



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

CHRISTOPHER M. HARKINS  
DIRECTOR

September 12, 2022

**MEMORANDUM**

TO: Office of Internal Audit Services  
State Budget Office

FROM: Shawna Hessling, Director *SH*  
Accounting and Financial Reporting Division 1  
Office of Financial Management

SUBJECT: FY2021 Statewide Single Audit Corrective Action Plan

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In accordance with the State of Michigan Financial Management Guide, Part VII, Chapter 3, 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, 2021.

Please contact me at [hesslings@michigan.gov](mailto:hesslings@michigan.gov) if you have any questions or concerns.

Attachment

cc: Heather Boyd  
Derek Childs  
Myrica Simmons

**State of Michigan  
Single Audit Report  
Summary of Agency Responses to Recommendations  
Fiscal Year Ended September 30, 2021**

**1. Audit Recommendations the agency has complied with:**

2021-002, 2021-009, 2021-012, 2021-015, 2021-016, 2021-018\*, 2021-021, 2021-024, 2021-025, 2021-036, 2021-037, 2021-038, 2021-041, 2021-043, 2021-056, 2021-059

**2. Audit Recommendations the agency will comply with:**

2021-001, 2021-003, 2021-004\*, 2021-005 (parts a. through f., and h.), 2021-006, 2021-007\*, 2021-008\*, 2021-010, 2021-011, 2021-013, 2021-014, 2021-017, 2021-019, 2021-020, 2021-022, 2021-023, 2021-026, 2021-027, 2021-028, 2021-029, 2021-030\*, 2021-031, 2021-032, 2021-033, 2021-034, 2021-035, 2021-039, 2021-040, 2021-042, 2021-044, 2021-045, 2021-046\*, 2021-047, 2021-048, 2021-049\*, 2021-050, 2021-051\*, 2021-052, 2021-053, 2021-054, 2021-055, 2021-057, 2021-058, 2021-060

**3. Audit Recommendations the agency disagrees with and will not comply with:**

2021-005 (part g.)

**4. Audit Recommendations Related to Other Audits:**

2021-061, 2021-062, 2021-063, 2021-064

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 2021-001**

### **Access Limitation for Confidential Information in SIGMA**

#### **Management Views**

The Michigan Department of Health and Human Services (MDHHS) and the Department of Labor and Economic Opportunity (LEO) agree with the finding.

#### **Planned Corrective Action**

MDHHS held a meeting with applicable staff on July 14, 2022, to reiterate the requirement of restricting data by either excluding or redacting confidential information. MDHHS is currently analyzing options for retaining the documentation outside of the Statewide Integrated Governmental Management Applications system (SIGMA), however, volume and efficiency need to be taken into consideration. MDHHS will also submit a data fix request to remove the sensitive information attached to SIGMA documents.

LEO identified a total of 62 General Accounting Expense documents (Accessible Web-Based Activity and Reporting Environment system authorizations that were reissued) containing personally identifiable information (PII) in their original check description. All 62 documents in question date back prior to April 22, 2021. LEO is working with the Department of Technology, Management, and Budget (DTMB) to have the PII removed from these and related downstream documents in SIGMA Financial and Business Intelligence. LEO no longer includes PII information in the check description field.

#### **Anticipated Completion Date**

MDHHS will complete the analysis of available options by August 31, 2022. A date related to implementing the option chosen has not yet been determined. LEO and DTMB will have PII removed from all impacted documents by August 31, 2022.

## **Finding 2021-002**

### **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 has implemented and maintained a weekly review process since October 25, 2021, that ensures timely monitoring and follow-up (where appropriate) of SIGMA high-risk activities.

For part b., MDOC communicated with SIGMA Security, and it was determined that monitoring reports MI-SW-0013 Summary of Overrides and MI-SW-0016 Bypass Approvals cannot be modified to include comment fields which would be utilized by MDOC staff when performing bypass or override to provide more efficient monitoring of MDOC's large number of bypass approvals and overrides. While the feasibility of adding these fields to the reports was being assessed during fiscal year 2021, MDOC began running the MI-SW-0013 and MI-SW-0016 every two weeks beginning August 1, 2021, to review and build a trend of anomalies for overrides and bypass approvals so that the core issues with these high-risk activities can be addressed and resolved. Also, MDOC retroactively ran both reports for the period October 1, 2020, through July 31, 2021.

Effective February 1, 2022, MDOC is using the results of its reviews to proactively work towards acceptable trends and thresholds. MDOC reviews core issues for why, when, and how often override and bypass actions are applied, and discusses other options to minimize them with department management. Also, the percentage of overrides and bypass approvals and thresholds are provided to MDOC management in monthly reports.

Anticipated Completion Date

a. Completed

b. MDOC began running monitoring reports biweekly as of August 1, 2021 and implemented steps to reduce override and bypass actions as of February 1, 2022. Monitoring and reducing the number of overrides and bypass approvals is an ongoing process.

**Finding 2021-003**

**Bridges Interface Controls**

Management Views

For part a., DTMB agrees a coding issue caused the skipped record count to not be captured in the file control and batch summary table.

For part b., MDHHS agrees with the finding.

Planned Corrective Action

For part a., DTMB has initiated remediation related to the coding issue, so the skipped record counts are captured in the file control and batch summary table.

For part b., MDHHS will evaluate the current process in place to process, review, and store data agreements and determine what changes need to be made to help ensure all necessary agreements are in place. The agreements that need to be in place may come in the form of a data share agreement, data use agreement, or an interconnection security agreement.

Anticipated Completion Date

a. September 30, 2022

b. MDHHS expects to evaluate the current process and have all necessary data sharing agreements in place by December 31, 2022.

**Finding 2021-004**

**Bridges Security Management and Access Controls**

Management Views

MDHHS agrees with parts a., b., and d. through g. of the finding. MDHHS and DTMB disagree with part c. of the finding.

For part c., while MDHHS and DTMB acknowledge they had not fully implemented an organization-wide security framework for database security configuration management, individual information systems have applied secure configurations to reduce risk. DTMB disagrees that there is elevated risk that individuals may make inappropriate changes to the Bridges Integrated Automated Eligibility Determination System (Bridges) and that there is increased risk that MDHHS and DTMB cannot ensure the security of Bridges and its data. DTMB reduces the risk by ensuring the databases reside in restricted trusted internal security zones, protected by firewalls and specific to each application and database, in conjunction with

intrusion protection, antivirus software, and State of Michigan (SOM) standard security safeguards.

