

Office of the Auditor General

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**State of Michigan  
Single Audit Report**

Fiscal Year Ended September 30, 2023

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The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

*Article IV, Section 53 of the Michigan Constitution*

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# OAG

Office of the Auditor General

## Report Summary

*Single Audit Report*

*State of Michigan*

*Fiscal Year Ended September 30, 2023*

**Report Number:  
000-0100-24**

**Released:  
June 2024**

A single audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial statements are fairly presented, considers internal control over financial reporting and internal control over federal program compliance, determines compliance with requirements material to the financial statements, and assesses compliance with direct and material requirements of the major federal programs.

### Audit Results for the State's Basic Financial Statements

Fairly presented, in all material respects	Internal Control Over Financial Reporting		No instances of noncompliance or other matters required to be reported
	2 material weaknesses	7 significant deficiencies	

### Audit Results for the Schedule of Expenditures of Federal Awards

Fairly stated, in all material respects, in relation to the State's basic financial statements as a whole.

### Audit Results for the Federal Awards

Federal Awards Expended	Unmodified Opinion	Qualified Opinion	Adverse Opinion	Total Known Questioned Costs (Net)*	Internal Control Over Compliance Findings	
					Material Weaknesses	Significant Deficiencies
\$36.2 billion	16 programs	7 programs	2 programs	\$552,837	13	47
Number of findings repeated from the prior audit					8	27

\*9 programs had questioned costs, although the amounts were undeterminable.

**Identification of Major Federal Programs, Type of Opinion Issued on Compliance, Questioned Costs, and Audit Finding Numbers [(M) denotes a material weakness and/or material noncompliance finding]:**

<b>Assistance Listing Number(s)</b>	<b>Name of Major Federal Program or Cluster</b>	<b>Opinion</b>	<b>Questioned Costs</b>	<b>Audit Finding Number(s)</b>
10.551 and 10.561	SNAP Cluster, including COVID-19	Qualified	Undeterminable	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-004 (M)</u> <u>2023-008</u> <u>2023-020</u> <u>2023-021 (M)</u>
10.553, 10.555, 10.556, 10.559, and 10.582	Child Nutrition Cluster	Unmodified	\$0	<u>2023-006</u> <u>2023-007</u> <u>2023-010</u>
10.565, 10.568, and 10.569	Food Distribution Cluster, including COVID-19	Unmodified	\$0	<u>2023-006</u> <u>2023-007</u>
10.542	Pandemic EBT Food Benefits, including COVID-19	Qualified	\$0	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-022 (M)</u> <u>2023-023</u>
15.605, 15.611, and 15.626	Fish and Wildlife Cluster	Unmodified	\$0	<u>2023-024</u> <u>2023-025</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds, including COVID-19	Unmodified	\$0	<u>2023-006</u> <u>2023-007</u> <u>2023-026</u> <u>2023-027</u> <u>2023-028</u> <u>2023-029</u> <u>2023-030</u> <u>2023-031</u> <u>2023-032</u>
84.010	Title I Grants to Local Educational Agencies	Unmodified	\$0	<u>2023-006</u> <u>2023-007</u> <u>2023-010</u> <u>2023-012</u> <u>2023-033</u>
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Unmodified	\$0	<u>2023-006</u> <u>2023-007</u> <u>2023-010</u> <u>2023-012</u>
84.425	Education Stabilization Fund, including COVID-19	Unmodified	\$0	<u>2023-006</u> <u>2023-007</u> <u>2023-010</u>
93.575 and 93.596	CCDF Cluster, including COVID-19	Adverse	\$205,833 known plus an undeterminable amount	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-006</u> <u>2023-007</u> <u>2023-008</u> <u>2023-010 (M)</u> <u>2023-034 (M)</u> <u>2023-035</u> <u>2023-036</u> <u>2023-037</u>

<b>Assistance Listing Number(s)</b>	<b>Name of Major Federal Program or Cluster</b>	<b>Opinion</b>	<b>Questioned Costs</b>	<b>Audit Finding Number(s)</b>
93.775, 93.777, and 93.778	Medicaid Cluster, including COVID-19	Qualified	\$239,198 known plus an undeterminable amount	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-004 (M)</u> <u>2023-005</u> <u>2023-008</u> <u>2023-011</u> <u>2023-013 (M)</u> <u>2023-014</u> <u>2023-015</u> <u>2023-016</u> <u>2023-017</u> <u>2023-018</u> <u>2023-019</u> <u>2023-038</u> <u>2023-039</u> <u>2023-040</u> <u>2023-041</u>
93.069	Public Health Emergency Preparedness	Unmodified	\$0	<u>2023-011</u> <u>2023-042</u>
93.268	Immunization Cooperative Agreements, including COVID-19	Unmodified	\$0	<u>2023-011</u> <u>2023-043</u> <u>2023-044</u>
93.499	Low Income Household Water Assistance Program, including COVID-19	Unmodified	\$0	<u>2023-011</u>
93.558	Temporary Assistance for Needy Families	Qualified	\$97 known plus an undeterminable amount	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-004 (M)</u> <u>2023-008</u> <u>2023-011</u> <u>2023-045</u> <u>2023-046</u> <u>2023-047</u> <u>2023-048</u> <u>2023-049</u> <u>2023-050</u>
93.563	Child Support Services	Unmodified	Undeterminable	<u>2023-008</u> <u>2023-009</u>
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Qualified	\$99,995 known plus an undeterminable amount	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-005</u> <u>2023-008</u> <u>2023-015</u> <u>2023-051</u> <u>2023-052 (M)</u> <u>2023-053</u> <u>2023-054 (M)</u> <u>2023-055 (M)</u>
93.568	Low-Income Home Energy Assistance, including COVID-19	Adverse	\$6,659 known plus an undeterminable amount	<u>2023-001</u> <u>2023-002 (M)</u> <u>2023-003</u> <u>2023-008</u> <u>2023-009</u> <u>2023-011</u> <u>2023-056</u> <u>2023-057 (M)</u>

Assistance Listing Number(s)	Name of Major Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
93.767	Children's Health Insurance Program, including COVID-19	Qualified	\$1,055 known plus an undeterminable amount	2023-001 2023-002 (M) 2023-003 2023-004 (M) 2023-005 2023-011 2023-013 (M) 2023-014 (M) 2023-015 2023-016 2023-017 2023-018 2023-019
96.001	Disability Insurance/SSI Cluster	Unmodified	\$0	Not Applicable

### Major Federal Programs Audited by Others

Assistance Listing Number(s)	Name of Major Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
14.195 and 14.856	Section 8 Project-Based Cluster	Unmodified	\$0	Not Applicable
14.275	Housing Trust Fund	Unmodified	\$0	Not Applicable
17.225	Unemployment Insurance, including COVID-19	Qualified	Undeterminable	2023-058 (M) 2023-059 (M) 2023-060 (M)
21.023	Emergency Rental Assistance Program, including COVID-19	Unmodified	\$0	Not Applicable
21.026	Homeowner Assistance Fund, including COVID-19	Unmodified	\$0	Not Applicable

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**Doug A. Ringler, CPA, CIA**  
Auditor General

**Laura J. Hirst, CPA**  
Deputy Auditor General



# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

June 26, 2024

Jen Flood, State Budget Director  
State Budget Office  
George W. Romney Building  
Lansing, Michigan

Director Flood:

This is our single audit report for the State of Michigan for the fiscal year ended September 30, 2023.

