access the system. In one step, a user must request access to MARIS through the State of Michigan's Single Sign-On software, MiLogin. This is approved or denied by the MARIS business owner/division director through MiLogin.

MARIS is used exclusively by the OIG. Any OIG new hire is accompanied with an administration-wide, new staff announcement, which defines the staff member's position/role in the administration, e.g., investigator or manager. All staff are established in MARIS by a MARIS system administrator within the OIG. If the administrator is unsure of the employee's role, they reach out to the employee's supervisor to obtain further information. MDHHS does not believe that a separate process to document the request and the requested access level is necessary.

As noted in the finding, the administration instituted a semi-annual review process for all MARIS users as of August 2019.

Planned Corrective Action

MDHHS incorporated the process for requesting MARIS User Access and Review into the OIG's Policy and Procedure Manual on August 1, 2020.

Anticipated Completion Date

Completed

Finding 2019-059

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778, Long Term Care Facility Audits

Recommendation

We recommend that MDHHS ensure that audits of long-term care providers are completed timely.

Management Views

MDHHS agrees with the finding.

MDHHS agrees that on-site audits were not completed once every four years for two (11%) of the 18 long-term care providers reviewed. During the fiscal year, MDHHS worked closely with the Centers for Medicare and Medicaid Services to amend the Medicaid State Plan to remove the requirement to conduct on-site audits once every four years and incorporate any changes

necessary for Public Act 612 of 2018. Formal approval to remove the requirement was granted by the Centers for Medicare and Medicaid Services in November 2019. In addition, MDHHS also updated policy and released MSA Bulletin 19-28 in October 2019 to remove the on-site audit requirement.

MDHHS also agrees that for 11 of the sampled audits, MDHHS did not complete the audit within two years of receiving the cost report. However, during the audit period there were no state or federal requirements for completing audits within a specific time frame.

Planned Corrective Action

MDHHS has the necessary protocols in place to ensure that all audit timelines established in Public Act 612 of 2018, which became effective in June 2019, will be met.

Anticipated Completion Date

Ongoing

Finding 2019-060

Immunization Cooperative Agreements, CFDA 93.268, Expenditures Incurred Outside the Period of Performance

Recommendation

We recommend that MDHHS ensure that local health department immunization action plan expenditures are incurred within the period of performance noted in the federal grant award.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS conducted additional research on coding interfacing from EGRaMS to SIGMA and identified and implemented potential improvements during June 2020 to help ensure MDHHS is appropriately applying charges to the correct grant period.

Anticipated Completion Date

Completed

Finding 2019-061

Immunization Cooperative Agreements, CFDA 93.268, MCIR General Controls

Recommendation

We recommended that MDHHS and DTMB fully establish effective general controls over the Michigan Care Improvement Registry (MCIR).

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For part a., MDHHS began using a new change management system and has new procedures documented and fully implemented. During fiscal year 2021, contract ownership will shift from MDHHS to DTMB.

For part b., DTMB will develop an organization-wide security framework for database security configuration management.

For part c., as of December 2019, DTMB developed and implemented remaining internal procedures for security management and access controls over the operating system for the MCIR servers.

Anticipated Completion Date

- a. Completed
- b. DTMB has not yet determined an anticipated completion date
- c. Completed

Finding 2019-062

Immunization Cooperative Agreements, CFDA 93.268, MCIR User Access Controls

Recommendation

We recommend that MDHHS establish effective user access controls over MCIR.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS implemented MCIR user access controls within the DSA during November 2019. The DSA contains an electronic MCIR Request for Access form and a formal approval and annual recertification process.

Anticipated Completion Date

Completed

Finding 2019-063

Child Support Enforcement, CFDA 93.563, Use of Incorrect Federal Grant Funds for Reimbursement

Recommendation

We recommend that MDHHS request reimbursement for Child Support Enforcement (CSE) expenditures using the appropriate federal CSE grant funds.