#### Planned Corrective Action

For part a., MDHHS will implement the Database Security Application (DSA) Bridges form which establishes a method to document user access request approval electronically. The DSA will prevent Bridges local office security coordinators (LOSCs) from granting incompatible roles without a proper authorization code. The authorization code will only be generated after proper approvals occur within the DSA.

For part b., MDHHS will document security monitoring reports within Bridges alerts that will be generated as a reminder to the LOSC and their manager to reconcile the report. Before the alert can be closed, the LOSC will be required to enter comments for actions taken and approve the report.

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

For parts d. and e., MDHHS will implement the DSA Bridges form which establishes a method to document user access request approval electronically. The DSA will include a semi-annual review of privileged users and annual review of all users that is required to prevent automatic removal of access. Until the DSA form can be fully implemented with automation, MDHHS will implement a temporary secondary approval in Bridges for application security agreements submitted to LOSCs with prior approval exceptions.

For part f., MDHHS will issue an Economic Stability Administration (ESA) memo that outlines expectations regarding the reconciliation of the Bridges transaction monitoring report and will require that it be monitored by the MDHHS Business Service Center (BSC).

For part g., MDHHS Central Office is sampling high-risk transactions from each of the high-risk categories on the corrected transaction reports to monitor and review. Electronic signatures were implemented during May 2022 for all reports and these signatures are monitored by MDHHS Central Office staff.

#### Anticipated Completion Date

a., d., and e. MDHHS has secured funding to complete the DSA Bridges form. MDHHS anticipates that the first phase of the DSA Bridges form will be implemented by January 2023 as a pilot and then rollout statewide with full automation by August 2023.

b. MDHHS anticipates implementing the Bridges security monitoring report alerts by August 2024.

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

f. The ESA memo will be issued by September 30, 2022. Monitoring is ongoing.

g. Completed. Monitoring is ongoing.

#### **Finding 2021-005**

#### **Income Eligibility and Verification System**

#### Management Views

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

For part g., MDHHS disagrees that Income Eligibility and Verification System (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 during August 2021 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 Temporary Assistance for Needy Families (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 prioritizing a technical solution that will ensure the IEVS information is being addressed timely and used correctly in eligibility determinations.

For part e., MDHHS is collaborating with other work areas to facilitate the match process for the IEVS interfaces for recipients funded by TANF adoption subsidies.

For part f., MDHHS implemented changes within Bridges to start utilizing the Death Master File in the December 2021 release.

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

For part h., DTMB has completed the migrations and the eligibility archival process was returned to a stable state during January 2021.

#### Anticipated Completion Date

a. Completed

b., c., and d. Training and policy support is ongoing. MDHHS anticipates that the technical solution will be completed by December 31, 2022.

e. September 30, 2023

f. Completed

g. Not applicable

h. Completed

### **Finding 2021-006**

#### **ADP Security Program**

#### Management Views

MDHHS and DTMB agree with the finding.

#### Planned Corrective Action

For part a., MDHHS will review and test the business continuity plans (BCPs) identified with missing elements.

For part b., MDHHS will assess, identify, and prioritize the completion of the disaster recovery plan (DRP) for the system cited in the audit finding in accordance with SOM Technical Standard

1340.00.070.02 (Information Technology Disaster Recovery Planning Standard). DTMB will support the completion and testing of the DRP based on guidance in the identified standard.

Anticipated Completion Date

Budget constraints could impact the completion and testing of the BCPs and DRP; as such, the corrective action implementation date has not yet been determined.

**Finding 2021-007**

**MiSACWIS Security Management and Access Controls**

Management Views

MDHHS agrees with parts a., b., and d. of the finding. MDHHS and DTMB disagree with part c. of the finding.

For part c., while MDHHS and DTMB acknowledge they had not fully implemented an organization-wide security framework for database security configuration management, individual information systems have applied secure configurations to reduce risk. DTMB disagrees that there is elevated risk that individuals may make inappropriate changes to the Michigan Statewide Automated Child Welfare Information System (MiSACWIS) and that there is increased risk that MDHHS and DTMB cannot ensure the security of MiSACWIS and its data. DTMB reduces the risk by ensuring the databases reside in restricted trusted internal security zones, protected by firewalls and specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

For part a., MDHHS will fully automate loading of approved DSA request contents into MiSACWIS to ensure that documentation and appropriate approvals are maintained. MDHHS will also provide additional training for LOSCs to emphasize the proper procedures for granting access and address questions as they arise.

For part b., MDHHS will restructure the DSA to eliminate manual routing of incompatible role requests to ensure that documentation and appropriate approvals are maintained. MDHHS will also update process documents and provide additional training to ensure reviewers are correctly identifying and routing incompatible role requests.

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

For part d., MDHHS and DTMB have identified the high-risk transactions for MiSACWIS and have a monitoring plan in place as of February 25, 2022. The plan also includes a process for review to ensure the high-risk transaction list is assessed and maintained by project staff.

Anticipated Completion Date

a. and b. Training will be implemented by March 2023 and DSA changes will be implemented by August 2023.

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

d. Completed

**Finding 2021-008**  
**CHAMPS Security Management and Access Controls**

Management Views

MDHHS and DTMB disagree with part a. of the finding. MDHHS agrees with part b. of the finding.

For part a., while MDHHS and DTMB acknowledge they had not fully implemented an organization-wide security framework for database security configuration management, individual information systems have applied secure configurations to reduce risk. DTMB disagrees that there is elevated risk that individuals may make inappropriate changes to the Community Health Automated Medicaid Processing System (CHAMPS) and that there is increased risk that MDHHS and DTMB cannot ensure the security of CHAMPS and its data. DTMB reduces the risk by ensuring the databases reside in restricted trusted internal security zones, protected by firewalls and specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

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

For part b., MDHHS will modify the DSA request process to require approval comments to document the reason for level of access for privileged and high impact profiles, which will help ensure that user access is appropriate. MDHHS will update the DSA Approver Guide to require that CHAMPS system administrators deny requests that do not have sufficient approval comments. MDHHS will also provide ad-hoc training to help ensure approvers understand the process requirements.

