



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

JENNIFER L. FLOOD
DIRECTOR

November 28, 2023

MEMORANDUM

TO: Office of Internal Audit Services
State Budget Office

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

SUBJECT: FY2022 Statewide Single Audit Corrective Action Plan

In accordance with the State of Michigan Financial Management Guide, Part VII, Chapter 3, attached is a summary table identifying the 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, 2022.

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

Attachment

cc: Executive Office
Doug Ringler, Auditor General
Joe Tate, Speaker of the House
Matt Hall, House Minority Leader
Winnie Brinks, Senate Majority Leader
Aric Nesbitt, Senate Minority Leader
Jennifer Flood, State Budget Director
Kyle Guarrant, 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, 2022**

1. Audit Recommendations the agency has complied with:

2022-001*, 2022-002, 2022-005, 2022-011, 2022-012, 2022-017, 2022-018, 2022-029, 2022-032*, 2022-041, 2022-045, 2022-048, 2022-059

2. Audit Recommendations the agency will comply with:

2022-003 (part b.), 2022-004*, 2022-006* (parts a. through e., and g.), 2022-007 (part a.), 2022-008*, 2022-009*, 2022-010, 2022-013, 2022-014, 2022-015, 2022-016, 2022-019, 2022-020, 2022-021, 2022-022, 2022-023, 2022-024, 2022-025, 2022-026, 2022-027, 2022-028, 2022-030, 2022-031, 2022-033, 2022-034, 2022-035, 2022-036, 2022-037, 2022-038, 2022-039, 2022-040, 2022-042*, 2022-043, 2022-044, 2022-046, 2022-047, 2022-049, 2022-050, 2022-051*, 2022-052*, 2022-053*, 2022-054, 2022-055, 2022-056, 2022-057, 2022-058, 2022-060, 2022-061

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

2022-003 (part a.), 2022-006 (part f.), 2022-007 (parts b. and c.)

4. Audit Recommendations Related to Other Audits:

2022-062, 2022-063, 2022-064, 2022-065

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 2022-001
Confidential Information in SIGMA

Management Views

The Department of Military and Veterans Affairs (DMVA) and the Michigan Department of State Police (MSP) disagree that confidential information was included in the Statewide Integrated Governmental Management Applications (SIGMA). Follow-up with the Department of Technology, Management, and Budget (DTMB) confirmed that user ID is not considered confidential data at the DTMB enterprise level.

Planned Corrective Action

DTMB revised DTMB Administrative Policy 900.01 effective June 16, 2023.

Anticipated Completion Date

Completed

Finding 2022-002
SIGMA High-Risk Activity Monitoring

Management Views

DTMB agrees with the finding.

Planned Corrective Action

DTMB immediately, after the issue was identified in August 2022, reinstated processes to review transactions that have been bypassed and overridden in SIGMA and perform tasks according to the requirements. Furthermore, DTMB will continue to review their self-imposed limit for the number of users that have access to perform authorized bypass and override actions in SIGMA for DMVA and MSP.

Anticipated Completion Date

Completed

Finding 2022-003
Bridges Interface Controls

Management Views

DTMB disagrees with part a. of the finding. The Michigan Department of Health and Human Services (MDHHS) agrees with part b. of the finding.

For part a., DTMB disagrees the interface over the Bridges Integrated Automated Eligibility Determination System (Bridges) data exchanges is not operating as needed. For one interface, the auditors sampled 27 different daily batches, including 9,945 records, and only four records (0.04 percent) were cited by the auditors as having inconsistencies. DTMB reviewed these four records and determined they were processed in accordance with business rules and the reporting inconsistency identified did not impact the accuracy of the reconciliation. Additionally, the auditors did not identify inconsistencies in the other eight interfaces sampled across multiple days, which totaled more than 2.95 million records. Therefore, the interface controls are effective and reasonably ensure that data transferred from a source system to a receiving system is processed accurately, completely, and timely.

Planned Corrective Action

For part a., DTMB disagrees with the finding and does not intend to take further action.

For part b., MDHHS, in collaboration with the business program area, will work to establish all missing agreements.

Anticipated Completion Date

a. Not applicable

b. September 30, 2023

Finding 2022-004

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., although MDHHS and DTMB had not fully documented all database specific configuration standards until after the audit period, DTMB disagrees that during the audit period the system contained potentially vulnerable database configurations and disagrees that DTMB cannot ensure the security of the data. DTMB has been and continues to implement the manufacturer's recommendations regarding security configurations. In addition, the databases reside in restricted trusted internal security zones, protected by firewalls, which are 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 parts a., d., and e., MDHHS will implement the Database Security Application (DSA) Bridges form which establishes a method to document user access request approval electronically and includes a semi-annual review of privileged users and an annual review of all users that is required to prevent automatic removal of access.

For part b., MDHHS will prioritize updates to Bridges that will require the local office security coordinator (LOSC) to document security monitoring reports within Bridges alerts and generate 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 developed an organization-wide framework for database security configuration management.

For part f., MDHHS's Economic Stability Administration (ESA) issued a revised memo on October 3, 2022, to Business Service Centers (BSCs) and local offices to reiterate the need for reviewing, documenting, and completing the required high-risk transaction reports timely.

For part g., during February 2022, MDHHS's Bridges Resource Center (BRC) revised their reconciliation process of high-risk transactions to comply with the changed policy requirements and ensure separate reviews are performed for each type of high-risk transaction.

MDHHS's ESA issued a revised memo on July 11, 2022, to address changes made for non-BRC Central Office staff transactions to reiterate the need for reviewing, documenting, and

completing the required high-risk transactions timely. Also, an email reminder is sent out two days prior to the high-risk transaction report due date to help ensure timeliness of the reviews.

Anticipated Completion Date

- a, d., and e. MDHHS anticipates the first phase of the DSA Bridges form will be implemented by October 2023 as a pilot and then roll out statewide with full automation by September 2024. Semi-annual and annual reviews will begin 6 months and 12 months, respectively, from the time each DSA Bridges form is implemented for each respective user.
- b. August 2024
- c. DTMB anticipates having compliance documentation by September 30, 2023.
- f. Completed with ongoing monitoring.
- g. Completed

Finding 2022-005

Bridges Change Management Process

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For Bridges releases that do not have field testers performing post-implementation validation, MDHHS will document an alternate validation approval following the release. MDHHS will send a communication within three business days after each release that validates the changes to Bridges were applied as expected and this validation will be documented as part of the release close-out process.

