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GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

November 17, 2021

MEMORANDUM

TO: Office of Internal Audit Services
State Budget Office

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

SUBJECT: FY2020 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, 2020.

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
Christopher Harkins, 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, 2020**

1. **Audit Recommendations the agency has complied with:**
2020-003, 2020-005, 2020-010, 2020-015, 2020-020, 2020-025, 2020-029, 2020-030, 2020-031, 2020-033, 2020-036, 2020-039, 2020-040, 2020-041, 2020-045*, 2020-048, 2020-051*, 2020-058

2. **Audit Recommendations the agency will comply with:**
2020-001, 2020-002, 2020-004, 2020-006 (parts a. through d., e.*, f., g., and i.), 2020-007, 2020-008, 2020-009, 2020-011, 2020-012, 2020-013, 2020-014, 2020-016, 2020-017, 2020-018, 2020-019, 2020-021, 2020-022, 2020-023, 2020-024, 2020-026, 2020-027, 2020-028, 2020-032, 2020-034, 2020-035, 2020-037, 2020-038, 2020-042, 2020-043, 2020-044, 2020-046, 2020-047, 2020-049, 2020-050, 2020-054, 2020-055, 2020-056, 2020-057, 2020-059, 2020-060, 2020-061

3. **Audit Recommendations the agency disagrees with and will not comply with:**
2020-006 (part h.), 2020-052, 2020-053

4. **Audit Recommendations Related to Other Audits:**
2020-062, 2020-063, 2020-064, 2020-065, 2020-066, 2020-067

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 2020-001

Access Limitations for Confidential Information in SIGMA

Management Views

The Michigan Department of Health and Human Services (MDHHS), the Department of Labor and Economic Opportunity (LEO), and Michigan Department of Education (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) both identified certain client personally identifiable information (PII) within the Statewide Integrated Governmental Management Applications system (SIGMA) payment records for a limited number of vendor transactions, so that the vendors could 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 BSBP or MRS client PII in a SIGMA payment record does not create a deficient practice. BSBP and MRS were previously unaware that additional SIGMA users could also view this information. Once BSBP and MRS became aware of this issue they initiated action to end this practice.

Planned Corrective Action

For part a., MDHHS's Financial Support Division has continued to work collaboratively with subsystem leads, MDHHS Compliance, Department of Technology, Management, and Budget (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 were made to SIGMA to accommodate the electronic funds transfer remittance advice. The free format remittance file is now sent directly from DataStage to SIGMA Vendor Self Service, where it is accessible to the vendor. All modifications were completed by March 31, 2021.

SIGMA and DTMB have completed redaction of all PII information that was previously interfaced to SIGMA Financial.

MDHHS's corrective actions are also applicable to the Child Care and Development Fund (CCDF) Cluster.

LEO collaborated with DTMB's Center for Solutions and Enterprise Information Services and Business Intelligence to leverage the solution created with MDHHS. On May 19, 2021, modifications were completed and implemented that restricts the visibility of the PII necessary for vendors to properly apply BSBP or MRS payments on behalf of their clients. The PII no longer appears on the SIGMA remittance advice screen visible to other departments' staff. The payment information now appears in SIGMA Vendor Self Service, the secure State web portal where vendors log into their accounts and view the information. LEO and DTMB have established a methodology for retroactively redacting PII data previously interfaced to SIGMA Financial. Implementation and validation testing of the methodology are in progress.

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. MDHHS fully implemented this process by

October 31, 2018. During May 2021, MDHHS sent out a reminder to exclude PII information from supporting documentation.

Anticipated Completion Date

a. MDHHS: Completed

LEO: Modifications to restrict visibility of PII going forward are complete. The process to redact data previously interfaced is expected to be completed by October 31, 2021.

b. Completed

Finding 2020-002

SIGMA High-Risk Activity Monitoring

Management Views

LEO and the Michigan Department of Corrections (MDOC) agree with the finding.

Planned Corrective Action

For part a., LEO initiated a process in May 2021 to immediately address the backlog of unreviewed override reports covering the period January 1, 2021 through May 3, 2021. The assigned individual is tasked with completing two override reports per week – the current week’s report plus one overdue from the prior period - until the backlog is eliminated. LEO also increased supervisory oversight by requiring the individual tasked with completing the reviews to provide weekly status updates and verifiable evidence of work completed.

For part b., MDOC has been in communication with SIGMA Security regarding its internal monitoring process and whether monitoring reports MI-SW-0013 Summary of Overrides and MI-SW-0016 Bypass Approvals can be modified to include comment fields, which would be utilized by MDOC staff when performing bypass or override and would provide more efficient monitoring of MDOC’s large number of bypass approvals and overrides. While the feasibility of adding these fields to the reports is being assessed, MDOC will continue bi-weekly monitoring of high-risk activities to help management in identifying any anomalies that are discovered. MDOC began running the MI-SW-0013 and MI-SW-0016 bi-weekly beginning August 1, 2021, and any anomalies are reported to management.

Anticipated Completion Date

a. December 31, 2021

b. Completed

Finding 2020-003

Bridges Interface Controls

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For part a., based on MDHHS’s authorization, DTMB finalized work on developing the file control and batch summary tables used to reconcile the Bridges Integrated Automated Eligibility Determination System (Bridges) interfaces, which 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., DTMB, in conjunction with MDHHS, established procedures to account for interfaced records and to ensure records identified with errors and excluded from interface processing are investigated, corrected, and resubmitted for processing as appropriate.

For part c., during May 2021, the MDHHS Compliance and Data Governance Bureau re-evaluated the current inventory of data sharing agreements and believes that all data sharing agreements are now in place.

Anticipated Completion Date
Completed

Finding 2020-004
Bridges Security Management and Access Controls

Management Views
MDHHS and DTMB agree with the finding.