Anticipated Completion Date

- a. DTMB has not yet determined an anticipated completion date.
- b. MDHHS expects to implement DSA changes and training in 2023 but recognizes that completion is dependent on MDHHS information technology (IT) approval.

**Finding 2021-009**  
**EGrAMS Security Management and Access Controls**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS modified the Electronic Grants Administration and Management System (EGrAMS) access query criteria to ensure all SOM users are identified for the User Access Annual Reconciliation Survey.

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

BGP received approval for an exception allowing them to disable inactive accounts after 120 days instead of 60 days, which was implemented on October 1, 2021.



Anticipated Completion Date  
Completed

**Finding 2021-010**  
**MARS User Access**

Management Views  
LEO agrees with the finding.

Planned Corrective Action  
LEO Administrative Services will work with LEO Workforce Development to correct the exceptions where applicable; and then will establish and implement a policy and procedure that addresses the following:

- a. Ensuring that SOM policies and procedures are followed with respect to the assignment and maintenance of appropriate access rights for each user and maintaining sufficient documentation to support access right requests and approvals.
- b. Ensuring that the Michigan Administrative Review System (MARS) user access is reviewed semiannually for privileged accounts and annually for all other accounts.
- c. Ensuring timely disabling of inactive user accounts.

Anticipated Completion Date  
December 31, 2022

**Finding 2021-011**  
**MATT 2.0 Security Management and Access Controls**

Management Views  
The Michigan State Housing Development Authority (MSHDA) agrees with the finding. Related to part c., the eight other State employees referenced in the finding are State employees, but these are actually set as external users in the system. Historically, MSHDA has always made a distinction between internal users and external users, as external users do not have the ability to access the main MSHDA Activity Tracking Tool (MATT) 2.0 system. When MSHDA partners with a company, the system creates an external company portal that gives the company various tools that they can choose to utilize. This portal does not give nor allow access to the main MATT 2.0 system. These external company portal users are not considered system accounts and the system design does not allow unauthorized access, use, disclosure, or denial of SOM information. However, MSHDA's goal is to ensure the utmost security in its IT systems and agrees that regardless of internal or external, these accounts need to be disabled in a timely manner as the State's policy does not differentiate between the two. Therefore, as recommended, MSHDA will start treating the external portal users the same as full system users.

Planned Corrective Action  
The MSHDA Technical Support Services (TSS) department is completing a full user audit of the system as well as setting up the process of doing a semi-annual review of MATT 2.0 user accounts to ensure timely disabling of both internal and external accounts.

Anticipated Completion Date  
October 31, 2022

**Finding 2021-012**  
**MATT 2.0 Change Management Process**

Management Views

MSHDA agrees with the finding. During the middle of calendar year 2020, the TSS department was improving the existing change management process for MATT 2.0 and was aware of all system changes being requested during this time. These requests were all reviewed and recorded within a tracking system where there is documentation of which changes were allowed into production.

Corrective Action

As of November 2021, MSHDA has implemented a stricter change management process requiring approval from the TSS department before production changes can be made.

Anticipated Completion Date  
Completed

**Finding 2021-013**  
**MDE - Security Management and Access Controls**

Management Views

The Michigan Department of Education (MDE) agrees with the finding.

Planned Corrective Action

For part a., MDE will review established processes for granting and approving access with all security administrators and update program office procedures, if deemed appropriate.

For part b., MDE will review established processes for review of privileged accounts with all security administrators and update program office procedures, if deemed appropriate.

For part c., MDE is working with DTMB to find a technical solution to address the technical standards based on the National Institute of Standards and Technology control framework to ensure the controls for each information system are appropriate for the information types it processes.

For part d., district users often have valid business reasons to only interact with applications in intervals well beyond 60 days. MDE does not have the resources to manually disable the large volume of district users falling into this category. In addition, MDE believes this would negatively impact districts because there will be a delay or denial of services to Michigan learners by requiring an account reactivation or creating a new account. MDE, in collaboration with DTMB Agency Services supporting MDE, will seek an Executive Technical Review Board exception request.

Anticipated Completion Date  
December 31, 2022

**Finding 2021-014**  
**MDE - IT Change Management Process**

Management Views

MDE agrees with the finding.

Planned Corrective Action

MDE and DTMB are reviewing processes and procedures regarding the testing and documentation of change management items within the DevOps tracking system. The review of processes and procedures and any updates that may need to occur should be complete by December 31, 2022.

Anticipated Completion Date

December 31, 2022

**Finding 2021-015**  
**MDHHS - Inappropriate PACAP Allocation**

Management Views

MDHHS agrees with the finding. However, the individual statistical records with incorrect data for the eight cost pools identified only accounted for 5 of 8,150 or 0.06 percent of all records, and individual statistical records with incomplete data for the six cost pools identified only accounted for 47 of 8,150 or 0.58 percent of all records. We estimate the gross dollar impact of these errors to be roughly \$313,600 out of \$1,565,674,405 allocated in fiscal year 2021 (or approximately 0.02 percent of all allocated funds).

Due to the linear nature of the MDHHS cost allocation process, the large administrative overhead cost pools that are included in the auditor's samples, such as Rent and Building Occupancy and Departmentwide Administration, are allocated across the entire department. The auditor's review included all related statistic records within each statistic group for the sampled cost pools. This includes almost all statistics used in the cost allocation process for the entire fiscal year because the costs that originate in these cost pools are referenced in all other cost pools. Therefore, the review encompassed the entirety of approximately all 8,150 related statistical records.

Planned Corrective Action

MDHHS began using data analysis tools during July 2022 to compare the statistical data received each quarter with the statistical references in every base in the cost allocation configuration to ensure that every valid statistic has the appropriate bases.

Anticipated Completion Date

Completed

**Finding 2021-016**  
**Treasury - Recertification of Clearance Patterns**

Management Views

The Michigan Department of Treasury (Treasury) agrees with the finding. Unforeseen staffing changes in late 2021 disrupted continuity in the Cash Management Improvement Act (CMIA) program. Prior to the staffing changes, procedures were insufficient. Treasury previously

collected clearance pattern SIGMA coding from state agencies, however, the coding collected was not at the level of detail required. Procedures have since been updated and completed as of May 2022.