Anticipated Completion Date

Completed

Finding 2022-006

Income Eligibility and Verification System

Management Views

MDHHS and DTMB agree with parts c., d., e., and g. of the finding. MDHHS and DTMB disagree with parts a., b., and f. of the finding.

For parts a. and b., MDHHS agrees with the recommendations. However, MDHHS disagrees with the exceptions identified for 1 of the 6 cited interfaces. For one interface, that impacted three cases, the interface updated appropriately, as designed, where needed. The interface did not need to update the case for citizenship and worker action was not required because citizenship was verified appropriately using another method and citizenship was not in question.

For part f., MDHHS disagrees that Income Eligibility 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 parts a., b., and c., 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 developing and prioritizing a technical solution that will ensure the IEVS information is being addressed timely and used correctly in eligibility determinations.

For part d., MDHHS is collaborating with other work areas to facilitate the match process for the IEVS interfaces for recipients funded by Temporary Assistance for Needy Families adoption subsidies.

For part e., DTMB will review the process of how it receives the Public Assistance Reporting Information System (PARIS) file from their partners and transmits it to MDHHS Bridges. DTMB will investigate potential process improvements to limit the likelihood of the PARIS file not being transmitted.

For part f., MDHHS disagrees with the finding and does not intend to take further action.

For part g., MDHHS, with U.S. Department of Agriculture (USDA) Food and Nutrition Service guidance, will explore opportunities with the Michigan Department of Treasury (Treasury), Tribal partners, and independent casinos to determine the feasibility of a gaming data match.

Anticipated Completion Date

a., b., and c. Training and policy support is ongoing. MDHHS anticipates that the technical solution will be completed by December 31, 2023.

d. September 30, 2024

e. DTMB anticipates the process improvements will be implemented by September 30, 2023.

f. Not applicable

g. September 30 2024

Finding 2022-007

ADP Security Program

Management Views

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

For part b., for the first system identified, although DTMB did not proactively schedule an annual disaster recovery test, DTMB successfully performed an actual failover and supporting documentation was provided to the auditors. The actual failover demonstrated that the disaster recovery plan (DRP) worked, was complete, and no delays were experienced in restoring the critical system, therefore DTMB did not perform additional testing activities and it was unnecessary to perform a separate review or update. For the second system identified, the DRP was tested in accordance with the SOM Standard and DTMB provided the auditors with supporting documentation that updates were made to the DRP within the SOM DRP repository. The State's environment and data centers leverage an infrastructure that is comprised of fully redundant load balanced systems at alternate sites, data mirroring, and data replication to help ensure high availability.

For part c, although MDHHS agrees that system security plans were not updated timely for the systems cited, MDHHS disagrees that effective controls were not implemented to ensure

confidentiality, integrity, and availability of its automated data processing (ADP) information systems. MDHHS also disagrees that the security of critical systems was at risk by failing to mitigate potential vulnerabilities as described above.

MDHHS has compensating controls in place to ensure confidentiality, integrity, and availability of its ADP information systems in addition to mitigating potential vulnerabilities. MDHHS monitors remediation of Plans of Actions and Milestones for all information systems even after expiration of the authority to operate. In addition, MDHHS is required to audit a portion of these systems (Community Health Automated Medicaid Processing System (CHAMPS), Bridges, Enterprise Common Controls) as part of responsibilities related to the Affordable Care Act and the Medicaid Expansion marketplace. Those audits are conducted to show compliance with federal information security and privacy requirements related to the data stored in those systems. In addition, 2 of the 3 ADP systems cited for not having an updated risk assessment are reviewed biennially through the Internal Control Evaluation process where control evidence is updated to demonstrate effectiveness of controls.

Planned Corrective Action

For part a., MDHHS will add the missing elements identified to the business continuity plan (BCP) and perform annual reviewing and testing of the BCP.

For parts b. and c., MDHHS and DTMB disagree with the finding and do not intend to take further action.

Anticipated Completion Date

- a. December 31, 2023
- b. and c. Not applicable

Finding 2022-008

MiSACWIS Security Management and Access Controls

Management Views

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

For part c., although MDHHS and DTMB had not fully documented all database specific configuration standards until after the audit period, DTMB disagrees that during the audit period the system contained potentially vulnerable database configurations and disagrees that DTMB cannot ensure the security of the data. DTMB has been and continues to implement the manufacturer's recommendations regarding security configurations. In addition, the databases reside in restricted trusted internal security zones, protected by firewalls, which are specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

For parts a. and e., MDHHS will continue to provide training for LOSCs via quarterly webinars to emphasize the proper procedures for granting access and how to review and compare access to DSA approved requests.

For part b., MDHHS will add an Incompatible Role form into the DSA Michigan Statewide Automated Child Welfare Information System (MiSACWIS) request with automated routing for

appropriate approval. This would ensure that documentation was maintained, and appropriate approvals secured in all situations.

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

For part d., MDHHS has implemented a quarterly report in MiSACWIS that will identify any financial authorization that was approved by the same person that created the authorization.

Anticipated Completion Date

a. and e. Corrective action is ongoing.

b. MDHHS has not yet determined an anticipated completion date because implementation is dependent on funding, approval, and prioritization of proposed system changes.

c. DTMB anticipates having compliance documentation by September 30, 2023.

d. MDHHS will receive the first quarterly report on September 30, 2023, and will perform a review of the transactions identified on that report during October 2023.

Finding 2022-009

CHAMPS General Controls

Management Views

Although MDHHS and DTMB had not fully documented all database specific configuration standards until after the audit period, DTMB disagrees that during the audit period the system contained potentially vulnerable database configurations and disagrees that DTMB cannot ensure the security of the data. DTMB has been and continues to implement the manufacturer's recommendations regarding security configurations. In addition, the databases reside in restricted trusted internal security zones, protected by firewalls, which are specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

DTMB developed an organization-wide framework for database security configuration management.

Anticipated Completion Date

DTMB anticipates having compliance documentation by September 30, 2023.