Planned Corrective Action
For parts a., b., d., and e., MDHHS will develop and implement 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 drop access requests for users that have not completed the required periodic and/or renewal access review.

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

For part f., MDHHS established a monthly documentation and storage repository in May 2020 for all Bridges local office high-risk transaction report reconciliations. MDHHS will also continue to work with Application Security to provide trainings, job aids, and webinars through the Information Security SharePoint page.

For part g., to ensure timeliness issues are addressed, MDHHS's Economic Stability Administration (ESA) implemented a process for receiving and reviewing the high-risk transactions reports in May 2020 and sent guidance to staff during June 2021 to begin using eSignatures and dates.

Anticipated Completion Date
a., b., d., and e. MDHHS has not yet determined an anticipated completion date due to budget concerns.
c. DTMB has not yet determined an anticipated completion date.
f. Ongoing
g. Completed

Finding 2020-005
Bridges Change Management Process

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

MDHHS and DTMB transitioned to a new change management tool as of September 30, 2020. The new change management tool contains documentation of testing results, approvals to implement changes in the production environment, and post implementation approvals.

Anticipated Completion Date

Completed

Finding 2020-006
Income Eligibility and Verification System

Management Views

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

For part e., MDHHS disagrees that the Income Eligibility and Verification System (IEVS) information is required to be requested and obtained for recipients funded by Temporary Assistance for Needy Families (TANF) adoption subsidies. Guidance from the U.S. Department of Health and Human Services 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 as 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 established effective processing controls over Bridges interfaces to ensure that the data exchanged between Bridges and IEVS data sources are processed accurately, completely, and timely (see Finding 2020-003, Bridges Interface Controls).

For parts b., c., and d., related to TANF, the Supplemental Nutrition Assistance Program (SNAP) Cluster, and Medicaid Cluster, MDHHS's 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 is unable to make any technical changes at this time due to budget constraints.

For part e., MDHHS will update the TANF State Plan to specify that income, social security number, criminal background, and citizenship validation is only required at initial eligibility.

For part f., MDHHS will continue to work internally, and with the National Technical Information Service and the Social Security Administration, to be able to download and utilize the Death Master file.

For part g., MDHHS has now resumed its regular process and will obtain all quarterly wage records going forward.

For part h., MDHHS disagrees and does not intend to take further action.

For part i., the 13 files that were identified as missing had issues due to the eligibility archival backup process on various migrations that took place in 2020. The migrations have now been completed and the eligibility archival process has been returned to a stable state.

Anticipated Completion Date

- a. Completed
- b., c., and d. Ongoing
- e. September 30, 2021
- f. MDHHS has not yet determined an anticipated completion date.
- g. Completed
- h. Not applicable
- i. Completed

Finding 2020-007 **ADP Security Program**

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

MDHHS will work with DTMB Agency Services on developing a plan, utilizing the Michigan Continuity Management Solution service to perform the following:

For part a., MDHHS will develop business continuity plans for the systems identified with missing plans and MDHHS will review and test the plans identified with missing elements.

For part b., MDHHS will assess, identify, and prioritize the completion of the disaster recovery plans (DRP) for the systems cited in the audit finding in accordance with the State of Michigan Technical Standard 1340.00.070.02 (Information Technology Disaster Recovery 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. April 21, 2022
- b. MDHHS has not yet determined an anticipated completion date.

Finding 2020-008

MiSACWIS Security Management and Access Controls

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

For parts a., b., and e., MDHHS implemented the DSA, which established 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 is developing an organization-wide security framework for database security configuration management.

For part d., MDHHS, along with DTMB, is still working on identifying and documenting the high-risk transactions within the Michigan Statewide Automated Child Welfare Information System (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., and e. Completed

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

d. February 28, 2022

Finding 2020-009

CHAMPS Security Management and Access Controls

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

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

For part b., MDHHS implemented a system fix in March 2020. In addition, during October 2020, MDHHS implemented a reconciliation process that utilizes an existing Community Health Automated Medicaid Processing System (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 c., 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. and c. Completed

Finding 2020-010
EGrAMS Security Management and Access Controls

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS developed an Electronic Grants Administration and Management System (EGrAMS) User Access Annual Reconciliation Survey. The first EGrAMS User Access Annual Reconciliation Survey was sent to supervisors in December 2020 to verify that their staff have the appropriate EGrAMS security access, and the process was completed in March 2021. Going forward, the annual reconciliation survey will be sent to supervisors in October of each fiscal year.

MDHHS communicated the importance of security access approval requirements to Bureau of Grants and Purchasing (BGP) staff during May 2021 and will continue to monitor BGP employee workloads to determine if additional support is needed.

Anticipated Completion Date

Completed

Finding 2020-011
MDE, Security Management and Access Controls

Management Views

MDE agrees with the finding.

During the audit period, MDE experienced unprecedented challenges related to COVID-19, mandatory furloughs, and required alternative work locations. These activities negatively impacted the department's ability to perform routine processes and related documentation across all program areas. While the department quickly adapted to meet changing work needs, MDE acknowledges all processes may not have been completed, or the required documentation of tasks may not have been readily accessible.

Planned Corrective Action

For part a., MDE transitioned from the Michigan Electronic Grants System Plus (MEGS+) and the Cash Management System to the new NexSys system in September 2021. MDE will review and update processes and procedures over granting access to NexSys by the end of 2022. MDE's agency security officer will continue to share requirements for access controls and the MDE policy on security management for MDE information systems with all business owners. The Grant Electronic Monitoring System/Michigan Administrative Review System will fully transition to an online authorization process by the end of 2021 and MDE will update information technology (IT) policies and procedures accordingly.