#### Planned Corrective Action

For part a.1., Treasury has updated procedures to include gathering clearance pattern SIGMA coding on a program component level for programs that use a funding technique that requires a clearance pattern in the upcoming Treasury-State Agreement.

For part a.2., the procedure updates also include that programs that have multiple patterns need to be reviewed by pattern and not by program for better accuracy.

For part b., clearance pattern recertification is due every five years. Treasury will internally review clearance patterns on an annual basis going forward to ensure this requirement is met. State agencies will provide the coding and date range required for clearance pattern development.

#### Anticipated Completion Date

Completed

### **Finding 2021-017**

#### **MDHHS - Cash Management Process**

#### Management Views

MDHHS agrees with the finding.

#### Planned Corrective Action

MDHHS is continuing to enhance a grant draw tracking database that currently tracks the funding technique timing and any deviations. MDHHS plans to perform an update that will include obtaining interest report data by October 1, 2022. MDHHS will also provide ongoing training to all staff and has incorporated CMIA compliance in annual staff performance reviews.

#### Anticipated Completion Date

October 1, 2022

### **Finding 2021-018**

#### **MDE - FFATA Reporting**

#### Management Views

MDE partially agrees with the finding. During the audit period, MDE attempted to submit the report each month for certain Federal Award Identification Numbers (FAIN) within the allowable timeframe but was unsuccessful due to those FAINs being assigned to an agency other than MDE. Because MDE was not listed as the primary awardee, MDE was prohibited from submitting the associated reporting in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) and agrees the subaward information was not reported during the audit period. In addition, MDE did not report on certain FAINs due to a system error in the Next Generation Grant, Application and Cash Management application; a system which is new to the department. The error caused an incorrect FAIN to be populated, which was automatically filtered out during the review process since there was not a match between a reportable FAIN and the system.

MDE disagrees the program description elements were incorrect at the time of submission. FSRS lacks the ability to show items from a historical perspective, and in the absence of that information, MDE provided screenshots and timestamped documentation to show the elements were accurate at time of submission.

#### Planned Corrective Action

MDE corrected all system errors and now has the ability to submit the FFATA reporting as the primary awardee. The outstanding information cited in the finding was submitted in June 2022. The FFATA reporting submission will be on time for all awards going forward.

MDE will continue to take screen shots of data submissions at the current time of submission to document what all key elements were in FSRS at that time.

#### Anticipated Completion Date

Completed

### **Finding 2021-019**

#### **MDHHS - FFATA Reporting**

#### Management Views

MDHHS agrees with the finding. MDHHS believes they have processes in place for timely submission in future periods, however, due to conflicting priorities reports were not always submitted timely during the audit period. The federal FSRS system was not functioning correctly for the majority of the audit period, exacerbating timely submissions. In the interim, MDHHS did prepare reports until the system became available, but did not submit all outstanding reports during the audit period due to conflicting priorities.

#### Planned Corrective Action

MDHHS anticipates submission of all outstanding FFATA reports in accordance with FFATA reporting requirements, which includes required subaward information, by December 31, 2022, but recognizes that completion is dependent on the operability of the FSRS system.

#### Anticipated Completion Date

December 31, 2022

### **Finding 2021-020**

#### **MDHHS - Subaward Information**

#### Management Views

MDHHS agrees with the finding.

#### Planned Corrective Action

For subawards that are maintained in EGrAMS, MDHHS BGP implemented an EGrAMS system enhancement that provides on demand financial assistance reporting functionality.

For subawards that are maintained outside of EGrAMS, MDHHS and the Department of Licensing and Regulatory Affairs (LARA) will review and update their current processes to ensure that the appropriate subaward information requirements are reported. MDHHS will provide LARA with a copy of the applicable Low-Income Home Energy Assistance Program Federal Award letter and LARA will provide all appropriate information required to all subrecipients.

#### Anticipated Completion Date

The EGrAMS system enhancement was completed February 2022. For subawards maintained outside of EGrAMS, MDHHS anticipates completion of corrective action by September 30, 2022.

#### **Finding 2021-021**

##### **MSHDA - Subaward Information**

#### Management Views

MSHDA agrees with the finding.

#### Planned Corrective Action

MSHDA has updated the MATT 2.0 template to ensure that the unique entity identifier is included in future grant agreements. MSHDA amended current grant agreements by May 31, 2022, to include the unique entity identifier.

#### Anticipated Completion Date

Completed

#### **Finding 2021-022**

##### **Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Beneficiary Eligibility**

#### Management Views

MDHHS agrees with the finding.

#### Planned Corrective Action

MDHHS is currently pursuing other data sources for income verification and other system enhancements so support for compliance with eligibility policies and procedures, including income documentation can be reviewed by all reviewers. MDHHS has implemented several system changes that address other issues identified within this audit.

MDHHS is in the process of determining where additional training or enhancements to training are needed to ensure eligibility is accurately determined and documentation is properly maintained and loaded to the electronic case file. Once this is complete, MDHHS will develop mandatory training protocols for eligibility workers.

MDHHS has been working since 2018 to ensure correct eligibility classifications in Bridges for the Children's Health Insurance Program (CHIP) cases at the time of payment and a system change was implemented in April 2021 to correct the issue. All new cases are correctly routed. MDHHS expects that all existing cases will be updated during a 14-month period following the end of the public health emergency (PHE), as MDHHS completes renewals for existing cases. MDHHS cannot terminate Medicaid benefits during the PHE, and annual renewals have not been completed since the start of the PHE, resulting in most Medicaid cases not being touched until the 14-month unwind period allotted by the Centers for Medicare and Medicaid Services at the end of the PHE.

#### Anticipated Completion Date

MDHHS will have determined whether other data sources for income verification are available by December 31, 2022 and will develop additional trainings identified as necessary for eligibility staff, based on trend results from ongoing Medicaid Eligibility Quality Control program case

reviews. MDHHS will ensure all eligibility determinations are updated for existing cases 14 months after the end of the PHE.