Finding 2022-010

MARS User Access

Management Views

The Department of Labor and Economic Opportunity (LEO) agrees with the finding. LEO Administrative Services continues to experience challenges related to staffing shortages and competing priorities but recognizes the importance of maintaining sound access controls over the Michigan Administrative Review System (MARS). Accordingly, within LEO Administrative Services, the LEO Internal Controls Unit will assist the LEO Finance Unit in the interim with implementing corrective action until a permanent assignment is made.

Planned Corrective Action

LEO Administrative Services will continue to work with LEO Workforce Development to correct these exceptions. LEO will establish and fully implement a policy, procedure, and routine that addresses the following:

- a. Ensuring that LEO reviews MARS user access semiannually for privileged accounts or annually for all other accounts.
- b. Ensuring timely disabling of inactive user accounts (those not accessed in over 60 days).

Anticipated Completion Date

September 30, 2023

Finding 2022-011

MATT 2.0 Security Management and Access Controls

Management Views

The Michigan State Housing Development Authority (MSHDA) agrees with the finding.

Planned Corrective Action

For parts, a., b., and c., as of November 30, 2022, MSHDA implemented system security processes and procedures to review active generic and test accounts and to review and disable user accounts inactive for 60 days. In addition, MSHDA implemented a monitoring process that includes semiannual review of privileged accounts and annual review of all other accounts.

For part d., MSHDA provided additional training to the user who did not properly approve and document a system access form.

Anticipated Completion Date

Completed

Finding 2022-012

MATT 2.0 Change Management Process

Management Views

MSHDA agrees with the finding.

Corrective Action

MSHDA completed the improvement of the existing change management process for the MSHDA Activity Tracking Tool (MATT) 2.0 in November of 2021, which includes requiring electronically documented approval before any production changes can be made. The remaining record that did not have documented support was a training issue that has already been addressed.

Anticipated Completion Date

Completed

Finding 2022-013
MDE, Security Management and Access Controls

Management Views

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

Planned Corrective Action

For part a.1., MDE has reviewed the security authorization process for the Grant Electronic Monitoring System (GEMS)/MARS with staff who can approve and modify user accounts. MDE also provided the same staff with training in April 2023 to review the correct procedure to help ensure appropriate documentation is maintained. MDE no longer used the functionality to directly replace a user with another user at the beginning of fiscal year 2023 and the functionality was removed entirely in April of 2023.

For part a.2., MDE has reviewed its established policies and procedures over the granting of access to the Next Generation Grant, Application and Cash Management System (NexSys) with staff and will continue to work to appropriately process forms according to policy guidelines and minimize human error.

For part b., MDE will notify program office directors during the collection of the Semi-Annual Reviews of Privileged Users that failure to return the certification will result in deactivation of program office users. The next collection of the Semi-Annual Reviews of Privileged Users will be completed by June 30, 2023.

For part c., as part of the Annual Certification of Non-Privileged users, MDE now requests all entities to review and update all active users in the Michigan Electronic Grants System Plus (MEGS+), NexSys, GEMS/MARS and Michigan Nutrition Data (MiND). Entities can then submit the certification indicating they have either reviewed their system users or that they do not have any users in the listed system. MDE implemented the first Annual Certification of Non-Privileged users on March 23, 2023 and the certification will be released again in late 2023.

For part d., MDE received an exception from the DTMB Enterprise Technical Review Board for the control that would have required MDE to deactivate users after 60 days of inactivity. The exception was issued in November 2023 and now allows MDE to keep inactive users up to 18 months.

Anticipated Completion Date

- a.1. Completed
- a.2. Ongoing
- b. June 30, 2023
- c. Completed
- d. Completed

Finding 2022-014
MDE, Change Management Process

Management Views

MDE agrees with the finding.

Planned Corrective Action

Beginning March 15, 2023, MDE performs monthly reviews on the status of resolved MiND change order requests to verify that the tickets are closed in a timely manner and documented accordingly.

MDE will review the change management processes with NexSys staff to ensure they understand and complete the required change management process steps to document testing results and to close and document the completion of change order requests.

Anticipated Completion Date

July 31, 2023

Finding 2022-015

MDHHS, PACAP - Inappropriate PACAP Allocation

Management Views

MDHHS agrees with the finding. However, the comprehensive set of quality control measures in place during fiscal year 2022 were, and continue to be, effective in detecting errors as designed. For each quarterly cost allocation run, statistical values varying greater than 5.00 percent of the total for that statistical group from the previous quarter are reviewed for accuracy and none of the errors cited in the finding fell outside of this range. Questioned costs from these errors is \$426,682 out of \$1,635,146,559 allocated in fiscal year 2022 (0.03 percent of all fiscal year 2022 allocated funds by MDHHS).

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/Building Occupancy and Departmentwide Administration are allocated across the entire department. The auditor's review included all related statistical records within each statistical 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.

Planned Corrective Action

MDHHS implemented additional quality control analysis in comparing statistical values from the current quality control tracking file to the configuration file before loading any files into SIGMA. Any values that do not match will be analyzed and reconciled by MDHHS staff. This ensures that no values are overwritten and that any updated statistical values are reviewed in accordance with the existing quality control policies. Additional analysis steps have also been utilized for the Participants Random Moment Time Study (PRMTS) statistics to add a manual calculation column rather than submitting summarized data. For the Random Moment Time Study (RMTS) statistics, MDHHS has worked with the vendor and the vendor will add a verification check column to ensure that total responses and all adjustments are reconciled. MDHHS will verify completion upon receipt.

Anticipated Completion Date

MDHHS has implemented the additional quality control analysis to compare statistical values and new steps in analyzing the PRMTS statistics group. MDHHS will be incorporating the new vendor quality control steps related to the RMTS statistics effective July 2023.

Finding 2022-016
MDE - FFATA Reporting

Management Views

MDE agrees with the finding.

Planned Corrective Action

With current capacity, MDE is unable to devote additional resources to submitting a new report each month. MDE is coordinating with the program offices to improve the Federal Funding Accountability and Transparency Act (FFATA) reporting process in order to submit subaward information in accordance with FFATA and federal guidance either by the program office staff or by securing additional resources.

Anticipated Completion Date

The enhanced process is anticipated to begin with October 1, 2024 grants.

Finding 2022-017
MDHHS - FFATA Reporting

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has submitted all outstanding FFATA reports. MDHHS provided additional instruction to the individuals responsible for providing account code and funding source information related to FFATA submissions.