Findings and recommendations are contained in Section II and Section III of the schedule of findings and questioned costs. Management's corrective action plan is included within the auditee section of this report. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler  
Auditor General





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# SUPPLEMENTAL FINANCIAL SCHEDULE

**STATE OF MICHIGAN**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2023

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>U.S. Department of Agriculture</b>							
<b>SNAP Cluster:</b>							
Supplemental Nutrition Assistance Program (Note 16)	10.551			\$ 3,707,004,246	\$	\$	\$ 3,707,004,246
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			176,036,080	26,316,437		202,352,517
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			25,298,441			25,298,441
Total 10.561				\$ 201,334,521	\$ 26,316,437	\$ 0	\$ 227,650,958
Total SNAP Cluster				\$ 3,908,338,767	\$ 26,316,437	\$ 0	\$ 3,934,655,204
<b>Child Nutrition Cluster:</b>							
School Breakfast Program	10.553			\$ 67,849	\$ 153,143,914	\$	\$ 153,211,763
National School Lunch Program	10.555			182,120	466,687,765		466,869,885
National School Lunch Program (Note 6)	10.555			898	54,301,966		54,302,864
Total 10.555				\$ 183,018	\$ 520,989,731	\$ 0	\$ 521,172,749
Special Milk Program for Children	10.556			\$	\$ 133,105	\$	\$ 133,105
Summer Food Service Program for Children	10.559			537,415	17,620,226		18,157,641
Summer Food Service Program for Children (Note 6)	10.559				66,459		66,459
Total 10.559				\$ 537,415	\$ 17,686,685	\$ 0	\$ 18,224,100
Fresh Fruit and Vegetable Program	10.582			\$ 152,583	\$ 4,879,857	\$	\$ 5,032,440
Total Child Nutrition Cluster				\$ 940,865	\$ 696,833,292	\$ 0	\$ 697,774,157
<b>Food Distribution Cluster:</b>							
Commodity Supplemental Food Program	10.565			\$ 158,447	\$ 6,824,955	\$	\$ 6,983,402
Commodity Supplemental Food Program (Note 6)	10.565				26,884,426		26,884,426
Total 10.565				\$ 158,447	\$ 33,709,381	\$ 0	\$ 33,867,828
Emergency Food Assistance Program (Administrative Costs)	10.568			\$ 57,719	\$ 6,710,956	\$	\$ 6,768,675
Emergency Food Assistance Program (Food Commodities) (Note 6)	10.569				37,052,871		37,052,871
COVID-19 - Emergency Food Assistance Program (Food Commodities) (Note 6)	10.569				19,230,939		19,230,939
Total 10.569				\$ 0	\$ 56,283,810	\$ 0	\$ 56,283,810
Total Food Distribution Cluster				\$ 216,166	\$ 96,704,147	\$ 0	\$ 96,920,313
<b>Forest Service Schools and Roads Cluster:</b>							
Schools and Roads - Grants to States	10.665			\$	\$ 3,072,234	\$	\$ 3,072,234
Total Forest Service Schools and Roads Cluster				\$ 0	\$ 3,072,234	\$ 0	\$ 3,072,234
Plant and Animal Disease, Pest Control, and Animal Care	10.025			\$ 401,060	\$ 168,924	\$	\$ 569,984
Wildlife Services (Note 15)	10.028			9,913	255,521		265,434
Voluntary Public Access and Habitat Incentive Program	10.093			230,036			230,036
Market Protection and Promotion	10.163			1,338,170			1,338,170
Specialty Crop Block Grant Program - Farm Bill	10.170			237,825	1,824,572		2,062,397
COVID-19 - Specialty Crop Block Grant Program - Farm Bill	10.170			25,812	1,178,908		1,204,720
Total 10.170				\$ 263,637	\$ 3,003,480	\$ 0	\$ 3,267,117

This schedule continued on next page.



STATE OF MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2023  
(Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178			\$	\$ (930)	\$	\$ (930)
COVID-19 - Pandemic Relief Activities: Farm and Food Worker Relief Grant Program	10.181			12,026	187,499		199,525
Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182				248,700		248,700
COVID-19 - Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182			41,476	415,478		456,954
Total 10.182				<u>\$ 41,476</u>	<u>\$ 664,178</u>	<u>\$ 0</u>	<u>\$ 705,654</u>
Local Food for Schools Cooperative Agreement Program	10.185			\$	\$ 2,542,197	\$	\$ 2,542,197
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187				44,630		44,630
Food Safety Cooperative Agreements	10.479			216,044	13,941		229,985
COVID-19 - Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525			8,441	159,697		168,138
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537			2,840			2,840
Child Nutrition-Technology Innovation Grant	10.541			626,618			626,618
COVID-19 - Pandemic EBT Food Benefits	10.542			230,760,689			230,760,689
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			135,834,528	49,167,307		185,001,835
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	The Council of State Government	FNS-WSP-20-KY-01	128,186			128,186
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Tufts University	103097-00001	33,445			33,445
Total 10.557				<u>\$ 135,996,159</u>	<u>\$ 49,167,307</u>	<u>\$ 0</u>	<u>\$ 185,163,466</u>
Child and Adult Care Food Program	10.558			\$ 1,114,521	\$ 67,285,956	\$	\$ 68,400,477
State Administrative Expenses for Child Nutrition	10.560			8,555,585			8,555,585
WIC Farmers' Market Nutrition Program (FMNP)	10.572			349,264			349,264
Team Nutrition Grants	10.574			635,031	463,240		1,098,271
Senior Farmers Market Nutrition Program	10.576			400,260			400,260
Child Nutrition Discretionary Grants Limited Availability	10.579			68,111	760,281		828,392
COVID-19 - Child Nutrition Discretionary Grants Limited Availability	10.579			50,474	795,595		846,069
Total 10.579				<u>\$ 118,585</u>	<u>\$ 1,555,876</u>	<u>\$ 0</u>	<u>\$ 1,674,461</u>
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580			\$ 87,542	\$	\$	\$ 87,542
COVID-19 - Farm to School State Formula Grant	10.645			70,362			70,362
COVID-19 - Pandemic EBT Administrative Costs	10.649			9,723,854	77		9,723,931
Cooperative Forestry Assistance	10.664			49,864	321,824		371,688
Cooperative Forestry Assistance	10.664	American Forest Foundation	18-DG-11420004-142	13,203	42,339		55,542
Total 10.664				<u>\$ 63,067</u>	<u>\$ 364,163</u>	<u>\$ 0</u>	<u>\$ 427,230</u>

This schedule continued on next page.