**Finding 2021-023**

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has been working since 2018 to ensure correct eligibility classifications in Bridges at the time of payment and a system change was implemented in April 2021 to correct the issue. All new cases are correctly routed. MDHHS expects that all existing cases will be updated during a 14-month period following the end of the PHE, as MDHHS completes renewals for existing cases. MDHHS cannot terminate Medicaid benefits during the PHE, and annual renewals have not been completed since the start of the PHE, resulting in most Medicaid cases not being touched until the 14-month unwind period allotted by the Centers for Medicare and Medicaid Services at the end of the PHE.

MDHHS identified and updated its manual process of transferring expenditures from the Medicaid Cluster to CHIP in June 2021; and will continue this manual process, on a quarterly basis, by completing a summary-level adjustment determined by analyzing CHAMPS payment data and Bridges eligibility data until all existing cases have been updated.

Anticipated Completion Date

14 months after the end of the PHE.

**Finding 2021-024**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Eligibility Interface Errors**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS's Behavioral and Physical Health and Aging Services Administration (BPHASA) enhanced the existing Bridges report utilized by local offices to ensure that all duplicate errors are identified. 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. CHAMPS is currently designed to reject potential duplicate records to prevent duplicate payments for the same individuals that already exist in CHAMPS.

BPHASA implemented an enhancement in March 2022 to export the daily interface errors to the Data Warehouse which allows staff to monitor these errors more efficiently using queries and on-demand reports. BPHASA is monitoring these errors on an ongoing basis and correcting them manually in Bridges and/or CHAMPS. Those which cannot be manually corrected receive a Bridges work request to have them fixed.

Anticipated Completion Date  
Completed

**Finding 2021-025**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Medical Records**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

As part of their annual communication plan, MDHHS provided communication via Medicaid provider alerts on May 5, 2022, and the provider listserv on May 12, 2022, that communicate to providers the importance of maintaining appropriate documentation for services provided. For the two cases not received, the providers were unresponsive. Therefore, MDHHS voided the claims on May 10, 2022, recouped the funds for those Transaction Control Numbers, and notified the providers.

Anticipated Completion Date

MDHHS will send quarterly communications to providers regarding maintaining appropriate documentation. MDHHS recoupment actions for the cited claims are complete.

**Finding 2021-026**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Provider Eligibility**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

Beginning with the 2023 contract cycle, MDHHS will require managed care entities to return the signed Provider Screening Information Collection Tool (PSICT) forms at the same time contract renewal documents are due, to simplify the signature process and collect all required signatures from managed care entities simultaneously. As of January 2022, MDHHS also sends out biannual attestation forms to ensure information is up to date.

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, BPHASA 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 PHE, but MDHHS is completing monitoring off-site.

Anticipated Completion Date

Managed care entities will be required to return the signed PSICT form beginning with the 2023 contract cycle. MDHHS has not yet determined an anticipated completion date for enrolling



atypical providers into CHAMPS. MDHHS expects to complete the off-site monitoring cycle by September 2022, and biennially going forward.

**Finding 2021-027**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Refunding of Federal Share of Overpayments**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is in the process of finalizing 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 finalize the necessary procedures to ensure both the timely reporting of overpayments on the quarterly statement of expenditures report (CMS-64 report) along with the proper, associated accounting entries in SIGMA.

Anticipated Completion Date

MDHHS will finalize communication protocols by August 31, 2022. All other actions will be completed by December 31, 2022.

**Finding 2021-028**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Medical Loss Ratio**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will instruct the contracted actuary to include a comparison of the amounts reported in the medical loss ratio calculation with audited financial reports.

Anticipated Completion Date

September 30, 2023

**Finding 2021-029**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Managed Care Periodic Audits**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS is currently exploring adding an additional external quality review (EQR) protocol to the existing EQR agreement, which will ensure an independent audit is conducted on the accuracy, truthfulness, and completeness of encounter and financial data submitted by the Managed Care Organizations, Prepaid Inpatient Health Plans, and Prepaid Ambulatory Health Plan and will require the results to be published on their website.

Anticipated Completion Date  
September 30, 2023

**Finding 2021-030**  
**WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN**  
**10.557 - MI-WIC IT General Controls**

Management Views

While MDHHS and DTMB acknowledge they had not fully implemented database specific access controls and an organization-wide security framework for database security configuration management, individual information systems have applied secure configurations to reduce risk. DTMB disagrees that there is elevated risk that individuals may make inappropriate changes to the Michigan Women Infants and Children Information System (MI-WIC) and that there is increased risk that MDHHS and DTMB cannot ensure the security of MI-WIC and its data. DTMB reduces the risk by ensuring the databases reside in restricted trusted internal security zones, protected by firewalls and specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

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

Anticipated Completion Date

DTMB has not yet determined an anticipated completion date.

**Finding 2021-031**  
**WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN**  
**10.557 - MI-WIC User Access**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS will review the impacted user accounts to determine if the records can be corrected. MDHHS will also review role and access records to determine the feasibility of correcting the system defect that is affecting the role history within the system.

For part b., MDHHS will review and correct the queries used to support the semiannual review process to ensure that the data is complete and accurate, which will eliminate gaps in the review of privileged roles.

Anticipated Completion Date

March 1, 2023

**Finding 2021-032**

**WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557 - MI-WIC Change Management Process**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will review the current change management process to identify areas of improvement. MDHHS will develop a more comprehensive change management process and require all system changes to follow this process. MDHHS will also request and retain copies of supporting change management documents as necessary for MI-WIC system changes.

Anticipated Completion Date

October 1, 2022

**Finding 2021-033**

**Housing Voucher Cluster, ALN 14.871 and 14.879 - Accounting for HAP Expenditures**

Management Views

MSHDA agrees with the finding. Housing Assistance Payments of \$4.9 million were eligible expenses for both the Coronavirus Aid, Relief, and Economic Security Act (CARES) funding and Housing Choice Voucher Program. In December 2020, the CARES funding was used to pay for those Housing Assistance Payments. A journal entry was made to expense the cost to the CARES grant. However, after this entry, another entry was made also charging the expense to the Housing Choice Voucher Program. This accounting error was discovered and corrected in fiscal year 2022. The same expense was temporarily listed twice: no improper funds were requested of nor received from either federal funding source.

The expenditure of \$4,908,275 in program funds was applied toward allowable costs, despite the corrected accounting error, as evidenced by support documentation for those expenditures.