For part b., MDE revised policies and procedures to clarify the need to review all non-MDE privileged users of MEGS+ in August 2021. MDE also implemented Michigan Nutrition Data (MiND) reporting procedures to include privileged MiND users as of June 2020.

For part c., as MDE awaits clarification from DTMB on changes to IT standards regarding verifying non-privileged accounts, the department will direct relevant office directors to review

and make necessary changes to office practices to meet MDE and DTMB policies governing IT security. MDE strives to improve processes and documentation.

MDE is assessing controls and appropriate processes for identified MDE applications to comply with State standards. MDE's understanding from consultation with DTMB is that DTMB is reviewing the State's technical standards and procedures and is developing a set of tailored security control and access control baselines based on the National Institute of Standards and Technology control framework to ensure the controls for each information system are appropriate for the types of information it processes.

Anticipated Completion Date

- a. December 31, 2022
- b. Completed
- c. MDE has not yet determined an anticipated completion date.

Finding 2020-012

Treasury, Cash Management Improvement Act – Recertification of Clearance Patterns

Management Views

The Michigan Department of Treasury (Treasury) agrees with the finding. Starting in 2015 and through 2019, there were a series of manager and staff turnovers that disrupted continuity in the Cash Management Improvement Act (CMIA) program. The turnover, in conjunction with inadequate procedure documentation and staff misunderstanding of documentation stored on the State network contributed to the review and recertification not being performed.

Planned Corrective Action

Treasury worked with State agencies to develop clearing patterns for every program, or program component, that used a funding technique that required a clearing pattern in the fiscal year 2021 Treasury-State Agreement (TSA). Upon completion of this work, it was determined that no amendment needs to be completed for the fiscal year 2021 TSA and that no changes need to be incorporated into the fiscal year 2022 TSA. The TSA creation procedure is being updated to ensure compliance with the requirements.

Anticipated Completion Date

November 30, 2021

Finding 2020-013

MDHHS, Cash Management Process

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is continuing to develop a grant draw tracking database that will track the funding technique timing and any deviations. MDHHS also provided ongoing training to all staff and incorporated CMIA compliance in the staff performance reviews beginning August 2021.

Anticipated Completion Date

March 31, 2022

Finding 2020-014
MDHHS, Subaward Information

Management Views

MDHHS agrees with the finding.

For part a., 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 the agreements solely to provide the additional information.

For parts b. and c., MDHHS agrees it provided the incorrect federal award dates to four of six Women, Infants, and Children subrecipients reviewed and six of nine Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) 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.

Planned Corrective Action

MDHHS revised its processes in December 2020 to strengthen internal control to identify information not initially available and verify that the subaward information for current and future subrecipient awards conforms with federal regulations 2 *CFR* 200.331(a) and 45 *CFR* 75.352(a). Also, MDHHS is currently working on an EGrAMS system enhancement that will provide timely and accurate grant information to the grantee.

Anticipated Completion Date

December 31, 2021

Finding 2020-015
MDHHS, Risk Assessments

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The MDHHS ELC staff and Communicable Disease (CD) Division staff reviewed guidance and training for grantee risk assessments and monitoring. In addition, staff reviewed the ELC and CD subrecipient populations to ensure that all subrecipients are incorporated into the ELC and CD risk monitoring assessment tools and are evaluated to determine the appropriate type of monitoring required.

Anticipated Completion Date

Completed

Finding 2020-016
Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program, CFDA 93.767 - Beneficiary Eligibility

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will issue additional guidance and refer workers to existing trainings regarding Medicaid and Children's Health Insurance Program (CHIP) case determination requirements to ensure that workers are determining and documenting cases appropriately. In addition, MDHHS will evaluate current trainings and determine if any additional training topics are needed.

Anticipated Completion Date

December 31, 2021

Finding 2020-017

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program, CFDA 93.767 - Expenditure Processing for Medical Payments

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS submitted a work request in 2018 to ensure correct eligibility classifications in Bridges at the time of payment; however, due to continued funding limitations, competing IT priorities, and the public health emergency, this enhancement has not yet been fully finalized.

MDHHS will continue its manual process of transferring expenditures from the Medicaid Cluster to CHIP, on a quarterly basis, by completing a summary-level adjustment determined by analyzing CHAMPS payment data and Bridges eligibility data. MDHHS will review the query output to determine if data updates are necessary.

Anticipated Completion Date

The manual process of transferring expenditures on a quarterly basis from Medicaid to CHIP is ongoing until the Bridges enhancement is finalized. MDHHS identified and implemented updates to the manual process and resulting data during June 2021. MDHHS anticipates that the Bridges enhancement will be completed by October 2022.

Finding 2020-018

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program, CFDA 93.767 - Transitional Medicaid and CHIP Eligibility

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has developed a preliminary query to identify beneficiaries on a monthly basis that are nearing the end of Transitional Medical Assistance eligibility. Limited resources have delayed the complete analysis of the query results to determine if there are multiple causes that need to be addressed. Once this review is complete, MDHHS will develop a comprehensive monitoring process that addresses all scenarios identified by the query and determine appropriate actions.

Anticipated Completion Date

MDHHS anticipates the comprehensive monitoring process will begin by December 31, 2021.

Finding 2020-019

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program - Eligibility Interface Errors

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS local offices utilize a Bridges report to identify duplicate records. Since Bridges is the system of record for eligibility, local office staff are required to work all duplicates identified by the Bridges report and not the CHAMPS interface report. MDHHS's Medical Services Administration (MSA) enhanced the Bridges report utilized by local offices to ensure that all duplicate errors are identified. CHAMPS is currently designed to reject potential duplicate records to prevent duplicate payments for the same individuals that already exist in CHAMPS.