Anticipated Completion Date

Completed

Finding 2022-018
MDE - Subaward Information

Management Views

MDE agrees with the finding.

For part a., MEGS+ automatically generates Grant Award Notifications (GAN) upon approval of the application. At the time the applications were originally approved, a complete GAN would have been available for the subrecipient that included all subaward information as required by the Uniform Guidance. However, an error occurred when MDE updated the letterhead template in the MEGS+ system, disrupting the appropriate generation of the GANs for those applications that included multiple funding sources.

For part b., prior to fiscal year 2022, the Great Start Readiness Program (GSRP) appropriation was composed of State funding only. Program office oversight of the GSRP grant includes a complex grant application reliant on multiple data points connected to budget submissions. As such, the grant management system could not be restructured to accommodate federal funding for GSRP including systematic issuance of GANs within a reasonable timeframe for fiscal year 2022. This necessitated GANs be created and issued via a manual process. The MDE program office was unable to determine the federal award identification number (FAIN) or closeout terms and conditions prior to issuance.

Planned Corrective Action

For part a., MDE corrected the error that caused GANs to generate without all required subaward information in MEGS+ on April 28, 2023. All GANs are available in MEGS+ and can be generated when requested in the system.

For part b., MDE fully corrected this issue for fiscal year 2023. MDE now has the appropriate details and beginning in fiscal year 2023, GANs are issued systemically with all required FAIN or closeout terms and conditions via the new grant management system. All federal funding GANs for fiscal year 2023 were issued upon approval of grantee budgets beginning January 30, 2023, with the final approval and GAN issued May 18, 2023.

Anticipated Completion Date

Completed

Finding 2022-019

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 continues to pursue other data sources for income verification and other system enhancements so that all case data is available to all reviewers.

MDHHS conducts mandated training for local office caseworkers. In addition, MDHHS will continue to determine 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.

Lastly, 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 being correctly routed. MDHHS expects that all existing cases will be updated during the 14-month period following the May 11, 2023 end of the public health emergency (PHE), as allowed by the Centers for Medicare and Medicaid Services.

Anticipated Completion Date

MDHHS continues to pursue other data sources for income verification and other system enhancements, in addition to determining where training is needed, on an ongoing basis. MDHHS expects to have all existing cases updated by June 2024.

Finding 2022-020

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 the 14-month period following the May 11, 2023 end date of the PHE, as MDHHS completes renewals for existing cases. MDHHS could not 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 the Children's Health Insurance Program 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

July 31, 2024

Finding 2022-021

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

Bridges is the system of record for eligibility and produces reports with potential duplicate records for local office staff to review. In addition, CHAMPS is currently designed to reject potential duplicate records to prevent duplicate payments for the same individuals that already exist in CHAMPS and places these records on a CHAMPS report for review. These two reports could potentially contain the same duplicate records identified by both CHAMPS and Bridges. MDHHS central office will develop a process to reconcile the rejected records identified on the CHAMPS and Bridges reports and ensure that MDHHS is appropriately reviewing those records and making any necessary corrections.

Anticipated Completion Date

December 2023

Finding 2022-022

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

MDHHS will amend the managed care contracts to require that signatures are obtained on the Provider Screening Information Collection Tool (PSICT) forms when contracts and waivers are

renewed and extended. Annually, MDHHS will send a reminder to the managed care entities to report any change in ownership to MDHHS within 35 days.

In addition, MDHHS has incorporated a review of provider agreements as part of their monitoring process conducted for all MI Choice Waiver Program (MI Choice) entities.

Anticipated Completion Date

MDHHS will send the annual reminder to managed care entities beginning August 2023. MDHHS anticipates that signatures will be obtained on the PSICTs effective October 2023 for the fiscal year 2024 contract cycle.

MDHHS expects to complete its current review of provider agreements for MI Choice entities by July 2023 and reviews will be ongoing.

Finding 2022-023

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

For parts a., b., d., and e., CHAMPS enhancements were implemented into production during fiscal year 2023 to correct the reporting of quarterly expenditures. MDHHS is currently finalizing updates to rules within CHAMPS.

MDHHS is currently working with the Adult Services Authorized Payments (ASAP) system vendor to correct the reports used for the preparation of the quarterly statement of expenditures report (CMS-64) report.

For part c., MDHHS will explore system enhancements to identify overpayments returned late and to calculate the corresponding interest due to the Centers for Medicare and Medicaid Services.

Anticipated Completion Date

a., b., d., and e. MDHHS expects CHAMPS updates to be finalized by June 30, 2023, and ASAP reports to be corrected by July 31, 2023.

c. MDHHS does not yet have an estimated completion date for the system enhancements related to the calculation of interest.

Finding 2022-024

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 2022-025

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 formally added the Encounter Data Validation (EDV) protocol to its External Quality Review Organization contracts as of October 1, 2022. EDV activities are currently underway and a final report outlining the results of the review will be posted to the website once available.

Anticipated Completion Date

MDHHS anticipates the first review will be completed and posted to the website by September 30, 2023.

Finding 2022-026

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), ALN 93.323 and Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - Long-Term Care (LTC) Facility COVID-19 Testing Reimbursements

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

As of June 2023, MDHHS enhanced written procedures to reflect the process in place to ensure that LTC facility coronavirus disease of 2019 (COVID-19) testing reimbursement requests are reasonable and appropriate. MDHHS also improved documentation of the procedures performed as part of the current process.

Anticipated Completion Date

MDHHS expects to process all remaining payments for costs incurred during the PHE by September 30, 2023.

Finding 2022-027

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will annually obtain and review the System and Organization Controls (SOC) reports for providers that perform key control activities on behalf of MDHHS. In May 2023, MDHHS reviewed the Financial Management Guide SOC report review requirements and, after further evaluation, determined that a review is not needed for 1 of the 2 SOC reports identified in part b. and both of the SOC reports identified in part c. because they did not perform key control

activities on behalf of MDHHS, which will be documented on the required Office of Internal Audit Services (OIAS) review template for future SOC report reviews. The review of the SOC reports for the remaining providers is now primarily conducted by the MDHHS Compliance Division.

MDHHS will work with other State agencies to identify best practices and document a centralized process to monitor the completion of SOC report reviews. MDHHS will work with OIAS to provide training as necessary.

Anticipated Completion Date

MDHHS plans to document the centralized process by August 31, 2023 and implement additional monitoring of SOC report reviews by September 30, 2023.