Planned Corrective Action

Finance management will perform a more thorough review and reconciliation of federal expenditures prior to closing the financials for the year.

Anticipated Completion Date

August 31, 2022

**Finding 2021-034**

**WIOA Cluster, ALN 17.258, 17.259, and 17.278 - FFATA Reporting**

Management Views

LEO agrees with the finding.

Planned Corrective Action

LEO has subsequently reported the previously missing Worker Innovation and Opportunity Act (WIOA) Cluster subaward information and now routinely reconciles what is reported in FSRS to USA Spending to ensure accuracy. LEO Finance will update existing procedures to ensure

ongoing compliance with FFATA reporting requirements. In addition, LEO Finance will conduct supervisory oversight of the process to ensure accuracy, completeness, and timely submission.

Anticipated Completion Date

December 31, 2022

**Finding 2021-035**

**Coronavirus Relief Fund, ALN 21.019 - Payments in Excess of Grant Award Amount**

Management Views

MSHDA agrees with the finding.

Planned Corrective Action

MSHDA notified the vendor of this system error on December 23, 2020. The issue was corrected by the vendor and the fix was moved into production on January 28, 2021. Reports were then worked on and generated to help identify any possible overpayments. During this time, it was discovered that there were still issues with the 'Cash on Hand' and the final fix went into production on August 27, 2021. Screenshots of the code changes fixing this issue were provided to the Office of the Auditor General during the audit.

In addition, MSHDA began seeking repayment of the overpayment upon identification of the error. The overpayment was communicated to the sub-recipient and a demand for repayment was issued. MSHDA notified the sub-recipient that a reconciliation will be performed in accordance with 2 CFR 200.1 once the funds are returned. MSHDA is also coordinating with federal grantor agencies to recapture overpaid funds.

Anticipated Completion Date

The system error was corrected on August 27, 2021. The overpayment is expected to be recouped by October 1, 2022, pending coordination with federal grantor agencies.

**Finding 2021-036**

**Emergency Rental Assistance Program, ALN 21.023 - Suspension and Debarment Process**

Management Views

MSHDA agrees with the finding. MSHDA did not previously have an established process, specific to the COVID-19 Emergency Rental Assistance (CERA) Program, to check for suspensions or debarments; however, MSHDA relied on a parallel process in fiscal year 2021 for the Emergency Solutions Grant Program, which includes CERA fiduciaries and a check for suspension or debarment.

Planned Corrective Action

MSHDA performed a separate check for CERA sub-grantees on January 4, 2022 and separately documented the result and time the check was performed. In addition, by January 4, 2022, MSHDA incorporated this suspension or debarment check in the existing sub-grantee profile review process (initially and annually) where this check will be performed for all federal sub-grantees administered by MSHDA.

Anticipated Completion Date

Completed

**Finding 2021-037**

**Drinking Water State Revolving Fund Cluster, ALN 66.468 - Principal Forgiveness**

Management Views

The Department of Environment, Great Lakes, and Energy (EGLE) agrees with the finding. EGLE's plan to address prior year shortfalls in principal forgiveness was previously approved by the U.S. Environmental Protection Agency.

Planned Corrective Action

EGLE will continue the practice initiated in September 2021 within its fiscal year 2022 intended use plan, and annually thereafter, of disclosing the reallocation of remaining principal forgiveness as a result of communities choosing to withdraw from the program.

Anticipated Completion Date

Completed

**Finding 2021-038**

**Education Stabilization Fund, ALN 84.425 - Subaward Information**

Management Views

MDE agrees with the finding. MDE did not save the Assistance Listing Number (ALN) on the Michigan Electronic Grants System Plus (MEGS+) Program Administration/Funding Source detail screen used to set up the applications and make the application live, which would have allowed MDE to select the program year from the selections for that ALN and automatically populate Grant Award Notification (GAN) information in the system to make sure all details populate.

Planned Corrective Action

Program offices will confirm grant details and MEGS+ system connections are made prior to the applications being made available for applicants. Required grant details are outlined in the internal Preparing for Implementation procedure steps to be completed by MDE staff before grants are issued. MDE corrected the issue on May 12, 2022, in MEGS+ by connecting the ALN to the FAIN logged into the system so that all of the required elements automatically populate on the GAN through MEGS+.

Anticipated Completion Date

Completed

**Finding 2021-039**

**Education Stabilization Fund, ALN 84.425 - During-the-Award Monitoring Procedures**

Management Views

MDE agrees with the finding.

Planned Corrective Action

MDE's performance period on subrecipient Education Stabilization Fund (ESF) grants during the audit period ended June 30, 2022, and final expenditure reports (FERs) are due in August 2022. MDE will collect FERs in August 2022 and start monitoring its subrecipients that receive ESF grants by September 30, 2023. In the future, MDE will ensure GANs properly state MDE's expectations for completion and review of the FERs.

Anticipated Completion Date  
September 30, 2023

**Finding 2021-040**  
**CCDF Cluster, ALN 93.575 and 93.596 - Client Eligibility**

Management Views  
MDHHS and MDE agree with the finding.

Planned Corrective Action  
MDHHS Public Assistance Operations (PAO), within the ESA, will continue assisting the local office staff and BSC staff by providing guidance on MDE policies and processes. Policy changes or noted trends may be addressed during PAO's Bridges Bits and Bytes communication sessions.

ESA will issue a memo informing the local office and BSC staff of the identified issues and include guidance to address each issue.

MDE and MDHHS will work together to prioritize work requests associated with Family Contribution related system errors and determine if additional work requests are needed to address error in hours paid and Star Ratings interfaced into Bridges.

Anticipated Completion Date  
MDHHS assistance and guidance is ongoing and MDHHS anticipates that the memo will be issued by September 30, 2022. MDE and MDHHS will begin prioritizing work requests by December 31, 2022.

**Finding 2021-041**  
**CCDF Cluster, ALN 93.575 and 93.596 - Provider Health and Safety Requirements**

Management Views  
MDE and LARA agree with the finding.

Planned Corrective Action  
Shortly after gaining approval of the new administrative rule set needed to implement and monitor health and safety requirements, 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) 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 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 aforementioned 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. The waiver was approved on August 6, 2021. LARA worked with the Michigan Legislature to amend Public Act 116 of 1973 to require inspections in accordance with the federal CCDBG approved state plan. These changes were signed into law on June 23, 2022.