Management Views

MDHHS disagrees with the finding. MDHHS confirmed with HHS ACF that MDHHS took appropriate action when using current year funding for making prior year increasing adjustments. Per federal regulation 45 *CFR* 95.7 and 2 *CFR* 200, Appendix XI (Compliance Supplement), entitlement grants can use current funding for increasing adjustments up to eight quarters. Federal regulation 45 *CFR* 95.7 allows a State to file a claim for an expenditure within two years after the calendar quarter in which the State agency made the expenditure.

Planned Corrective Action

MDHHS disagrees with the finding and does not intend to take further action.

Anticipated Completion Date

Not applicable

Finding 2019-064

Low-Income Home Energy Assistance, CFDA 93.568, Eligibility Determinations

Recommendation

We recommend that MDHHS maintain sufficient documentation to support client eligibility for LIHEAP-funded State Emergency Relief (SER) energy payments.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS ESA along with SER program policy staff will continue to provide guidance to local office staff regarding eligibility requirements by continually monitoring the SER policy mailbox and communicating through BBB communication sessions, formerly PiP. The SER policy unit works with the BSCs to provide guidance when trends are noted. ESA is also reviewing policies for direct assistance benefits that simplify the verification process while maintaining State and Federal compliance. As part of this review, ESA implemented changes to the asset policy as of November 2019.

Anticipated Completion Date

Ongoing

Finding 2019-065

Foster Care - Title IV-E, CFDA 93.658, Foster Home Records Check

Recommendation

We recommend that MDHHS ensure that all necessary foster home records check and out-of-state child abuse and neglect registry checks are completed prior to issuing foster care maintenance payments.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS had several negotiations and consultations with tribal partners regarding the required checks for tribally licensed providers. In collaboration with tribal partners and with approval from the Federal Children's Bureau, MDHHS finalized form MDHHS 5612 (Verification of Tribal Foster Home Safety Requirements), and the form was made available to tribal partners in November 2019 after the audit period. This new form verifies certification of all federal safety requirements being met for the purposes of receiving foster care payments. MDHHS will demonstrate compliance by retaining the certification form along with a copy of the license issued by the licensing entity for all existing licenses. Beginning November 25, 2019, the form was required before reimbursement for all new tribal licenses and tribal renewals.

For the non-tribally licensed providers, the MDHHS Division of Child Welfare Licensing (DCWL) provided technical assistance to licensing supervisors and training to all staff during October 2020. In addition, MDHHS DCWL will request that auto notification and tickler functionality be built into the upcoming Comprehensive Child Welfare Information System (CCWIS) to assist child placing agencies with ensuring that all adult household members are cleared timely.

Anticipated Completion Date

Corrective action is complete for the tribally licensed providers.

For the non-tribally licensed providers, DCWL provided technical assistance and training during October 2020 and corrective action will be ongoing. MDHHS has not yet determined an anticipated completion date to establish auto notification and tickler functionality in the upcoming CCWIS systems.

Finding 2019-066

Foster Care - Title IV-E, CFDA 93.658, Accuracy of Financial Reports

Recommendation

We recommend that MDHHS improve its internal control and submit accurate Foster Care - Title IV-E Program financial reports.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

All identified errors have been corrected or are in process of correction, either with an adjusting entry to a subsequent report or by providing updated information to the HHS ACF. Since all errors were due to keying errors, MDHHS Federal Reporting has developed and implemented a process for the manager to review formula and keying entries before each quarterly report submission.

Anticipated Completion Date

Completed

Finding 2019-067

Adoption Assistance, CFDA 93.659, Payments to Ineligible Participants

Recommendation

We recommend that MDHHS ensure that adoption assistance payments are made to eligible adoptive parents.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The Adoption and Guardianship Assistance Office (AGAO) will provide all necessary reconciliation transactions to Federal Reporting so that the appropriate accounting corrections can be processed for the errors identified. Also, the AGAO will biannually identify cases with potential fund source changes and evaluate for accuracy. Any inaccuracies will be provided to Federal Reporting for correction.