Finding 2022-028

SNAP Cluster, ALN 10.551 and 10.561 - EBT Reconciliations

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has been working with the vendor and DTMB data warehouse technical staff to update and correct the Benefit Issuer Food Stamp Report (BT-90) so that it includes recipients who received Supplemental Nutrition Assistance Program (SNAP) benefits under the expanded COVID-19 eligibility requirements. The BT-90 is used to help ensure the client information in Bridges is accurate and does not have an impact on the federal draw.

Anticipated Completion Date

December 31, 2023

Finding 2022-029

SNAP Cluster, ALN 10.551 and 10.561 - EBT Card Security

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS switched to a new electronic benefits transfer (EBT) contractor beginning November 2021. MDHHS requires that the contractor provide monthly reports to support that physical inventories were conducted and all reports from November 2021 through September 2022 were provided.

Anticipated Completion Date

Completed

Finding 2022-030

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

Management Views

MDE agrees with the finding. During fiscal year 2022, MDE determined that The Emergency Food Assistance Program (TEFAP) State Plan was inefficient and discontinued reviewing eligible recipient agencies (ERA) as outlined in the plan. MDE modified its TEFAP State Plan for fiscal year 2023 to be more reflective of TEFAP inventory movement and still meet the requirements of federal regulation 7 *CFR* 251.10(e).

Planned Corrective Action

MDE revised the fiscal year 2023 Michigan TEFAP State Plan, effective October 2022, to require MDE to review ERAs that are considered “subdistributing agencies” onsite annually and all TEFAP ERAs to submit inventory records and TEFAP foods documentation to MDE as requested twice a year. The change was announced to TEFAP ERAs during the annual All Agency Meetings at the end of August 2022 and through follow up emails and communications.

Anticipated Completion Date

MDE has already completed the majority of fiscal year 2023 desk and on-site reviews under the revised process and will have completed all of the required fiscal year 2023 inventory reviews by July 31, 2023.

Finding 2022-031

Pandemic EBT Food Benefits, ALN 10.542 - Overpayment of Benefits

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

During the school year, the two students in the identified case were enrolled in GSRP and issued benefits on January 28, 2022, based on the school file. These students enrolled in early childhood before the end of the school year, so they were also identified in the childcare group and were subsequently issued duplicate benefits as part of the Summer Pandemic EBT issuance on August 24, 2022. A technical solution is currently being evaluated to identify additional steps that may be implemented that cross references students across eligibility groups to ensure that duplicate payments are not issued.

Anticipated Completion Date

MDHHS expects to determine additional steps for a technical solution by September 30, 2023.

Finding 2022-032

Pandemic EBT Food Benefits, ALN 10.542 - Report of Disaster Supplemental Nutrition Assistance Benefit Issuance

Management Views

MDHHS disagrees that federal regulations require MDHHS to maintain copies or screenshots of the Report of Disaster Food Stamp Benefit Issuance (FNS-292B) information reported on the federal website. MDHHS normally has the ability to access the information on the federal system. However, during audit fieldwork, the FNS-292B information that MDHHS submitted on

the federal website was not viewable to the auditors because the reports were under federal review. MDHHS did not retain a copy or screen prints of the submitted reports; however, MDHHS did maintain the underlying reports used to compile the submitted FNS-292B reports and this was provided to the auditors during fieldwork.

Planned Corrective Action

Although MDHHS disagrees that federal regulations require MDHHS to maintain copies or screenshots of FNS-292B information reported on the federal website, MDHHS will maintain screenshots of the report submission going forward.

Anticipated Completion Date

Completed

Finding 2022-033

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

Management Views

DMVA agrees with the finding.

Planned Corrective Action

For part a., DMVA changed the process for Air National Guard federal billings effective January 24, 2023. Expenditure reports will be sent to the program manager monthly for review and approval prior to generating reimbursement requests. Items in dispute will be discussed and either corrected or billed once a determination is made.

For part b., DMVA implemented a new process effective June 1, 2023, to document when federal account coding is received from the federal Construction and Facilities Management Office (CFMO) for project expenditures. After the federal account coding is received, DMVA will prepare the Request for Advance or Reimbursement (SF-270) and send to the CFMO for final approval within 60 days.

For part c., DMVA has communicated the importance of timely completion of fiscal year-end closing activities to staff to ensure final year end expenditure reports are generated within the acceptable timeframe. DMVA has established a deadline of January 5, 2024 to have fiscal year 2023 final expenditure reports (FER) prepared and distributed to federal program areas.

Anticipated Completion Date

- a. Completed
- b. Completed
- c. January 5, 2024

Finding 2022-034

Community Development Block Grants/State's Program, ALN 14.228 - Timeliness of Performance Reporting

Management Views

MSHDA agrees with the finding.

Planned Corrective Action

To ensure timely submission of the Consolidated Annual Performance and Evaluation Report (CAPER), MSHDA will develop a multi-agency (MSHDA, the Michigan Strategic Fund (MSF), the Michigan Economic Development Corporation, and MDHHS) Microsoft Teams schedule of action steps to ensure that the reporting deadline is met. This action step calendar will be created in a Microsoft Teams shared workspace. Each agency will be assigned tasks to complete in advance of the deadline, to ensure that the submission deadline is met. The action step schedule will include all items necessary to meet the reporting timeline of September 30 of each year.

Action steps will begin the first week of July, with a draft CAPER due for public comment period in mid-August, and the public comment period occurring thereafter. Per the U.S. Department of Housing and Urban Development regulations, and MSHDA's citizen participation plan, the public comment period is required for at least 15 days before the final CAPER is submitted. A final copy of the CAPER will be submitted within the Integrated Disbursement and Information System one week prior to the due date to ensure no delays occur.

Anticipated Completion Date

The Microsoft Teams action step calendar will be implemented by July 7, 2023.

Finding 2022-035

Community Development Block Grants/State's Program, ALN 14.228 - FFATA Reporting

Management Views

MSF agrees with the finding.