As of June 4, 2021, CCLB completed the majority of inspections due during the COVID-19 pandemic. CCLB has subsequently completed the annually required renewal and/or interim inspections. The applicable health and safety requirements were reviewed during the inspections conducted.

Currently, all health and safety topics are reviewed at renewal and interim inspections. CCLB will continue to communicate with providers about the required health and safety training and consultants will provide consultation regarding these topics.

CCLB has reviewed and trained staff on the renewal packet mailing process to help ensure the packets are mailed to providers in a timely manner. CCLB will save all extension letters mailed to providers in PDF format and make them available upon request.

Anticipated Completion Date  
Completed

**Finding 2021-042**  
**Medicaid Cluster, ALN 93.775, 93.777 and 93.778 - Payments on Behalf of Ineligible Beneficiaries**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
MDHHS developed a manual process to identify and fix out of sync records between CHAMPS and Bridges in October 2021, however, due to limited resources, full implementation has been delayed. MDHHS has submitted a system solution request which is being reviewed for development and implementation.

Anticipated Completion Date  
The system solution will be implemented by December 31, 2022.

**Finding 2021-043**  
**Medicaid Cluster, ALN 93.775, 93.777 and 93.778 - Ineligible HHP Payments**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
MDHHS has updated Adult Services Manual (ASM) Section 135, to allow payment for Home Help services on the day a client is discharged from the nursing home. In addition, notes have

been added to the monthly hospital and nursing home reports distributed to adult services workers to reiterate that day-out of facility services are covered, but not day-in.

The Home Help payment process was changed to an automated process during August 2022, tying payments to services on the Electronic Services Verification (ESV) prior to payment being made. In addition, MDHHS modified policy to begin recoupment by task instead of by daily rate for services provided on overlapping days. A recoupment calculator has been provided to staff to ensure the correct amount is recouped.

Anticipated Completion Date  
Completed

**Finding 2021-044**  
**Medicaid Cluster, ALN 93.775, 93.777 and 93.778 - Home Help Payment Oversight**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
For part a., beginning in April 2022, MDHHS has automated the payment methodology for ESV to ensure that payments to individual providers are based on tasks authorized and completed.

For part b., the Home Help program will complete a targeted read on shared living arrangements once the PHE ends. If cases are identified where services have not been reduced by 50 percent and are not adequately documented to support full reimbursement, the case will be reduced as necessary as outlined in ASM 120 (Adult Services Comprehensive Assessment). In addition, MDHHS will reiterate to staff the importance of providing adequate documentation in case files to support a full instrumental activities of daily living payment where necessary.

Anticipated Completion Date  
a. Completed  
b. December 31, 2022

**Finding 2021-045**  
**Medicaid Cluster, ALN 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 Medical Services Administration 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.



#### Anticipated Completion Date

The automatic procedure was implemented during May 2021 and evaluation of whether additional process and system changes are needed to further mitigate overlapping payments is ongoing.

#### **Finding 2021-046**

##### **Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - MARIS IT General Controls**

#### Management Views

While MDHHS and DTMB acknowledge they had not fully implemented an organization-wide security framework for database security configuration management, individual information systems have applied secure configurations to reduce risk. DTMB disagrees that there is elevated risk that individuals may make inappropriate changes to the Medicaid Audit Recoupment and Investigation System (MARIS) and that there is increased risk that MDHHS and DTMB cannot ensure the security of MARIS and its data. DTMB reduces the risk by ensuring the databases reside in restricted trusted internal security zones, protected by firewalls and specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

#### 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 2021-047**

##### **Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - MARIS Security Management and Access Controls**

#### Management Views

MDHHS agrees with the finding.

#### Planned Corrective Action

MDHHS has disabled the accounts for any users who have been inactive for 60 days. The 12 identified users who had not accessed MARIS in over 60 days had read-only access appropriate to their role. MDHHS has also implemented an automated email report identifying users inactive for 60 days which will be sent to MARIS administrators who will disable the accounts.

#### Anticipated Completion Date

August 31, 2022

#### **Finding 2021-048**

##### **Medicaid Cluster, ALN 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 and the Department of Attorney General are currently finalizing the process that will be utilized to help ensure timely establishment and reporting of overpayments.

#### Anticipated Completion Date

September 30, 2022

### **Finding 2021-049**

#### **Immunization Cooperative Agreements, ALN 93.268 - MCIR General Controls**

#### Management Views

While MDHHS and DTMB acknowledge they had not fully implemented an organization-wide security framework for database security configuration management, individual information systems have applied secure configurations to reduce risk. DTMB disagrees that there is elevated risk that individuals may make inappropriate changes to the Michigan Care Improvement Registry (MCIR) and that there is increased risk that MDHHS and DTMB cannot ensure the security of MCIR and its data. DTMB reduces the risk by ensuring the databases reside in restricted trusted internal security zones, protected by firewalls and specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

#### 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 2021-050**

#### **Immunization Cooperative Agreements, ALN 93.268 - MCIR User Access Controls**

#### Management Views

MDHHS agrees with the finding.

#### Planned Corrective Action

MDHHS will develop a standard operating procedure and tracking tool to help ensure proper approval and retention of security agreements to support access granted to the MCIR.

#### Anticipated Completion Date

December 31, 2022

### **Finding 2021-051**

#### **Immunization Cooperative Agreements, ALN 93.268 - Control, Accountability, and Safeguarding of Vaccine and Record of Immunization**

#### Management Views

MDHHS disagrees with the finding. Site visits were not conducted for all Vaccines for Children providers during the review period because the Centers for Disease Control and Prevention (CDC) allowed jurisdictions to temporarily suspend these visits during the COVID-19 pandemic.

and clarified that awardees will not be penalized for not meeting the site visit requirement. MDHHS reached out to the CDC for clarification on conducting site visits and was informed that site visit activities may be suspended based on COVID-19 activity in MDHHS's jurisdiction and capacity within MDHHS's organization. Information supporting this decision was provided to the audit team.

Planned Corrective Action

Although the CDC has not yet rescinded the temporary suspension, MDHHS plans to resume conducting regular site visits for all providers beginning with the current site visit cycle from July 1, 2022, through June 30, 2023.