MSA has assessed the resources needed to include the daily interface errors in the Data Warehouse and determined that a systems enhancement is needed. This will allow staff to monitor more efficiently using queries and on-demand reports. MSA is also in the process of reviewing all outstanding errors identified on the CHAMPS interface reports to confirm that Bridges work requests have been submitted with the eventual goal of making necessary corrections to prevent or reduce daily errors on an ongoing basis.

Anticipated Completion Date

MDHHS anticipates the review of outstanding errors will be completed by September 30, 2021 and the systems enhancement will be released in December 2022.

Finding 2020-020

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program - Medical Records

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS provided a communication on May 7, 2021 via provider listserv and Medicaid provider alerts to providers that communicated the importance of maintaining appropriate documentation for services provided. For the two cases not received, the providers were unresponsive and therefore, MDHHS voided the claims, recouped the funds for those Transaction Control Numbers, and notified the providers.

Anticipated Completion Date

Completed

Finding 2020-021

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program - Provider Eligibility

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS increased efficiencies for obtaining, updating, and approving required disclosures. MDHHS filled a staff vacancy, updated the provider screening information collection tool, and enhanced the monitoring process to ensure that all required disclosure data is obtained timely and approved. MDHHS now requires managed care entities to attest biannually to whether an owner, agent, managing employee, or board member has maintained their current position and current information and submit updated personnel data if needed. Updated guidance was communicated with all managed care entities as of May 14, 2021.

MDHHS is in the process of enrolling atypical providers, including those in the MI Choice Waiver Program (MI Choice) provider networks, in CHAMPS. However, enrollment has been delayed due to competing funding priorities and an anticipated completion date is unknown at this time. Once enrollment occurs, the MSA will be able to monitor MI Choice provider disclosures through queries of CHAMPS data to ensure compliance with federal regulations.

MDHHS will also incorporate provider agreements as part of their on-site monitoring process conducted for all MI Choice entities. On-site monitoring has been temporarily suspended due to the public health emergency, but MDHHS expects to complete the monitoring cycle by September 2022, and biennially going forward.

Anticipated Completion Date

MDHHS has not yet determined an anticipated completion date.

Finding 2020-022

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program - Provider Screening

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will fill vacant positions to ensure staff resources are available to monitor monthly screenings. MDHHS also filed a work request on May 12, 2021 to create a report that will identify interface failures.

Anticipated Completion Date

December 30, 2021

Finding 2020-023

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778; and Children's Health Insurance Program - Refunding of Federal Share of Overpayments

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is in the process of developing appropriate communication protocols to help ensure the timely reporting of overpayments. MDHHS is also working with its Michigan Medicaid Information System vendor on prior year reporting and a mechanism to track other recoupment

methods done within CHAMPS. In addition, MDHHS will document the necessary procedures to ensure both the timely reporting of overpayments on the CMS-64 report along with the proper, associated accounting entries in SIGMA.

Anticipated Completion Date

March 31, 2022

Finding 2020-024

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS is evaluating the significance of the services provided by subservice organizations to determine if a review of those subservice organization System and Organization Controls (SOC) reports is needed.

For part b., the MDHHS electronic benefits transfer Coordinator has reviewed the State of Michigan Financial Management Guide SOC report review guidelines as of March 31, 2021 and will comply with all requirements for future SOC report reviews.

Anticipated Completion Date

a. December 30, 2021

b. Completed

Finding 2020-025

Food Distribution Cluster, CFDA 10.565, 10.568, and 10.569 - Accountability for USDA Foods

Management Views

MDE agrees with the finding.

Planned Corrective Action

MDE now requires Emergency Food Assistance Program (TEFAP) reports to be electronically submitted by agencies through the MDE TEFAP Report website. Beginning inventories automatically roll over from the previous reporting period to mitigate errors. The inventory list pre-populates with foods that were ordered in the last 12 months. This new process mitigates missing items. Each month, MDE tests each agency's report to ensure completeness and dates received for use within six months. If there is inventory over six months, MDE will contact the agency and develop a plan to either distribute within the next month or transfer the food to another agency. Plans will be documented and kept in a "Six Month Plan" electronic file. The amount of food that was distributed is compared to agency reported household distribution numbers. Agency distribution rates that do not match expected inventory levels are reviewed and subject to technical assistance. MDE also tests a sample of agency reports and compares to amounts received, on a rotating basis. All communication regarding TEFAP reports is done through documented emails. MDE will continue to review and update the process according to federal regulations and policy memoranda.

Anticipated Completion Date
Completed

Finding 2020-026

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

Management Views

MDHHS and DTMB agree with the finding.

Planned Corrective Action

DTMB is developing access controls and an organization-wide security framework for database security configuration management and an organization-wide database privileged access rectification framework.

Anticipated Completion Date

DTMB has not yet determined an anticipated completion date.

Finding 2020-027

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS will develop a process to ensure that all approvals are properly documented in the Michigan Women, Infants, and Children Information System (MI-WIC) system or via email.

For part b., MDHHS implemented the semiannual role review process beginning in fiscal year 2021. MDHHS will ensure the timely completion of privileged role reviews semiannually and will appropriately document the reviews.

Anticipated Completion Date

- a. October 1, 2021
- b. Completed

Finding 2020-028

Section 8 Project-Based Cluster, CFDA 14.182 and 14.856 - Quality Control Reviews

Management Views

The Michigan State Housing Development Authority (MSHDA) agrees with the finding. The condition of 'three sampled vendor approved special claim payments that MSHDA did not ensure quality control (QC) reviews were completed' were from the Traditional Contract Administration (TCA) portfolio.

As noted in the Criteria section, the U.S. Department of Housing and Urban Development's Annual Contributions Contract (ACC) with MSHDA requires MSHDA to verify and authorize payments only on valid Section 8 special claims. The ACC pertains directly to the Project Based

Contract Administration portfolio and as good practice, MSHDA tends to carry the requirements over to the TCA portfolio. Due to competing priorities and the fact that the ACC requirements are passed down to the vendor through our sub-contract, MSHDA elected to limit our review of the May 2020 Special Claims in the TCA portfolio. Our vendor is also responsible for the work and that task provided the lowest risk when compared to the competing priorities.