STATE OF MICHIGAN  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2023  
 (Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Wood Utilization Assistance	10.674			\$ 97,141	\$	\$	\$ 97,141
Urban and Community Forestry Program	10.675			314,889	550,350		865,239
Forest Legacy Program	10.676			79,675			79,675
Forest Stewardship Program	10.678			216,229	56,867		273,096
Forest Stewardship Program	10.678	National Fish and Wildlife Foundation	22-DG-11094200-214		49,766		49,766
Total 10.678				\$ 216,229	\$ 106,633	\$ 0	\$ 322,862
Forest Health Protection	10.680			\$ 299,163	\$	\$	\$ 299,163
Forest Health Protection	10.680	The Gypsy Moth Slow the Spread Foundation Inc.	19-DG-11083150-004 Mod.9	9,000			9,000
Total 10.680				\$ 308,163	\$ 0	\$ 0	\$ 308,163
Good Neighbor Authority	10.691			\$ 3,583,707	\$	\$	\$ 3,583,707
State & Private Forestry Hazardous Fuel Reduction Program	10.697			255,383			255,383
State & Private Forestry Cooperative Fire Assistance	10.698			1,124,947	333,466		1,458,413
Partnership Agreements	10.699			7,173			7,173
Infrastructure Investment and Jobs Act Restoration/Revegetation	10.717			74,085			74,085
Soil and Water Conservation	10.902				717,446		717,446
Environmental Quality Incentives Program	10.912				232,389		232,389
Agricultural Conservation Easement Program	10.931				4,700		4,700
Regional Conservation Partnership Program	10.932			30,302			30,302
Wetland Mitigation Banking Program	10.933			108,243			108,243
Forest Service Drug Team	10.*			2,736			2,736
<b>Total U.S. Department of Agriculture</b>				<b>\$ 4,306,723,651</b>	<b>\$ 950,746,850</b>	<b>\$ 0</b>	<b>\$ 5,257,470,501</b>
<b>U.S. Department of Commerce</b>							
Economic Development Cluster:							
Economic Adjustment Assistance	11.307			\$ (10,797)	\$	\$	\$ (10,797)
COVID-19 - Economic Adjustment Assistance	11.307			7,657,811			7,657,811
Total Economic Development Cluster				\$ 7,647,014	\$ 0	\$ 0	\$ 7,647,014
State Digital Equity Planning and Capacity Grant	11.032			\$ 829,475	\$	\$	\$ 829,475
Broadband Equity, Access, and Deployment Program	11.035			1,115,475			1,115,475
Interjurisdictional Fisheries Act of 1986 (Note 15)	11.407				18,410		18,410
Coastal Zone Management Administration Awards	11.419			2,632,624	844,644		3,477,268
Unallied Management Projects	11.454			49,961			49,961
Habitat Conservation	11.463	Great Lakes Fishery Commission	NA22NMF4630144	1,387			1,387
Office for Coastal Management	11.473			36,016			36,016
<b>Total U.S. Department of Commerce</b>				<b>\$ 12,311,952</b>	<b>\$ 863,054</b>	<b>\$ 0</b>	<b>\$ 13,175,006</b>

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STATE OF MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2023  
(Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>U.S. Department of Defense</b>							
STARBASE Program	12.020			\$	\$ 1,714,378	\$	\$ 1,714,378
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			630,731			630,731
Military Construction, National Guard	12.400			65,163			65,163
National Guard Military Operations and Maintenance (O&M) Projects (Note 13)	12.401			87,680,195	1,608,059	5,042,337	94,330,591
National Guard ChalleNGe Program	12.404			6,182,385			6,182,385
Economic Adjustment Assistance for State Governments	12.617			88,216			88,216
<b>Total U.S. Department of Defense</b>				<b>\$ 94,646,690</b>	<b>\$ 3,322,437</b>	<b>\$ 5,042,337</b>	<b>\$ 103,011,464</b>
<b>U.S. Department of Housing and Urban Development</b>							
Section 8 Project-Based Cluster:							
Project-Based Rental Assistance (PBRA)	14.195			\$ 410,905,454	\$	\$	\$ 410,905,454
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856			916,044			916,044
Total Section 8 Project-Based Cluster				<u>\$ 411,821,498</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 411,821,498</u>
Housing Voucher Cluster:							
Section 8 Housing Choice Vouchers	14.871			\$ 256,193,830	\$	\$	\$ 256,193,830
COVID-19 - Section 8 Housing Choice Vouchers	14.871			7,033,314			7,033,314
Total 14.871				<u>\$ 263,227,144</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 263,227,144</u>
Mainstream Vouchers	14.879			\$ 1,103,394	\$	\$	\$ 1,103,394
Total Housing Voucher Cluster				<u>\$ 264,330,538</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 264,330,538</u>
Housing Counseling Assistance Program	14.169			\$ 111,234	\$ 972,520	\$	\$ 1,083,754
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			1,779,577	26,988,129		28,767,706
COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			2,178,115	4,021,673		6,199,788
Total 14.228				<u>\$ 3,957,692</u>	<u>\$ 31,009,802</u>	<u>\$ 0</u>	<u>\$ 34,967,494</u>
Emergency Solutions Grant Program	14.231			\$	\$ 3,718,975	\$	\$ 3,718,975
COVID-19 - Emergency Solutions Grant Program	14.231			\$	\$ 11,057,848	\$	\$ 11,057,848
Total 14.231				<u>\$ 0</u>	<u>\$ 14,776,823</u>	<u>\$ 0</u>	<u>\$ 14,776,823</u>
Home Investment Partnerships Program	14.239			\$ 10,953,139	\$	\$	\$ 10,953,139
Housing Opportunities for Persons with AIDS	14.241			13,130	2,637,024		2,650,154
Tax Credit Assistance Program (Recovery Act Funded)	14.258			1,670,216			1,670,216
Continuum of Care Program	14.267			1,083	8,061,094		8,062,177
Housing Trust Fund	14.275			16,625,245			16,625,245
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	14.326			23,457	1,171,475		1,194,932
Performance Based Contract Administrator Program	14.327			13,773,170			13,773,170
Fair Housing Assistance Program	14.401			793,666			793,666
Family Self-Sufficiency Program	14.896			1,159,127			1,159,127
Lead Hazard Reduction Grant Program	14.900			485,939			485,939
<b>Total U.S. Department of Housing and Urban Development</b>				<b>\$ 725,719,134</b>	<b>\$ 58,628,738</b>	<b>\$ 0</b>	<b>\$ 784,347,872</b>