Planned Corrective Action

MSF subsequently reported the two Community Development Block Grant subawards noted in the finding, and potential grantees are now required to have a Unique Entity Identifier as part of the grant application process. MSF also routinely reconciles the data that is reported in the Federal Subaward Reporting System to its financial and program reporting systems to ensure accuracy. MSF Financial Services will update existing procedures to ensure ongoing compliance with FFATA reporting requirements. In addition, MSF Financial Services will conduct supervisory oversight of the process, including a monthly comparison to the information reported on USASpending.gov to the monthly data upload file obtained from the MSF program reporting system to ensure accuracy, completeness, and timely submission.

Anticipated Completion Date

September 30, 2023

Finding 2022-036

Crime Victim Assistance, ALN 16.575 - Subrecipient Eligibility

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS Division of Victim Services (DVS) has distributed a comprehensive checklist to all Victims of Crime Act (VOCA) grant applicants that will require certification of eligibility for

funding by the applicant and DVS prior to awarding funds. This checklist has been incorporated into the rollover application for fiscal year 2024.

Anticipated Completion Date

The checklist will be certified by all grant applicants and DVS by October 1, 2023, for the fiscal year 2024 award period.

Finding 2022-037

Crime Victim Assistance, ALN 16.575 - Risk Assessment and During-the-Award Monitoring

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS included the grant agreement identified in the fiscal year 2023 monitoring plan. MDHHS will evaluate current monitoring procedures and make updates, if necessary, to improve documentation of monitoring activity. For the grantees identified that only receive an administrative portion of VOCA funds, MDHHS has initiated the process to provide the grantees with access to the U.S. Department of Justice (DOJ) Office for Victims of Crime (OVC) reporting website. MDHHS is working with DOJ OVC to determine reporting elements for the administrative awards and will work with grantees to implement the required reporting elements.

For part b., MDHHS will revise risk assessment and monitoring plan procedures to include all awards issued during the fiscal year.

Anticipated Completion Date

- a. December 30, 2023
- b. October 1, 2023

Finding 2022-038

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

Management Views

LEO agrees with the finding.

Planned Corrective Action

LEO Finance will implement a tracking log to record FFATA reporting deadlines and will send reminders to staff on upcoming deadlines. In addition, LEO Finance will establish a timeline with staff responsible for FFATA reporting that allows ample time for supervisory review and approval prior to submission.

Anticipated Completion Date

September 30, 2023

Finding 2022-039

Formula Grants for Rural Areas and Tribal Transit Program, ALN 20.509 - PTMS Security Management and Access Controls

Management Views

The Michigan Department of Transportation (MDOT) agrees with the finding.

Planned Corrective Action

MDOT's Office of Enterprise Information Management (EIM) and Office of Passenger Transportation (OPT) will collaborate and provide oversight to ensure there is properly approved access for Public Transportation Management System (PTMS) users and that PTMS user access is reviewed semiannually for privileged accounts and/or annually for all other accounts. MDOT EIM and OPT will do this by reviewing security management and access control procedures and making any necessary updates, providing training on the process and documentation requirements, and designating a PTMS system security administrator(s) and back-up(s) as needed.

Anticipated Completion Date

August 1, 2023

Finding 2022-040

Formula Grants for Rural Areas and Tribal Transit Program, ALN 20.509 - Subrecipient Audits

Management Views

MDOT agrees with the finding.

Planned Corrective Action

MDOT will update and implement its procedures to include management decision letter timelines that are consistent with the Uniform Guidance related to subrecipient report review.

Anticipated Completion Date

September 30, 2023

Finding 2022-041

Homeowner Assistance Fund, ALN 21.026 - Eligibility Determinations

Management Views

MSHDA agrees with the finding.

Planned Corrective Action

For parts a. and b., MSHDA will implement further training of both Case Managers and Case Manager Assistants to address the cited items. This will include additional training on documentation of the homeowner's hardship and detailing calculations in the case notes.

For part c., MSHDA will provide additional training to staff making sure that all fields on the checklist are answered correctly. The checklist now has a system failsafe that all fields must have an answer prior to allowing the file to be conditionally approved in the online application portal.

Anticipated Completion Date
Completed

Finding 2022-042
Education Stabilization Fund, ALN 84.425 - During-the-Award Monitoring Procedures

Management Views

For part a., MDE partially agrees with the finding. MDE acknowledges that it did not complete any reviews of the FERs submitted during fiscal year 2022. However, the Uniform Guidance does not specify a timeframe for the review of FERs for the Education Stabilization Funds (ESF) and the ESF program is inherently more flexible than other federal programs in this regard. Although GANs originally required ESF subrecipients to submit a FER by August 29, 2022, MDE communicated to ESF subrecipients after the initial GANs that the August 29, 2022 due date was subject to change due to the continuously changing rules and requirements around this funding, including extension possibilities such as late liquidation. ESF FERs were due either within 60 days of full draw of the funds or within 60 days of the end of the award period, which could have been during the State's fiscal year 2022 or well after September 30, 2022. For this reason, under Uniform Guidance, MDE had the authority to delay the review of FERs until closer to the end date of the award. In the case of late liquidation, the U.S. Department of Education provided notification that extended the award period as far as 14 months beyond the original end date of the award.

For part b., MDE partially agrees with the finding. MDE acknowledges that subrecipient desk reviews were not finalized; however, the majority of the subrecipient monitoring was complete. The Uniform Guidance does not specify a timeframe for ESF subrecipient monitoring to occur and no requirement or expectation was made that monitoring would be finalized by MDE management by September 30, 2022. While the MDE contractor was not tracking completion against the date of September 30, 2022, documentation was and is still available, upon request from the OAG, to demonstrate the substantial ongoing monitoring activities, such as desk reviews and review of amendments, as of the end of the State's fiscal year 2022. The Compliance Team was in regular contact with MDE throughout the monitoring process. The Compliance Team provided regular updates leading up to September 30, 2022 and shared comprehensive preliminary results with the department soon after September 30, 2022.

Planned Corrective Action

For part a., MDE will evaluate the process for reviewing FERs to determine the appropriate timeframe for FER review of these ESF funds in light of federal liquidation extensions. MDE and subrecipients were notified of a one-time, Coronavirus Aid, Relief, and Economic Security Act reopening drawdown opportunity during the spring of 2023, which again reopened the possibility for subrecipients to submit FERs. MDE will begin interim reviews of a sample of submitted FERs by September 30, 2023.

For part b., MDE's contractor provided MDE with the final results of its school year 2021 monitoring that was finalized during the summer of 2022 on January 5, 2023. MDE and its contractor have since followed up with subrecipients to recommend necessary or reasonable corrective action in March 2023. School year 2022 monitoring is ongoing and anticipated to be completed by September 30, 2023.