Competing priorities began to compound as the COVID pandemic continued to challenge how we completed our routine tasks. This includes staff being detailed to work remotely, mandated layoff days, and lack of technology at remote worksites for the first few months. Staff re-assignments due to a hiring freeze further compounded the competing priorities during this time.

Planned Corrective Action

MSHDA is working with the software vendor to provide a solution that will result in faster processing times. The software vendor provided an update in late March 2021 that has sped up the processing time for a portion of the review process. They are still working to roll out a new product line with an anticipated completion date of November 2021. MSHDA has also hired a third analyst to assist in the voucher and special claim quality control process in March 2021. The analyst onboarding has completed the first step and is now a part of the QC process.

Anticipated Completion Date

Complete Quality Control Reviews: Completed July 2020
Update software system: Anticipated completion November 2021
Onboarding a third analyst: Completed March 2021

Finding 2020-029

Coronavirus Relief Fund, CFDA 21.019 - Inappropriate Payroll Expenditures

Management Views

MDOC and the Michigan Department of State Police (MSP) agree with the finding.

For part c., MSP believed that since an Internal Revenue Service letter ruling determined that deferred banked leave was a contribution to an employees' 401(k) plan and that the September 2, 2020 Coronavirus Relief Fund (CRF) guidance included payments to 401(k) plans as covered benefits, these payroll expenditures were eligible costs under CRF.

Planned Corrective Action

MDOC and MSP worked with OFM to replace the expenditures with other allowable payroll expenditures.

Anticipated Completion Date

Completed

Finding 2020-030

Coronavirus Relief Fund, CFDA 21.019 - Emergency Purchases Documentation

Management Views

DTMB agrees with the finding.

Planned Corrective Action

DTMB procured a vendor for warehousing, central receiving/shipping, and inventorying for the COVID-19 purchases at the COVID Response Warehouse, effective August 2020.

Anticipated Completion Date

Completed

Finding 2020-031

Special Education Cluster (IDEA), CFDA 84.027 and 84.173 - Interim Financial Expenditure Reports

Management Views

MDE agrees with the finding.

Planned Corrective Action

The MDE Office of Special Education developed additional steps in the internal control process to ensure submitted Interim Financial Expenditure Reports (IFERs) are reviewed and approved in a timely manner. As MDE transitions from MEGS+ to the new NexSys grants system, IFERs will no longer be required.

Anticipated Completion Date

Completed

Finding 2020-032

Rehabilitation Services - Vocational Rehabilitation Grants to States, CFDA 84.126 - Cash Management and Program Income Processes

Management Views

LEO agrees with the finding.

For part a., during fiscal year 2020, LEO experienced an extended vacancy in its MRS grant accountant position which delayed MRS related draws until December 2019. BSBP related draws were made bi-weekly beginning October 1, 2019. Draws for both MRS and BSBP were initially made one day early due to a misunderstanding of the timing of the receipt of cash by Treasury from the U.S. Department of Education's G5 System.

For part b., the majority of LEO's draw reporting issues were due to staff oversights and a misunderstanding of the timing of the receipt of cash by Treasury from the U.S. Department of Education's G5 system.

For part c., during fiscal year 2020, accounting of LEO MRS program income was not performed until January 2020 due to the grant accountant position being vacant. After the position was filled, program income revenue was recorded monthly beginning on January 8, 2020. However, VR grant expenditures were not moved to spend out the program income until May 21, 2020.

Planned Corrective Action

For part a., LEO filled the vacant grant accountant position, and changed its draw processes on October 14, 2020 so that bi-weekly draws are performed on the proper day of the week to ensure compliance with the CMIA.

For part b., LEO will update the process for completing the annual cash report to Treasury to ensure accuracy and completeness of information, including dates that funds were disbursed and federal draw amounts.

For part c., LEO filled the vacant grant accountant position and implemented a new program income process on May 21, 2020 that ensures that VR grant expenditures are routinely moved to spend out program income revenue monthly.

Anticipated Completion Date

- a. Completed
- b. The process will be implemented and reflected on the fiscal year 2021 Treasury cash report in October 2021.
- c. Completed

Finding 2020-033

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

Management Views

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

Planned Corrective Action

LARA developed and implemented an Access and Security Agreement form. This form was created in partnership with LARA's contractor based on enhancements aimed at instituting controls on user functionality. This resulted in three levels of access: support, analyst, and administrator. The three levels of access ensure employees only have access to perform the duties of their work roles.

Prior to gaining access to the system, the Access and Security Agreement form is approved by the manager of LARA's Workforce Background Check Section. This form clearly defines Michigan Workforce Background Check (MWBC) Child Care System user access roles and requires users to abide by applicable federal and State laws and LARA security policies. Following the approval, an account and level of access is created in the MWBC Child Care System. This process replaces the previous practice of relying on email exchanges to request and approve system access. LARA will maintain forms for auditing purposes until that employee's termination of employment plus three years. This corrective action was completed in December 2020.

In November 2020, users with access beyond their job responsibilities were changed to align with their current roles. This change was instituted by the manager of the Workforce Background Check Section.

Anticipated Completion Date

Completed

Finding 2020-034

CCDF Cluster, CFDA 93.575 and 93.596 - Client Eligibility

Management Views

MDE and MDHHS 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.

Anticipated Completion Date

Ongoing

Finding 2020-035

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

Management Views

MDE and LARA agree with the finding.

Planned Corrective Action

During the audit period, LARA experienced unprecedented challenges related to COVID-19 that negatively impacted the department's ability to perform routine processes and maintain related documentation.