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STATE OF MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2023  
(Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>U.S. Department of the Interior</b>							
Fish and Wildlife Cluster:							
Sport Fish Restoration	15.605			\$ 11,694,003	\$	\$	\$ 11,694,003
Wildlife Restoration and Basic Hunter Education and Safety (Note 15)	15.611			24,863,974	131,157		24,995,131
Enhanced Hunter Education and Safety	15.626			245,197			245,197
Total Fish and Wildlife Cluster				\$ 36,803,174	\$ 131,157	\$ 0	\$ 36,934,331
Energy Community Revitalization Program (ECRP)	15.018			\$ 8,715,259	\$	\$	\$ 8,715,259
Fish and Wildlife Management Assistance	15.608			135,565	82,014		217,579
Coastal Wetlands Planning, Protection and Restoration	15.614				36,061		36,061
Cooperative Endangered Species Conservation Fund	15.615			248,465	14,800		263,265
Clean Vessel Act	15.616			5,624	309,177		314,801
Sportfishing and Boating Safety Act	15.622			876,025			876,025
Multistate Conservation Grant	15.628				49,667		49,667
Multistate Conservation Grant	15.628	Wildlife Management Institute, Incorporated	F22AP00722	14,307			14,307
Total 15.628				\$ 14,307	\$ 49,667	\$ 0	\$ 63,974
Coastal	15.630			\$ 27,928	\$	\$	\$ 27,928
State Wildlife Grants (Note 15)	15.634			2,488,052	5,319		2,493,371
Natural Resource Damage Assessment and Restoration	15.658			23,877			23,877
Great Lakes Restoration	15.662			1,743,702	586,805		2,330,507
White-nose Syndrome National Response Implementation	15.684			3,203			3,203
Historic Preservation Fund Grants-In-Aid	15.904			1,663,132	220,313		1,883,445
Outdoor Recreation Acquisition, Development and Planning	15.916			2,653,117	2,438,952		5,092,069
Native American Graves Protection and Repatriation Act	15.922			18,000			18,000
Natural Resource Stewardship	15.944			8,060			8,060
Cultural Resources Management	15.946	The Association for the Study of African American Life and History	P19AC01215	1,475			1,475
<b>Total U.S. Department of the Interior</b>				<b>\$ 55,428,965</b>	<b>\$ 3,874,265</b>	<b>\$ 0</b>	<b>\$ 59,303,230</b>
<b>U.S. Department of Justice</b>							
Sexual Assault Services Formula Program	16.017			\$	\$ 955,759	\$	\$ 955,759
Justice Systems Response to Families	16.021			10,637	100,859		111,496
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034			151,388	2,028,245		2,179,633
Juvenile Justice and Delinquency Prevention	16.540			739,650	361,106		1,100,756
Missing Children's Assistance	16.543			582,806			582,806
National Criminal History Improvement Program (NCHIP)	16.554			1,073,833	139,934		1,213,767
Crime Victim Assistance	16.575			1,724,223	63,054,818		64,779,041
Crime Victim Compensation	16.576			1,332,151	1		1,332,152
Crime Victim Assistance/Discretionary Grants	16.582			487,212	182,095		669,307
Treatment Court Discretionary Grant Program	16.585				178,810		178,810
Violence Against Women Formula Grants	16.588			829,589	3,863,424		4,693,013
Residential Substance Abuse Treatment for State Prisoners	16.593			4,189	449,178		453,367
Bulletproof Vest Partnership Program	16.607			3,466	17,334		20,800
Project Safe Neighborhoods	16.609	Black Family Development	2020-GP-BX-0014	8,727			8,727

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**STATE OF MICHIGAN**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2023  
 (Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Public Safety Partnership and Community Policing Grants	16.710			\$ 402,537	\$	\$	\$ 402,537
PREA Program: Strategic Support for PREA Implementation	16.735			222,376			222,376
Edward Byrne Memorial Justice Assistance Grant Program	16.738			2,429,237	3,768,418		6,197,655
DNA Backlog Reduction Program	16.741			2,090,479			2,090,479
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			665,997	68,107		734,104
Support for Adam Walsh Act Implementation Grant Program	16.750			258,970			258,970
Harold Rogers Prescription Drug Monitoring Program	16.754			13,148	213,742		226,890
Emergency Law Enforcement Assistance Grant	16.824			26,673	156,189		182,862
National Sexual Assault Kit Initiative	16.833			28,979	627,105		656,084
Body Worn Camera Policy and Implementation	16.835			65,311			65,311
Indigent Defense	16.836			129,409			129,409
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838			161,472	782,363		943,835
STOP School Violence	16.839			453,858	121,802		575,660
Opioid Affected Youth Initiative	16.842			260,048	108,864		368,912
Equitable Sharing Program	16.922			291,028			291,028
ATF	16.*			99,750			99,750
Safe Trails Task Force	16.*			141,262			141,262
Violent Crimes Task Force	16.*			31,955			31,955
Detroit Major Crimes Task Force (DMCTF)	16.*			10,180			10,180
DEA - Tactical Diversion Task Force	16.*			56,033			56,033
Joint Terrorism Task Force	16.*			76,416			76,416
USMS Eastern District Sex Offender Sweeps	16.*			3,064			3,064
USMS Western District Sex Offender Sweeps	16.*			2,681			2,681
Child Exploitation Task Force	16.*			9,020			9,020
Trafficking and Exploitation Crimes Task Force	16.*			14,359			14,359
Safe Streets Task Force	16.*			51,733			51,733
Detroit Cyber Task Force	16.*			8,824			8,824
OCDETF	16.20-DET-078-AFF*			1,002			1,002
OCDETF	16.GI-MIW-0177*			2,940			2,940
OCDETF	16.GL-MIW-0181*			327			327
OCDETF	16.SI-GL-007-09*			25,853			25,853
USMS Eastern District Fugitive Apprehensive Task Force	16.2022-D39-AFF-JLEOTF*			216,543			216,543
USMS Western District Fugitive Apprehensive Task Force	16.2023-D40-AFF-BOP*			99,238			99,238
<b>Total U.S. Department of Justice</b>				<b>\$ 15,298,573</b>	<b>\$ 77,178,153</b>	<b>\$ 0</b>	<b>\$ 92,476,726</b>
<b>U.S. Department of Labor</b>							
<b>Employment Service Cluster:</b>							
Employment Service/Wagner-Peyser Funded Activities	17.207			\$ 6,764,782	\$ 15,258,637	\$	\$ 22,023,419
Jobs for Veterans State Grants	17.801			5,002,836	230,778		5,233,614
Total Employment Service Cluster				<b>\$ 11,767,618</b>	<b>\$ 15,489,415</b>	<b>\$ 0</b>	<b>\$ 27,257,033</b>
<b>WIOA Cluster:</b>							
WIOA Adult Program	17.258			\$ 2,124,015	\$ 33,031,939	\$	\$ 35,155,954
WIOA Youth Activities	17.259			2,266,575	33,879,749		36,146,324
WIOA Dislocated Worker Formula Grants	17.278			3,097,718	31,150,222		34,247,940
Total WIOA Cluster				<b>\$ 7,488,308</b>	<b>\$ 98,061,910</b>	<b>\$ 0</b>	<b>\$ 105,550,218</b>