Anticipated Completion Date
September 30, 2023

Finding 2022-043

Agging Cluster, ALN 93.044, 93.045, and 93.053 - AIS FIRST User Access

Management Views

Although MDHHS thoroughly reviewed the access forms, MDHHS agrees that the final approval was not documented.

Planned Corrective Action

MDHHS has instructed staff that all forms must either contain a handwritten or electronic signature. MDHHS will also develop and implement an internal process for staff to ensure all future security forms contain the required approvals.

Anticipated Completion Date

July 1, 2023

Finding 2022-044

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 and BSC staff by providing guidance on MDE policies and processes. ESA will inform the local office and BSC staff of policy changes or noted trends during PAO's Bridges Bits and Bytes communications sessions.

ESA's Payment Accuracy Unit completed case reads in December 2022 and, as a result, ESA and MDE finalized a checklist on May 9, 2023, for use by local office staff to help ensure required documentation that supports eligibility is obtained. Also, MDE launched a Child Development and Care case review SharePoint site on May 1, 2023, to share information with MDE and MDHHS staff, reduce errors and promote integrity efforts for the program.

Anticipated Completion Date

MDHHS assistance and guidance for local office and BSC staff is ongoing.

Finding 2022-045

CCDF Cluster, ALN 93.575 and 93.596 - Child Care Stabilization Grants

Management Views

MDE agrees with the finding. MDE's written procedures for the fall 2021 grant round required manual verification of the number of subsidy eligible children, increasing the risk for human error in documenting the appropriate number of subsidy eligible children on the provider's application. The exceptions noted by the auditors were found in the fall 2021 grant round before procedures were modified in the spring of 2022.

Planned Corrective Action

MDE revised procedures in March 2022 for the spring 2022 grant round to prepopulate applications based on the number of subsidy eligible children directly from Bridges for specified

pay periods, also allowing the providers to dispute the number of subsidy eligible children included in the prepopulated application.

Anticipated Completion Date

Completed

Finding 2022-046

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

Management Views

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

Planned Corrective Action

For part a., the Child Care Licensing Bureau (CCLB) within LARA has updated its internal policies to clarify how it manages workflow operations, while ensuring CCLB meets federal compliance requirements. In June 2022, the Child Care Organizations Act was amended and the language in Michigan Compiled Law 722.113h was changed to allow for inspections to be conducted in accordance with the State plan. The State plan specifies the annual licensing inspection requirement, at 45 *CFR* 98.42(b)(2)(i)(B) for unannounced inspections, must be performed “not less than annually.” According to guidance from the Federal Office of Child Care Region V, this does not mean that inspections must be performed at exact 12-month intervals; therefore, the lead agency has flexibility to schedule the inspections within each calendar year.

CCLB has subsequently completed the annually required renewal and/or interim inspections for the licenses identified in the audit sample. The applicable health and safety requirements were reviewed during the inspections conducted.

For part b., CCLB is currently creating a new licensing system that will automate letters being sent to licensed child care providers. The new system will generate and store inspection reports directly in the system instead of creating the report in a separate location and then manually moving it to other locations (network drive, SharePoint). This allows the inspection reports to be maintained digitally and be accessible at a later date, while ensuring proper documentation to support renewal inspections is maintained.

For part c., in June 2022, CCLB implemented a new process to save all extension letters mailed in PDF format and stored in the current system to be accessed and available upon request. In addition, CCLB will incorporate refresher trainings regarding documentation and storage of inspection reports at its biannual all-staff trainings. The current process of documentation creation and storage will be phased out after the new licensing system is implemented and processes are no longer manually done by CCLB staff.

Anticipated Completion Date

- a. Completed
- b. October 1, 2023
- c. October 1, 2023

Finding 2022-047

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 implemented a system solution to identify out of sync records between CHAMPS and Bridges and retrigger updates to CHAMPS. MDHHS is also developing a prior report review process to ensure impacted records that do not get corrected with the CHAMPS retrigger are addressed.

Anticipated Completion Date

The system solution was implemented as of August 31, 2022. The prior report review process will be implemented by September 30, 2023, and reviews will be ongoing.

Finding 2022-048

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS made improvements to the monthly hospitalization reports to help capture all facility stays for Home Help Clients. MDHHS is now pulling reports by billing date instead of hospitalization dates to capture inpatient stays that are billed late. MDHHS also implemented a new policy on February 1, 2023, that allows payment for Home Help Program (HHP) services on the day an individual is admitted to the hospital.

MDHHS changed the HHP payment process to an automated process during April 2022, tying payments to services on the Electronic Service 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.

MDHHS provided a recoupment calculator and training for HHP staff to ensure the correct amount is recouped using the revised policy and procedure.

Anticipated Completion Date

Completed

Finding 2022-049

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

Beginning in April 2022, MDHHS automated the payment methodology for ESV to ensure that payments to individual providers using ESV are based on tasks authorized and completed, and compared to approved authorizations before payment is issued.

Also, individual caregiver verifications currently in ESV and Paper Service Verification (PSV) will be replaced with Electronic Visit Verification (EVV), which will help ensure payments are reflective of the services provided. MDHHS will continue to manually review PSVs until EVV is implemented.

Anticipated Completion Date

December 2024

Finding 2022-050

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS has determined the primary remaining source of overlaps between fee-for-service and capitation payments is retroactive removal of Medicaid eligibility within Bridges. 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. An interface fix is being implemented in December 2023 that will address several existing issues. This upgraded interface will remove existing limitations to mitigate the occurrence of retroactive disenrollment. In addition, 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 interface fix will be implemented by December 31, 2023, and evaluation of whether additional process and system changes are needed to further mitigate the occurrence of overlapping payments is ongoing.

Finding 2022-051

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

Management Views

Although MDHHS and DTMB had not fully documented all database specific configuration standards until after the audit period, DTMB disagrees that during the audit period the system contained potentially vulnerable database configurations and disagrees that DTMB cannot ensure the security of the data. DTMB has been and continues to implement the manufacturer's recommendations regarding security configurations. In addition, the databases reside in restricted trusted internal security zones, protected by firewalls, which are specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

DTMB developed an organization-wide framework for database security configuration management.