The Child Care Licensing Bureau (CCLB) within LARA has developed and implemented a checklist of required health and safety topics that is completed at each licensing visit as of February 25, 2021. All health and safety topics are reviewed at renewal and interim inspections. The interim inspection policies for child care centers and homes were revised to align with the requirements of the federal Child Care and Development Block Grant (CCDBG) as of February 10, 2021.

LARA sent out bulletins on December 16, 2019 and December 19, 2019 using the Child Care Center listserv and Child Care Homes listserv reminding child care providers that the child care staff who work directly with children are required to take the health and safety trainings. Bulletins were also sent out on May 1, 2020, June 18, 2020, October 19, 2020, and May 5, 2021 using the Child Care Licensing listservs informing and reminding child care providers and child care staff members of the requirement to take the annual health and safety refresher training. Also, a health and safety training summary was sent out on June 7, 2021 to child care consultants as a reminder of what is required of the child care staff.

On December 14, 2020, in collaboration with MDE, CCLB requested a federal waiver to allow for flexibility in onsite inspections during the height of COVID-19 in 2020. LARA is working with the Legislature to propose language that would amend Public Act 116 of 1973 to require inspections in accordance with the federal CCDBG.

As of June 4, 2021, CCLB has completed the majority of inspections due during the COVID-19 pandemic and associated Executive Orders and health orders.

On July 7, 2021, LARA released policy changes to direct area managers to randomly select and complete quarterly facility file reviews for each licensing consultant using the licensing consultant activity report for the period since the last review. During the quarterly period, area managers must complete at least one random sample per month. The file review results are submitted to the Division Director quarterly to ensure minimum requirements are met and documentation is maintained.

Anticipated Completion Date
October 30, 2021

Finding 2020-036
CCDF Cluster, CFDA 93.575 and 93.596 - Calculation of Authorized Hours

Management Views
MDHHS and MDE agree with the finding.

Planned Corrective Action
MDE's work request to ensure Bridges calculates authorized hours for licensed exempt daycare providers in accordance with MDE's policy was implemented in Bridges on June 19, 2021.

Anticipated Completion Date
Completed

Finding 2020-037
CCDF Cluster, CFDA 93.575 and 93.596 - Fraud Detection and Repayment

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 require the implementation of a manual process until Bridges is updated to perform these referrals automatically.

In February 2021, MDHHS and MDE collaborated to write-off CDC claims that were older than six years without payment activity for at least six years. In June 2021, MDE received a response from the federal funding agency to clarify allowability of writing off receivables resulting from fraud or IPV, which confirmed the February 2021 write-offs were allowable. MDE is continuing work with Treasury to begin manual Treasury referrals and has gathered necessary coding. MDE will have created a collection process with MDHHS for OIG generated fraud referrals by the end of fiscal year 2022.

Anticipated Completion Date
The departments anticipate implementing the interim manual process by September 30, 2022.

Finding 2020-038
Medicaid Cluster, CFDA 93.775, 93.777, and 93.778 - Payments on Behalf of Ineligible Beneficiaries

Management Views
MDHHS agrees with the finding.

Planned Corrective Action

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

Anticipated Completion Date

October 31, 2021

Finding 2020-039

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778 - MiAIMS User Access for HHP Management Activities

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS implemented an automated electronic registration process in the DSA for Michigan Adult Integrated Management System (MiAIMS) user registration and renewals during August 2020. All active users were enrolled in the DSA by December 31, 2020 and final verification between MiAIMS and DSA was completed March 31, 2021.

Anticipated Completion Date

Completed

Finding 2020-040

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is not always able to prevent overpayments due to hospitalizations and nursing facility stays due to the timing of claim submissions. However, MDHHS has revised policy to require adult services staff to process all recoupments, regardless of the overpayment amount, due to hospital and nursing home stays, unless there is suspected fraud. MDHHS will continue to refer suspected fraud cases to the OIG. The updated policy was effective January 1, 2021.

Anticipated Completion Date

Completed

Finding 2020-041

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

On October 2, 2020, MDHHS issued MSA Bulletin 20-54, Plan of Care Requirement Update, which removed the National Provider Identifier as a required element of a Plan of Care effective November 1, 2020.

MDHHS issued a Medicaid Provider L-letter on July 27, 2021, clarifying the providers' responsibility for documenting the activities permitted and the family's willingness and ability to provide care when Home Health Aide services are ordered.

Anticipated Completion Date

Completed

Finding 2020-042

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS will implement system enhancements to compare the time and task reported in the submitted Electronic Service Verifications (ESV) to approved authorizations before payment is issued.

For part b., MDHHS implemented mandatory training for all adult services workers on proration of instrumental activities of daily living in shared living arrangements. MDHHS also completed a full audit of all Home Help cases with shared living to assess if proration is correct and if the case contains adequate documentation. These were completed as of January 2021.

Anticipated Completion Date

- a. The system enhancements for ESV are expected to be fully implemented by June 2022.
- b. Completed

Finding 2020-043

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS determined the primary remaining source for overlaps between fee-for-service and capitation payments is due to retroactive removal of Medicaid eligibility. In November 2019, MDHHS formed a multi-disciplinary work group within the MSA to address the problems created when eligibility is removed retroactively. During May 2021, MDHHS implemented an automatic procedure to reduce the impact of retroactive removal of Medicaid eligibility by updating CHAMPS enrollment at the same time the corrected eligibility is received.

The work group continues to evaluate whether any additional process and system changes are needed to further mitigate the occurrence of overlapping payments. MDHHS anticipates that any additional process or system changes will be fully implemented by December 2022.

Anticipated Completion Date
December 2022

Finding 2020-044
Medicaid Cluster, CFDA 93.775, 93.777, and 93.778 - MARIS IT General Controls

Management Views
MDHHS and DTMB agree with the finding.