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**STATE OF MICHIGAN**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2023  
 (Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Labor Force Statistics	17.002			\$ 2,206,045	\$	\$	\$ 2,206,045
Compensation and Working Conditions	17.005			266,000			266,000
Unemployment Insurance	17.225			789,780,700	5,388,460		795,169,160
COVID-19 - Unemployment Insurance	17.225			90,673,124			90,673,124
ARRA - Unemployment Insurance	17.225			(190,173)			(190,173)
Total 17.225				<u>\$ 880,263,651</u>	<u>\$ 5,388,460</u>	<u>\$ 0</u>	<u>\$ 885,652,111</u>
Senior Community Service Employment Program	17.235			\$ 57,326	\$ 1,302,533	\$	\$ 1,359,859
Trade Adjustment Assistance	17.245			886,009	1,022,958		1,908,967
Workforce Data Quality Initiative (WDQI)	17.261			(4)			(4)
H-1B Job Training Grants	17.268			172,895	659,154		832,049
Work Opportunity Tax Credit Program (WOTC)	17.271			693,037			693,037
Temporary Labor Certification for Foreign Workers	17.273			634,339			634,339
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			724	1,499,423		1,500,147
Registered Apprenticeship	17.285			2,169,369	3,321,193		5,490,562
Occupational Safety and Health State Program	17.503			11,607,700			11,607,700
Consultation Agreements	17.504			1,717,800			1,717,800
Women's Bureau	17.700			2,172	165,000		167,172
Homeless Veterans' Reintegration Program	17.805			455,190			455,190
<b>Total U.S. Department of Labor</b>				<b>\$ 920,388,179</b>	<b>\$ 126,910,046</b>	<b>\$ 0</b>	<b>\$ 1,047,298,225</b>
<b>U.S. Department of Transportation</b>							
<b>FMCSA Cluster:</b>							
Motor Carrier Safety Assistance	20.218			\$ 14,015,589	\$ 748,329	\$	\$ 14,763,918
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			344,324			344,324
Total FMCSA Cluster				<u>\$ 14,359,913</u>	<u>\$ 748,329</u>	<u>\$ 0</u>	<u>\$ 15,108,242</u>
<b>Federal Transit Cluster:</b>							
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526			\$ 72,566	\$ 17,379,689	\$	\$ 17,452,255
Total Federal Transit Cluster				<u>\$ 72,566</u>	<u>\$ 17,379,689</u>	<u>\$ 0</u>	<u>\$ 17,452,255</u>
<b>Transit Services Programs Cluster:</b>							
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			\$	\$ 4,843,072	\$	\$ 4,843,072
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				827,337		827,337
Total Transit Services Programs Cluster				<u>\$ 0</u>	<u>\$ 5,670,409</u>	<u>\$ 0</u>	<u>\$ 5,670,409</u>
<b>Highway Safety Cluster:</b>							
State and Community Highway Safety	20.600			\$ 6,479,789	\$ 3,580,810	\$	\$ 10,060,599
National Priority Safety Programs	20.616			8,491,793	1,724,579		10,216,372
Total Highway Safety Cluster				<u>\$ 14,971,582</u>	<u>\$ 5,305,389</u>	<u>\$ 0</u>	<u>\$ 20,276,971</u>

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**STATE OF MICHIGAN**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2023  
 (Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (Note 7)	20.106			\$ 32,011,129	\$	\$	\$ 32,011,129
COVID-19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (Note 7)	20.106			1,779,423			1,779,423
Total 20.106				<u>\$ 33,790,552</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,790,552</u>
Highway Research and Development Program (Note 15)	20.200			\$ 1,027,648	\$ 275,486	\$	\$ 1,303,134
Highway Planning and Construction (Note 15)	20.205			1,513,160,439	28,910,815		1,542,071,254
COVID-19 - Highway Planning and Construction	20.205			30,946,973	4,112,314		35,059,287
Total 20.205				<u>\$ 1,544,107,412</u>	<u>\$ 33,023,129</u>	<u>\$ 0</u>	<u>\$ 1,577,130,541</u>
Highway Training and Education	20.215			\$	\$ 211,811	\$	\$ 211,811
Recreational Trails Program	20.219			1,960,299			1,960,299
Federal Lands Access Program	20.224			3,467,212	36,397		3,503,609
Commercial Driver's License Program Implementation Grant	20.232			192,157			192,157
Consolidated Rail Infrastructure and Safety Improvements	20.325			516,749			516,749
Federal-State Partnership for Intercity Passenger Rail	20.326			7,849,305			7,849,305
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			58,125	4,670,392		4,728,517
Formula Grants for Rural Areas and Tribal Transit Program	20.509			2,436,129	35,279,808		37,715,937
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509			2,999,098	27,533,674		30,532,772
Total 20.509				<u>\$ 5,435,227</u>	<u>\$ 62,813,482</u>	<u>\$ 0</u>	<u>\$ 68,248,709</u>
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528			\$ 257,952	\$	\$	\$ 257,952
Public Transportation Innovation	20.530			83,866	260,099		343,965
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			242,706			242,706
Pipeline Safety Program State Base Grant	20.700			1,698,866			1,698,866
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			286,237	158,760		444,997
State Damage Prevention Program Grants	20.720			93,742			93,742
PHMSA Pipeline Safety Program One Call Grant	20.721			46,770			46,770
PHMSA Pipeline Safety Underground Natural Gas Storage Grant	20.725			155,539			155,539
National Infrastructure Investments	20.933			4,456,825	275,562		4,732,387
<b>Total U.S. Department of Transportation</b>				<u>\$ 1,635,131,250</u>	<u>\$ 130,828,934</u>	<u>\$ 0</u>	<u>\$ 1,765,960,184</u>
<b>U.S. Department of the Treasury</b>							
COVID-19 - Coronavirus Relief Fund	21.019			\$ 1,192,037	\$ (149,293)	\$	\$ 1,042,744
COVID-19 - Emergency Rental Assistance Program	21.023			2,186,346	219,414,018		221,600,364
COVID-19 - Homeowner Assistance Fund	21.026			164,093,453			164,093,453
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			454,199,652	377,882,860		832,082,512
Coronavirus Capital Projects Fund	21.029			2,529,161			2,529,161
State Small Business Credit Initiative Technical Assistance Grant Program	21.031			1,074			1,074
<b>Total U.S. Department of the Treasury</b>				<u>\$ 624,201,723</u>	<u>\$ 597,147,585</u>	<u>\$ 0</u>	<u>\$ 1,221,349,308</u>