Anticipated Completion Date

The fiscal year 2019 errors were corrected and the AGAO began the biannual identification of cases on October 1, 2020.

Finding 2019-068

Adoption Assistance, CFDA 93.659, Adoption Assistance Payments

Recommendation

We recommend that MDHHS ensure that adoption assistance payments to adoptive parents are accurately calculated in accordance with the negotiated rate.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS identified children affected during the time frame of January 21, 2014 and June 18, 2015 that turned age 13 and those children that have the potential to be affected upon reaching their 13th birthday. MDHHS manually corrected the rates for the children that have already turned 13. Also, MDHHS is tracking the upcoming children who will reach age 13 over time and correcting the rates at their 13th birthday month.

Anticipated Completion Date

Completed

Finding 2019-069

Adoption Assistance, CFDA 93.659, Annual Adoption Savings Calculation and Accounting Report

Recommendation

We recommend that MDHHS ensure the accuracy of the savings reported to HHS on the Annual Adoption Savings Calculation and Accounting Report.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to work on additional revisions to the adoption savings query. The query will be run throughout the year for additional testing to improve query accuracy. MDHHS submitted a request through the Departmental Work Intake Process (DWIP) on September 24, 2019 to transition this report to a DTMB report. MDHHS will continue periodically reviewing query data until the report is transitioned.

Anticipated Completion Date

DWIP requested: September 24, 2019

Prioritization of work to transition the report: To be determined.

Finding 2019-070

Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959, State Expenditures

Recommendation

We recommend that MDHHS implement controls that help ensure compliance with the MOE requirement for State expenditures.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to review and update written policies and procedures to help ensure maintenance of effort (MOE) calculations are capturing all eligible expenditures. MDHHS revised the 2019 MOE calculation to capture all eligible expenditures. The revised calculation has been submitted to the federal awarding agency and MDHHS is working with the federal awarding agency to update the calculation in the Web-based Grant Application System.

Anticipated Completion Date

January 31, 2021

Finding 2019-071

Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959, Risk Assessments

Recommendations

We recommend that MDHHS evaluate each subrecipient's risk of noncompliance with program requirements.

We also recommend that MDHHS consider its subrecipient risk assessments when determining appropriate monitoring activities for each subrecipient.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS's Bureau of Community Services staff will develop a risk monitoring activities protocol that is cohesive across all divisions, including for the Substance Abuse Prevention and Treatment Block Grant. As part of this development, the Bureau is researching all potential options for remediation including the development of appropriate site visit tools and monitoring schedules for its various divisions. The Bureau will also determine if the Prepaid Inpatient Health Plan site visit schedule will aid with risk monitoring for multiple divisions

Anticipated Completion Date

The risk monitoring activities protocol will be developed by February 1, 2021 for implementation in fiscal year 2021.

Finding 2019-072

Disability Insurance/SSI Cluster, CFDA 96.001, Accuracy of Reports

Recommendation

We recommend that MDHHS ensure that it reports the correct number of hours that the Disability Insurance/SSI Cluster employees worked in its quarterly SSA-4514.

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

As of October 1, 2019, MDHHS ensures that the hours reported on the quarterly Time Report of Personnel Services for Disability Determination Services (SSA-4514) reconcile to payroll data.

Anticipated Completion Date

Completed

Finding 2019-073

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Report on Expenditures of Federal Awards, Year Ended September 30, 2019, Corrective Action Plan, Finding 2019-001.

Finding 2019-074

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Report on Expenditures of Federal Awards, Year Ended September 30, 2019, Corrective Action Plan, Finding 2019-002.

Finding 2019-075

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Report on Expenditures of Federal Awards, Year Ended September 30, 2019, Corrective Action Plan, Finding 2019-003.

Finding 2019-076

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Administration Fund, Report on Expenditures of Federal Awards, Year Ended September 30, 2019, Corrective Action Plan, Finding 2019-001.