Planned Corrective Action
DTMB is developing an organization-wide security framework for database security configuration management.

Anticipated Completion Date
DTMB has not yet determined an anticipated completion date.

Finding 2020-045
Medicaid Cluster, CFDA 93.775, 93.777, and 93.778 - MARIS User Access

Management Views
MDHHS partially agrees with the finding. MDHHS agrees that documentation specifying the level of access required could not be located. However, the exceptions noted occurred prior to the fiscal year 2019 finding and there was minimal risk that an OIG employee was provided an inappropriate level of access. The OIG documented the access review and approval process electronically within MiLogin.

The Medicaid Audit Recovery and Investigation System (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. Additionally, all user access is assessed for continued need and role appropriateness on a semi-annual basis.

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., investigation 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. Documentation was provided to show that an administration-wide announcement was sent out prior to approval of access for the identified users and the position announced was consistent with the level of access provided.

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 2020-046

Medicaid Cluster, CFDA 93.775, 93.777, and 93.778 - Medicaid Fraud Control Unit and Refunding of Federal Share of Medicaid Overpayments to Providers

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is in the process of developing a process for overpayment recording based on guidance from the Centers for Medicare and Medicaid Services. Once this process is developed, MDHHS will establish appropriate communication protocols for reporting of all overpayments and provide training to staff.

Anticipated Completion Date

October 15, 2021

Finding 2020-047

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), CFDA 93.323 - LTC Facility COVID-19 Testing Reimbursements

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS began processing long term care facility COVID-19 testing reimbursement requests during July 2020 and by October 2020 MDHHS started developing a post-payment review process. MDHHS initiated several reviews of sampled payments, but the reviews are currently on hold due to and limited resources, COVID-19 responsibilities, and various statutory and other audit deadlines. During the audit, MDHHS did obtain support from providers to substantially confirm the accuracy of 13 sampled payments upon request by the Office of the Auditor General. MDHHS expects to resume the ongoing post-payment review process by December 2021.

Anticipated Completion Date

December 2021

Finding 2020-048

Temporary Assistance for Needy Families, CFDA 93.558 - MARS User Access

Management Views

LEO agrees that it did not review Management of Awards to Recipients (MARS) user access for privileged and other accounts during the COVID-19 pandemic work-at-home period.

Planned Corrective Action

LEO has resumed performing complete MARS user access reviews. LEO has also documented and implemented a procedure to adhere to State of Michigan (SOM) Administrative Guide policy 1340.00 and SOM Technical Standard 1340.00.020.01 that will ensure that LEO reviews MARS user access semiannually for privileged accounts and at least annually for all other accounts.

Anticipated Completion Date
Completed

Finding 2020-049
Temporary Assistance for Needy Families, CFDA 93.558 - Non-Financial Eligibility Documentation

Management Views
MDHHS agrees with the finding.

Planned Corrective Action
MDHHS will continue to communicate the importance of completing required application sections and maintaining needed documentation throughout the application process to the local offices. MDHHS will also notify the local offices that if age and relationship verification documentation is needed, the verification source in Bridges should be updated to “not verified” and this will generate a verification checklist for follow-up by the caseworker. In addition, MDHHS plans to reinstate the fleeing felon policy by October 31, 2022.

Anticipated Completion Date
October 31, 2022

Finding 2020-050
Temporary Assistance for Needy Families, CFDA 93.558 - Income Eligibility Documentation

Management Views
MDHHS agrees with the finding.

Planned Corrective Action
MDHHS’s ESA will continue to educate local office staff on policies and procedures along with online training through the Office of Workforce Development and Training (OWDT) website.

Anticipated Completion Date
Ongoing

Finding 2020-051
Temporary Assistance for Needy Families, CFDA 93.558, Eligibility Redeterminations for TANF-Funded Adoption Subsidy

Management Views
MDHHS partially agrees with the finding. Section 400.115i of the *Michigan Compiled Laws* does not specifically dictate the methodology the adoptive parent must utilize to submit the annual eligibility redetermination information. MDHHS’s policy requires that the annual eligibility redetermination must be conducted with a parent and MDHHS allows flexibility for the parents to utilize and mail in the annual redetermination form, report the required information through a telephone interview with MDHHS staff, or to submit the required annual eligibility redetermination information electronically. To comply with federal documentation requirements, MDHHS staff complete the form on behalf of the parent during the phone interview, verbally confirm the completed responses with the parent, and upload into the applicable database. The

exceptions noted in the finding occurred prior to implementation of the updated office protocol that requires MDHHS staff to enter the responses on the form and verbally confirm the results with the parent.

Planned Corrective Action

On December 3, 2020, training was held with staff and an updated office protocol was implemented. MDHHS staff were instructed to complete an electronic annual redetermination form when the redetermination is conducted with the parent through a phone interview. Beginning December 2020, MDHHS staff now confirm the responses with the parent and document the parent's verbal confirmation in the applicable database where the form is uploaded, and the responses are entered.

Anticipated Completion Date

Completed

Finding 2020-052

Temporary Assistance for Needy Families, CFDA 93.558 - Foster Care Assistance

Management Views

MDHHS disagrees with the finding. MDHHS asserts that payments relating to foster care services that exceed the 364-day emergency period are allowable under the TANF State Plan. The foster care services for the days claimed up to and including 364 days are allowable under the previously approved Aid to Families with Dependent Children (AFDC) plan and the foster care services for the days after 364 days are allowable under the current TANF State Plan so the calculations are performed separately.