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>Equal Employment Opportunity Commission</b>							
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002			\$ 570,940	\$	\$	\$ 570,940
<b>Total Equal Employment Opportunity Commission</b>				<b>\$ 570,940</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 570,940</b>
<b>General Services Administration</b>							
Donation of Federal Surplus Personal Property (Note 8)	39.003			\$	\$ 174,930	\$	\$ 174,930
<b>Total General Services Administration</b>				<b>\$ 0</b>	<b>\$ 174,930</b>	<b>\$ 0</b>	<b>\$ 174,930</b>
<b>National Endowment for the Arts</b>							
Promotion of the Arts Partnership Agreements	45.025			\$ 2,500	\$ 939,025	\$	\$ 941,525
<b>Total National Endowment for the Arts</b>				<b>\$ 2,500</b>	<b>\$ 939,025</b>	<b>\$ 0</b>	<b>\$ 941,525</b>
<b>National Endowment for the Humanities</b>							
Promotion of the Humanities Challenge Grants	45.130			\$ 49,815	\$	\$	\$ 49,815
Promotion of the Humanities Public Programs	45.164			99,083			99,083
<b>Total National Endowment for the Humanities</b>				<b>\$ 148,898</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 148,898</b>
<b>Institute of Museum and Library Services</b>							
Museums for America	45.301			\$ 54,545	\$	\$	\$ 54,545
Grants to States	45.310			4,451,594	231,682		4,683,276
COVID-19 - Grants to States	45.310			56,779	1,267,489		1,324,268
Total 45.310				\$ 4,508,373	\$ 1,499,171	\$ 0	\$ 6,007,544
<b>Total Institute of Museum and Library Services</b>				<b>\$ 4,562,918</b>	<b>\$ 1,499,171</b>	<b>\$ 0</b>	<b>\$ 6,062,089</b>
<b>Small Business Administration</b>							
State Trade Expansion	59.061			\$ 149,431	\$ 1,253,914	\$	\$ 1,403,345
<b>Total Small Business Administration</b>				<b>\$ 149,431</b>	<b>\$ 1,253,914</b>	<b>\$ 0</b>	<b>\$ 1,403,345</b>
<b>U.S. Department of Veterans Affairs</b>							
Grants to States for Construction of State Home Facilities	64.005			\$ 1,118,705	\$	\$	\$ 1,118,705
Veterans State Domiciliary Care	64.014			56,000			56,000
Veterans State Nursing Home Care	64.015			28,024,241			28,024,241
Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program	64.055			393,881			393,881
Veterans Information and Assistance	64.115			537,819			537,819
<b>Total U.S. Department of Veterans Affairs</b>				<b>\$ 30,130,646</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,130,646</b>

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STATE OF MICHIGAN  
Schedule of Expenditures of Federal Awards  
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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>U.S. Environmental Protection Agency</b>							
Clean Water State Revolving Fund Cluster:							
Clean Water State Revolving Fund	66.458			\$ 1,335,837	\$ 132,526,733	\$ 0	\$ 133,862,570
Total Clean Water State Revolving Fund Cluster				\$ 1,335,837	\$ 132,526,733	\$ 0	\$ 133,862,570
Drinking Water State Revolving Fund Cluster:							
Drinking Water State Revolving Fund	66.468			\$ 8,514,156	\$ 25,172,596	\$ 0	\$ 33,686,752
Total Drinking Water State Revolving Fund Cluster				\$ 8,514,156	\$ 25,172,596	\$ 0	\$ 33,686,752
Air Pollution Control Program Support (Note 13)	66.001			\$ 4,552,721	\$ 90,620	\$ 90,620	\$ 4,643,341
State Indoor Radon Grants	66.032			195,849	55,000		250,849
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			1,176,547	9,802		1,186,349
Diesel Emissions Reduction Act (DERA) State Grants	66.040			29,220	482,112		511,332
Multipurpose Grants to States and Tribes	66.204			101,276			101,276
Environmental Justice Government-to-Government (EJG2G) Program	66.312			50,642	62,013		112,655
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			109,664			109,664
State Public Water System Supervision	66.432			3,701,281			3,701,281
State Underground Water Source Protection	66.433			91,991			91,991
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442				133,733		133,733
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444			514,732			514,732
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447			4,435			4,435
Water Quality Management Planning	66.454			367,033	301,347		668,380
Nonpoint Source Implementation Grants	66.460				2,473,362		2,473,362
Regional Wetland Program Development Grants	66.461			226,123	17,809		243,932
Geographic Programs - Great Lakes Restoration Initiative (Note 15)	66.469			6,054,116	2,709,751		8,763,867
Geographic Programs - Great Lakes Restoration Initiative	66.469	Central Michigan University	GL00E02956	33,477			33,477
Geographic Programs - Great Lakes Restoration Initiative	66.469	Michigan State University	00E02802	1,408	87,249		88,657
Total 66.469				\$ 6,089,001	\$ 2,797,000	\$ 0	\$ 8,886,001
Beach Monitoring and Notification Program Implementation Grants	66.472			\$ 48,583	\$ 230,338	\$ 0	\$ 278,921
Performance Partnership Grants	66.605			12,433,398	(1,319)		12,432,079
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			28,539	37,468		66,007
Pollution Prevention Grants Program	66.708			42,098			42,098
Hazardous Waste Management State Program Support (Note 13)	66.801			2,320,624		119,276	2,439,900
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			3,215,391	91,100		3,306,491
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804			582,566			582,566