Anticipated Completion Date

DTMB anticipates having compliance documentation by September 30, 2023.

Finding 2022-052

Immunization Cooperative Agreements, ALN 93.268 - MCIR General Controls

Management Views

Although MDHHS and DTMB had not fully documented all database specific configuration standards until after the audit period, DTMB disagrees that during the audit period the system contained potentially vulnerable database configurations and disagrees that DTMB cannot ensure the security of the data. DTMB has been and continues to implement the manufacturer's recommendations regarding security configurations. In addition, the databases reside in restricted trusted internal security zones, protected by firewalls, which are specific to each application and database, in conjunction with intrusion protection, antivirus software, and SOM standard security safeguards.

Planned Corrective Action

DTMB developed an organization-wide framework for database security configuration management.

Anticipated Completion Date

DTMB anticipates having compliance documentation by September 30, 2023.

Finding 2022-053

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. 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

MDHHS informed all site visit reviewers of CDC's requirement to return to full compliance of site visit requirements beginning with the new cycle from July 1, 2022 through June 30, 2023. This was relayed verbally on monthly calls, in writing, and through online training sessions.

Anticipated Completion Date

MDHHS anticipates that all site visits will be completed by June 30, 2023.

Finding 2022-054

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 local offices. ESA leadership will reach out to the managers of the individual specialists regarding the issues identified and provide additional guidance.

Anticipated Completion Date

Training will be ongoing. ESA will issue the memorandum and address the specific issues with local office management and specialists by August 31, 2023.

Finding 2022-055

Temporary Assistance for Needy Families, ALN 93.558 - Accuracy of Financial Reports

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will revise the financial reports for the quarters ending September 30, 2022, and December 31, 2022, and submit to the U.S. Department of Health and Human Services Administration for Children and Families by May 15, 2023. MDHHS will also evaluate the internal control approval process and determine if any changes are needed.

Anticipated Completion Date

MDHHS will complete its evaluation of the internal control approval process by September 30, 2023, and will then develop a timeline for implementing changes identified during the evaluation, if applicable.

Finding 2022-056

Low-Income Home Energy Assistance, ALN 93.568 - Recertification of Clearance Patterns

Management Views

Treasury agrees with the finding. Unforeseen reorganizational efforts and staffing turnover in fiscal year 2022 resulted in a disruption to the continuity of the Cash Management Improvement Act program. Corrective action implemented to address prior audit findings enabled newly appointed staff to replicate queries for most of the programs that required clearing pattern review. As a result, the number of programs exhibiting significant deficiencies in their clearance pattern review decreased compared to fiscal year 2021.

Planned Corrective Action

Treasury will continue updating the procedures pertaining to the verification processes of clearing patterns and will prioritize the examination of queries from SIGMA Business Intelligence to ensure that Treasury data includes all required clearing patterns for review. Clearing Pattern Recertification is mandated by the federal government every five years. Internally, annual

reviews of clearing patterns will be conducted to ensure adherence to the program's objectives. State agencies will continue to provide the necessary coding and date range information for the development of clearing patterns.

Anticipated Completion Date

Treasury will make updates to the procedures and complete the clearing pattern review by September 2023.

Finding 2022-057

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to communicate with BSCs and local offices regarding the requirements to obtain adequate verification and maintain sufficient documentation to support State Emergency Relief (SER) processing. MDHHS will also continue to provide direct SER guidance and clarification through the SER mailbox.

Beginning in fiscal year 2023, MDHHS implemented quarterly case reads and during April 2023, MDHHS began monthly meetings with BSCs to discuss the results of quarterly SER case reads.

In addition, MDHHS will update SER policy to include additional verification sources.

Anticipated Completion Date

MDHHS will update policy by September 30, 2023. All other corrective action is ongoing.

Finding 2022-058

Low Income Home Energy Assistance, ALN 93.568 - Annual Report on Households Assisted by LIHEAP

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS and DTMB plan to improve communication with Treasury to help ensure that accurate data is received prior to the report submission. MDHHS will also evaluate the Interagency Agreement and determine if changes are needed. In addition, DTMB is currently evaluating the cause of query inaccuracies and plans to make necessary changes to the query.

Anticipated Completion Date

MDHHS and DTMB will coordinate with Treasury to clarify when the data is needed for the report by July 31, 2023. MDHHS will evaluate and make changes to the fiscal year 2024 Interagency Agreement by September 30, 2023. DTMB will make necessary changes to the query by December 1, 2023.

Finding 2022-059
Social Services Block Grant, ALN 93.667 - Post-Expenditure Report

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS revised its methodology to include Independent Living Services recipients in the Social Services Block Grant (SSBG) Post-Expenditure Report. In addition, MDHHS revised and re-submitted the fiscal year 2022 SSBG Post-Expenditure Report with the correct recipient counts.

Anticipated Completion Date

Completed

Finding 2022-060
Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - FFATA Reporting

Management Views

MSP agrees with the finding. The fiscal year 2022 exceptions identified in the audit finding occurred prior to the implementation of corrective action for the fiscal year 2021 finding.

Planned Corrective Action

MSP has hired a Department Technician whose responsibilities will include the task of FFATA reporting. MSP will review the procedure for FFATA reporting for additional efficiencies to ensure timeliness. In addition, MSP is implementing a grants management system that will include FFATA reporting functionality.

Anticipated Completion Date

MSP will make any needed updates to the procedure and anticipates having the grants management system implemented by September 30, 2023.

Finding 2022-061
Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - Subrecipient Audits

Management Views

MSP agrees with the finding.

Planned Corrective Action

MSP will improve monitoring by reconciling expenditures by program to ensure that all subrecipients are included on the single audit tracking sheet for review. In addition, MSP will transition to each division having the responsibility for the completion of their own single audit reviews beginning October 1, 2023.

Anticipated Completion Date

MSP will reconcile expenditures by program by October 1, 2023, and each division will have their single audit reviews completed by September 30, 2024.

Findings Identified by Other Auditors

Finding 2022-062

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, 2022, Corrective Action Plan, Finding 2022-001.

Finding 2022-063

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, 2022, Corrective Action Plan, Finding 2022-002.

Finding 2022-064

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, 2022, Corrective Action Plan, Finding 2022-003.

Finding 2022-065

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, 2022, Corrective Action Plan, Finding 2022-001.