Anticipated Completion Date

June 30, 2023

**Finding 2021-052**

**Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), ALN 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 limited resources, COVID-19 responsibilities, and various statutory deadlines. MDHHS is currently in the process of developing a communication strategy for collection of documentation to support all lab expenditures reimbursed. In addition, MDHHS is establishing a position to assist with post payment reviews for various COVID-19 expenditures and expects to have a new process developed by December 31, 2022. MDHHS continues to conduct a reasonableness check on all requests prior to payment.

Anticipated Completion Date

December 31, 2022

**Finding 2021-053**

**Temporary Assistance for Needy Families, ALN 93.558 - Non-Financial Eligibility Documentation**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS's ESA will continue to emphasize the importance of maintaining eligibility documentation through ongoing staff training and a memorandum sent out to the field offices. ESA leadership will also reach out to the managers of the individual specialists regarding the missing application material, missing verification of age of the minor children, the relationship of the minor children to the caregivers, and the school attendance/enrollment verifications.

The Family Automated Screening Tool (FAST) and Family Self-Sufficiency Plan (FSSP) documentation was obtained from the client, but completion of the FAST and FSSP was not timely, and the good cause given was not properly documented. MDHHS requested technology changes to require case workers to provide appropriate good cause for the delay in obtaining FAST and FSSP documentation. System automation will terminate benefits if appropriate good cause is not provided.

Anticipated Completion Date

Training will be ongoing. ESA will issue the memorandum and address the specific issues with local office management and specialists by September 30, 2022. MDHHS has not yet determined a completion for the technology changes due to prioritization of technology changes and budget constraints.

**Finding 2021-054**

**Temporary Assistance for Needy Families, ALN 93.558 - Income Eligibility Documentation**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS's ESA will continue emphasizing the importance of ensuring that both the State Online Query and the Consolidated Inquiry are properly documented and maintained, through ongoing staff training and a memorandum sent out to the field offices. Also, ESA leadership will address these specific issues with the local office management and specialists for case actions that were required.

Anticipated Completion Date

Training will be ongoing. ESA will issue the memorandum and address the specific issues with local office management and specialists by September 30, 2022.

**Finding 2021-055**

**Temporary Assistance for Needy Families, ALN 93.558 - Family Support Subsidy Program**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will communicate the importance of maintaining appropriate documentation verifying eligibility for the Family Support Subsidy Program to the Community Mental Health Service Programs (CMHSPs). MDHHS has also requested reimbursement from the CMHSP that did not maintain the appropriate documentation.

Anticipated Completion Date

August 31, 2022

**Finding 2021-056**

**Temporary Assistance for Needy Families, ALN 93.558 - TANF Funded Foster Care Payments**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has modified the TANF data query to look for the existence of any Foster Care Title IV-E claims where the service dates overlap with a state or county payment and will exclude those payments from TANF claiming.

Anticipated Completion Date

Completed

**Finding 2021-057**

**Low-Income Home Energy Assistance, ALN 93.568 - Eligibility Determinations**

Management Views

MDHHS agrees with the finding

Planned Corrective Action

MDHHS State Emergency Relief (SER) program policy staff will send out an ESA memo communication, to local office staff, sharing the errors noted in the audit and providing guidance to help remediate these errors going forward. Also, SER staff and ESA will provide guidance to staff regarding eligibility and documentation requirements by continually monitoring the SER policy mailbox and communicating through Bridges Bits and Bytes communication sessions and BSCs when trends are noted.

ESA is undertaking a comprehensive review of the current audit findings, previous remediation activities and resulting impact of those activities. This review will then be used to develop a comprehensive remediation strategy that will include, among other items, periodic monitoring to address program weaknesses in an ongoing manner.

Anticipated Completion Date

MDHHS anticipates the ESA memo will be sent, the comprehensive review will be complete and resulting remediation strategy will be in place by September 30, 2022. Periodic monitoring will be ongoing.

**Finding 2021-058**

**Adoption Assistance, ALN 93.659 - 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 and validate data. As of July 2018, a manual review is completed for all new eligibility determinations for

each child, to determine if the child meets applicable and nonapplicable criteria for cost savings purposes.

Anticipated Completion Date

Ongoing

**Finding 2021-059**

**Children's Health Insurance Program ALN 93.767 - Insurance Provider Assessment Reimbursements**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS expanded the managed care gross adjustment Insurance Provider Assessment (IPA) tax assessment calculation review process to include reconciliation of data used in the calculation to the data in CHAMPS to ensure all applicable capitation claim data is properly included.

In addition, MDHHS corrected the federal and State share coding for the incorrect IPA tax assessments in May 2022 and returned the overstated funds.

Anticipated Completion Date

Completed

**Finding 2021-060**

**Disaster Grants – Public Assistance (Presidentially Declared Disasters), ALN 97.036 - FFATA Reporting**

Management Views

The Michigan Department of State Police (MSP) agrees with the finding. MSP was responding to the unprecedented challenges of the COVID-19 pandemic and several other Michigan disasters with limited resources that impacted the department's ability to complete FFATA reporting timely during fiscal year 2021.

Planned Corrective Action

The FFATA reporting cited in the finding was updated during fiscal year 2022. Additionally, the Federal Emergency Management Agency performed a monitoring visit during March 2022, and the results letter provided in May 2022 determined compliance with reporting. MSP will review the procedure for FFATA reporting for additional efficiencies to ensure timeliness. MSP is in the process of hiring a department technician whose responsibilities will include the task of FFATA reporting.

Anticipated Completion Date

September 30, 2022

## **Findings Identified by Other Auditors**

### **Finding 2021-061**

#### **Unemployment Insurance, ALN 17.225**

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2021, Corrective Action Plan, Finding 2021-001.

### **Finding 2021-062**

#### **Unemployment Insurance, ALN 17.225**

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2021, Corrective Action Plan, Finding 2021-002.

### **Finding 2021-063**

#### **Unemployment Insurance, ALN 17.225**

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2021, Corrective Action Plan, Finding 2021-003.

### **Finding 2021-064**

#### **Unemployment Insurance, ALN 17.225**

See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Administration Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2021, Corrective Action Plan, Finding 2021-001.