Michigan's TANF State Plan, amended in fiscal year 2021 with changes effective as of January 1, 2020, states that support for children in foster care is an allowable TANF expense and clarifies that assistance for children placed with a licensed or unlicensed relative foster family has no time limit. The amended State Plan was approved by the Governor during January 2021 and ACF determined the State Plan to be sufficient for funding approval during April 2021. Historically, MDHHS does not receive any other formal communication, including separate approval, regarding the TANF State Plan from ACF. ACF allows states to use federal TANF funds for child welfare expenditures that either are allowable under one of the four purposes of TANF or were previously authorized under an approved title IV-A or IV-F plan. Michigan uses TANF funds for both purposes, some to cover expenditures that were allowable under the 1995 Emergency Assistance plan and others that are allowable based on the rules and regulations of the TANF program. Expenditures for children living with unlicensed relatives and licensed relatives after 364 days are claimed under TANF Purpose 1. In a 2013 Q & A, ACF outlines the allowability of these expenditures: States may use Federal TANF or State maintenance of effort funds to provide ongoing assistance and other benefits and services in "kinship care" situations where a child is placed with an adult relative.

Planned Corrective Action

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

Anticipated Completion Date

Not applicable

Finding 2020-053

Temporary Assistance for Needy Families, CFDA 93.558 - Ineligible Emergency Foster Care Assistance

Management Views

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

MDHHS disagrees that a child placed with an unlicensed relative should be ineligible for foster care abuse and neglect services. MDHHS's Emergency Assistance State Plan does not require that a child placed into foster care by court order be placed with a licensed relative. MDHHS utilized the child's status as a child placed in foster care due to abuse/neglect and the placement type and funding source to determine that this TANF funded payment was allowable.

MDHHS disagrees that the child was not living with a relative within the six months prior to the emergency removal from home. In this case, the youth did go absent immediately following the emergency removal and MiSACWIS only records the youth's physical placement on and after removal, not before. However, the youth's initial funding eligibility record supports that they were living with a specified relative within the six months prior to the emergency removal.

Planned Corrective Action

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

Anticipated Completion Date

Not applicable

Finding 2020-054

Temporary Assistance for Needy Families, CFDA 93.558 - Employment and Training Payroll Costs

Management Views

MDHHS and LEO agree with the finding.

Planned Corrective Action

LEO reimbursed MDHHS for \$76,262 on September 13, 2021. LEO is now charging Food Assistance charges to Food Assistance and will resolve any over-expenditures of Food Assistance administration with a transfer to Employment Services. This will allow LEO to identify the actual administrative costs to operate the Food Assistance program. MDHHS will correct the reporting of funds by November 30, 2021.

Anticipated Completion Date

LEO: Completed

MDHHS: November 30, 2021

Finding 2020-055

Temporary Assistance for Needy Families, CFDA 93.558 - Penalty for Refusal to Work

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

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

Anticipated Completion Date

Ongoing

Finding 2020-056

Temporary Assistance for Needy Families, CFDA 93.558 - Lack of Child Care for Single Custodial Parent of Child Under Age Six

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to supply specialists 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

Ongoing

Finding 2020-057

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS ESA along with State Emergency Relief (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. The SER policy unit works with the BSCs to provide guidance when trends are noted.

Anticipated Completion Date

Ongoing

Finding 2020-058

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has identified the reports used that caused inaccurate reporting. MDHHS developed and implemented a new query to obtain the necessary information for federal reporting requirements. Additionally, MDHHS Federal Reporting corrected and resubmitted fiscal year 2020 Foster Care Title IV-E reports as required.

Anticipated Completion Date

Completed

Finding 2020-059

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., as of July 2018, a manual review is completed for each child, to determine if the child meets applicable as well as non-applicable criteria, for cost savings purposes. MDHHS completed a manual review for a sample of cases determined prior to fiscal year 2018 that had an undetermined value that prevented an AFDC determination or another non-applicable criterion by the query and evaluated the results. The results of the manual review have been incorporated into the query and will be utilized to provide the correct status code.

For part b., MDHHS will recalculate the prior fiscal year reports identified in the finding and resubmit the reports as needed.

Anticipated Completion Date

- a. Completed
- b. September 30, 2021

Finding 2020-060

Disaster Grants - Public Assistance (Presidentially Declared Disasters), CFDA 97.036 - Accuracy of Financial Reports

Management Views

MSP agrees with the finding.

Planned Corrective Action

MSP is reviewing and will update its procedures for grant reconciliation and financial reporting. MSP will file amended financial reports as necessary.

Anticipated Completion Date

September 30, 2021

Finding 2020-061

Disaster Grants - Public Assistance (Presidentially Declared Disasters), CFDA 97.036 - Subrecipient Audits

Management Views

MSP agrees with the finding.

Planned Corrective Action

MSP updated the tracking spreadsheet in February 2021 to include all subrecipients. The management reviews for the identified agencies were completed during fiscal year 2021. MSP is evaluating the subrecipient single audit procedures to determine appropriate updates.

Anticipated Completion Date

September 30, 2021

Finding 2020-062

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Single Audit Reporting Package, Year Ended September 30, 2020, Corrective Action Plan, Finding 2020-002.

Finding 2020-063

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Single Audit Reporting Package, Year Ended September 30, 2020, Corrective Action Plan, Finding 2020-003.

Finding 2020-064

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Single Audit Reporting Package, Year Ended September 30, 2020, Corrective Action Plan, Finding 2020-004.

Finding 2020-065

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Single Audit Reporting Package, Year Ended September 30, 2020, Corrective Action Plan, Finding 2020-005.

Finding 2020-066

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Single Audit Reporting Package, Year Ended September 30, 2020, Corrective Action Plan, Finding 2020-006.

Finding 2020-067

Unemployment Insurance, CFDA 17.225

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency – Unemployment Compensation Fund, Single Audit Reporting Package, Year Ended September 30, 2020, Corrective Action Plan, Finding 2020-007.