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			\$ 2,671,794	\$	\$	\$ 2,671,794
State and Tribal Response Program Grants	66.817			1,811,912			1,811,912
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818			572,942			572,942
<b>Total U.S. Environmental Protection Agency</b>				<b>\$ 50,788,355</b>	<b>\$ 164,389,094</b>	<b>\$ 209,896</b>	<b>\$ 215,387,345</b>
<b>U.S. Department of Energy</b>							
State Energy Program	81.041			\$ 905,391	\$ 988,301	\$	\$ 1,893,692
Weatherization Assistance for Low-Income Persons	81.042			3,203,293	13,344,763		16,548,056
COVID-19 - Weatherization Assistance for Low-Income Persons	81.042			823,184	8,535,637		9,358,821
Total 81.042				\$ 4,026,477	\$ 21,880,400	\$ 0	\$ 25,906,877
State Heating Oil and Propane Program	81.138			\$ 5,383	\$	\$	\$ 5,383
<b>Total U.S. Department of Energy</b>				<b>\$ 4,937,251</b>	<b>\$ 22,868,701</b>	<b>\$ 0</b>	<b>\$ 27,805,952</b>
<b>U.S. Department of Education</b>							
Student Financial Assistance Cluster:							
Federal Supplemental Educational Opportunity Grants	84.007			\$ 27,185	\$	\$	\$ 27,185
Federal Pell Grant Program	84.063			275,200			275,200
Total Student Financial Assistance Cluster				\$ 302,385	\$ 0	\$ 0	\$ 302,385
Special Education Cluster (IDEA):							
Special Education Grants to States	84.027A			\$ 19,968,795	\$ 424,912,697	\$	\$ 444,881,492
COVID-19 - Special Education Grants to States	84.027X			3,100	34,068,375		34,071,475
Total 84.027				\$ 19,971,895	\$ 458,981,072	\$ 0	\$ 478,952,967
Special Education Preschool Grants	84.173A			\$ 680,016	\$ 12,412,301	\$	\$ 13,092,317
COVID-19 - Special Education Preschool Grants	84.173X				2,177,655		2,177,655
Total 84.173				\$ 680,016	\$ 14,589,956	\$ 0	\$ 15,269,972
Total Special Education Cluster (IDEA)				\$ 20,651,911	\$ 473,571,028	\$ 0	\$ 494,222,939
Adult Education - Basic Grants to States	84.002A			\$ 1,808,195	\$ 12,850,489	\$	\$ 14,658,684
Title I Grants to Local Educational Agencies	84.010A			5,535,843	470,893,411		476,429,254
Migrant Education State Grant Program	84.011A			368,254	6,730,311		7,098,565
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A			993,223			993,223
Federal Family Education Loans - Guaranty Agency (Notes 9 and 10)	84.032G			90,677,655			90,677,655
Federal Family Education Loans - Guaranty Agency (Notes 6, 9, and 10)	84.032G			568,431,109			568,431,109
Total 84.032G				\$ 659,108,764	\$ 0	\$ 0	\$ 659,108,764
Federal Family Education Loans - Lender (Notes 9 and 11)	84.032L			\$ 3,473,879	\$	\$	\$ 3,473,879
Federal Family Education Loans - Lender (Notes 6, 9, and 11)	84.032L			191,234,375			191,234,375
Total 84.032L				\$ 194,708,254	\$ 0	\$ 0	\$ 194,708,254
Total 84.032				\$ 853,817,018	\$ 0	\$ 0	\$ 853,817,018

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**STATE OF MICHIGAN**  
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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Career and Technical Education - Basic Grants to States	84.048A			\$ 4,473,291	\$ 39,012,352	\$	\$ 43,485,643
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126A			114,272,453			114,272,453
Migrant Education Coordination Program	84.144F			96,610			96,610
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177B			990,379			990,379
Special Education-Grants for Infants and Families	84.181A			1,005,600	12,185,701		13,191,301
COVID-19 - Special Education-Grants for Infants and Families	84.181X			306,134	2,666,315		2,972,449
Total 84.181				<u>\$ 1,311,734</u>	<u>\$ 14,852,016</u>	<u>\$ 0</u>	<u>\$ 16,163,750</u>
School Safety National Activities	84.184F			\$ 305,831	\$ 340,368	\$	\$ 646,199
School Safety National Activities	84.184X				588,244		588,244
Total 84.184				<u>\$ 305,831</u>	<u>\$ 928,612</u>	<u>\$ 0</u>	<u>\$ 1,234,443</u>
Education for Homeless Children and Youth	84.196A			\$ 471,555	\$ 2,329,067	\$	\$ 2,800,622
Charter Schools	84.282A			3,195,419			3,195,419
Twenty-First Century Community Learning Centers	84.287C			969,386	35,469,192		36,438,578
Special Education - State Personnel Development	84.323A				1,618,883		1,618,883
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326K			5,399			5,399
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S			651,857	2,918,975		3,570,832
Credit Enhancement for Charter School Facilities	84.354A			6,261,436			6,261,436
Rural Education	84.358B			100,817	1,353,486		1,454,303
English Language Acquisition State Grants	84.365A			467,803	11,803,532		12,271,335
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A			3,261,391	61,128,961		64,390,352
Grants for State Assessments and Related Activities	84.369A			8,828,736			8,828,736
Comprehensive Literacy Development	84.371C			61,322	2,253,746		2,315,068
Disability Innovation Fund (DIF)	84.421C			798,379	2,056,238		2,854,617
Student Support and Academic Enrichment Program	84.424A			1,006,348	31,360,884		32,367,232
Student Support and Academic Enrichment Program	84.424F			8,579			8,579
Total 84.424				<u>\$ 1,014,927</u>	<u>\$ 31,360,884</u>	<u>\$ 0</u>	<u>\$ 32,375,811</u>
COVID-19 - Education Stabilization Fund	84.425C			\$ 9,438	\$ 12,898,896	\$	\$ 12,908,334
COVID-19 - Education Stabilization Fund	84.425D			3,796,761	479,095,416		482,892,177
COVID-19 - Education Stabilization Fund	84.425G			517,788	8,118,441		8,636,229
COVID-19 - Education Stabilization Fund	84.425R			34,538,179			34,538,179
COVID-19 - Education Stabilization Fund	84.425U			42	1,372,538,942		1,372,538,984
COVID-19 - Education Stabilization Fund	84.425V			28,822,822			28,822,822
COVID-19 - Education Stabilization Fund	84.425W			2,347	2,263,965		2,266,312
Total 84.425				<u>\$ 67,687,377</u>	<u>\$ 1,874,915,660</u>	<u>\$ 0</u>	<u>\$ 1,942,603,037</u>
<b>Total U.S. Department of Education</b>				<u><b>\$ 1,098,702,931</b></u>	<u><b>\$ 3,046,046,843</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 4,144,749,774</b></u>
<b>National Archives and Records Administration</b>							
National Historical Publications and Records Grants	89.003			\$ 24,281	\$	\$	\$ 24,281
<b>Total National Archives and Records Administration</b>				<u><b>\$ 24,281</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 24,281</b></u>

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STATE OF MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2023  
(Continued)

Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>U.S. Election Assistance Commission</b>							
HAVA Election Security Grants	90.404			\$ 1,486,271	\$ 1,263,717	\$	\$ 2,749,988
<b>Total U.S. Election Assistance Commission</b>				<b>\$ 1,486,271</b>	<b>\$ 1,263,717</b>	<b>\$ 0</b>	<b>\$ 2,749,988</b>
<b>U.S. Department of Health and Human Services</b>							
Aging Cluster:							
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044			\$ 443,443	\$ 13,130,452	\$	\$ 13,573,895
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044			218,943	2,487,283	\$	2,706,226
Total 93.044				<u>\$ 662,386</u>	<u>\$ 15,617,735</u>	<u>\$ 0</u>	<u>\$ 16,280,121</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			\$ 965,603	\$ 26,311,529	\$	\$ 27,277,132
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			215,704	7,292,332	\$	7,508,036
Total 93.045				<u>\$ 1,181,307</u>	<u>\$ 33,603,861</u>	<u>\$ 0</u>	<u>\$ 34,785,168</u>
Nutrition Services Incentive Program	93.053			\$	\$ 7,778,503	\$	\$ 7,778,503
Total Aging Cluster				<u>\$ 1,843,693</u>	<u>\$ 57,000,099</u>	<u>\$ 0</u>	<u>\$ 58,843,792</u>
CCDF Cluster:							
Child Care and Development Block Grant (Notes 12 and 18)	93.575			\$ 159,790,628	\$ 10,162,245	\$	\$ 169,952,873
COVID-19 - Child Care and Development Block Grant (Note 18)	93.575			227,002,303	42,538,106	\$	269,540,409
Total 93.575				<u>\$ 386,792,931</u>	<u>\$ 52,700,351</u>	<u>\$ 0</u>	<u>\$ 439,493,282</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Note 18)	93.596			\$ 94,424,567	\$	\$	\$ 94,424,567
COVID-19 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Note 18)	93.596			623,228	\$	\$	623,228
Total 93.596				<u>\$ 95,047,795</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 95,047,795</u>
Total CCDF Cluster				<u>\$ 481,840,726</u>	<u>\$ 52,700,351</u>	<u>\$ 0</u>	<u>\$ 534,541,077</u>
Head Start Cluster:							
Head Start	93.600			\$ 190,254	\$ 24,000	\$	\$ 214,254
Total Head Start Cluster				<u>\$ 190,254</u>	<u>\$ 24,000</u>	<u>\$ 0</u>	<u>\$ 214,254</u>
Medicaid Cluster:							
State Medicaid Fraud Control Units	93.775			\$ 4,635,098	\$	\$	\$ 4,635,098
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			13,282,383	\$	\$	13,282,383
COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			732,601	\$	\$	732,601
Total 93.777				<u>\$ 14,014,984</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,014,984</u>
Medical Assistance Program	93.778			\$ 16,915,816,138	\$ 72,605,734	\$	\$ 16,988,421,872
COVID-19 - Medical Assistance Program	93.778			828,785,990	\$	\$	828,785,990
Total 93.778				<u>\$ 17,744,602,128</u>	<u>\$ 72,605,734</u>	<u>\$ 0</u>	<u>\$ 17,817,207,862</u>
Total Medicaid Cluster				<u>\$ 17,763,252,210</u>	<u>\$ 72,605,734</u>	<u>\$ 0</u>	<u>\$ 17,835,857,944</u>

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			\$	\$ 154,528	\$	\$ 154,528
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042			20,359	724,327		744,686
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042				69,778		69,778
Total 93.042				\$ 20,359	\$ 794,105	\$ 0	\$ 814,464
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043			\$	\$ 836,220	\$	\$ 836,220
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043				268,623		268,623
Total 93.043				\$ 0	\$ 1,104,843	\$ 0	\$ 1,104,843
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			\$ 623,173	\$ (11,622)	\$	\$ 611,551
National Family Caregiver Support, Title III, Part E	93.052			189,556	5,510,468		5,700,024
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052			45,728	729,528		775,256
Total 93.052				\$ 235,284	\$ 6,239,996	\$ 0	\$ 6,475,280
Public Health Emergency Preparedness	93.069			\$ 8,240,743	\$ 8,464,429	\$	\$ 16,705,172
Environmental Public Health and Emergency Response	93.070			2,836,048	14,262		2,850,310
COVID-19 - Environmental Public Health and Emergency Response	93.070			33,497	8,160		41,657
Total 93.070				\$ 2,869,545	\$ 22,422	\$ 0	\$ 2,891,967
Medicare Enrollment Assistance Program	93.071			\$ 59,498	\$ 1,110,143	\$	\$ 1,169,641
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			794,184			794,184
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			107,224			107,224
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	Regents of the University of Michigan	SUBK00012957	62,346			62,346
Guardianship Assistance	93.090			3,614,139	1		3,614,140
COVID-19 - Guardianship Assistance	93.090			265,894			265,894
Total 93.090				\$ 3,880,033	\$ 1	\$ 0	\$ 3,880,034
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			\$ 373,899	\$ 1,106,923	\$	\$ 1,480,822
Food and Drug Administration Research	93.103			2,421,720	193,086		2,614,806
Food and Drug Administration Research	93.103	Association of Food and Drug Officials	G-2110-03059; G-2210-03593; G-2302-03913; G-ME-2204-03367; G-SE-2204-03357	19,893			19,893
Total 93.103				\$ 2,441,613	\$ 193,086	\$ 0	\$ 2,634,699

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Maternal and Child Health Federal Consolidated Programs	93.110			\$ 967,685	\$ 864,924	\$	\$ 1,832,609
Maternal and Child Health Federal Consolidated Programs	93.110	Association of Public Health Laboratories, Inc.	56300-600-158-22-18	95,946			95,946
Maternal and Child Health Federal Consolidated Programs (Note 15)	93.110	Wayne State University	WSU18013		41,000		41,000
Total 93.110				\$ 1,063,631	\$ 905,924	\$ 0	\$ 1,969,555
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			\$ 1,011,459	\$ 489,508	\$	\$ 1,500,967
Project Grants and Cooperative Agreements for Tuberculosis Control Programs (Note 6)	93.116			17,539			17,539
Total 93.116				\$ 1,028,998	\$ 489,508	\$ 0	\$ 1,518,506
Emergency Medical Services for Children	93.127			\$ 158,924	\$	\$	\$ 158,924
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			320,357	5		320,362
Injury Prevention and Control Research and State and Community Based Programs	93.136			4,255,315	5,100,191		9,355,506
Community Programs to Improve Minority Health Grant Program	93.137			95,272	351,920		447,192
Projects for Assistance in Transition from Homelessness (PATH)	93.150			151,457	1,889,261		2,040,718
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			122,352	980,703		1,103,055
Grants to States for Loan Repayment	93.165			402,000			402,000
COVID-19 - Grants to States for Loan Repayment	93.165			500,700			500,700
Total 93.165				\$ 902,700	\$ 0	\$ 0	\$ 902,700
Disabilities Prevention	93.184			\$ 269,053	\$ 247,189	\$	\$ 516,242
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197			464,591	5,262		469,853
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	Michigan State University	RC107653-MDHHS	57,321			57,321
Total 93.197				\$ 521,912	\$ 5,262	\$ 0	\$ 527,174
Family Planning Services	93.217			\$ 1,521,343	\$ 5,128,229	\$	\$ 6,649,572
COVID-19 - Family Planning Services	93.217				501,978		501,978
Total 93.217				\$ 1,521,343	\$ 5,630,207	\$ 0	\$ 7,151,550
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235			\$ 440,406	\$ 1,310,640	\$	\$ 1,751,046
Grants to States to Support Oral Health Workforce Activities	93.236			111,150	25,839		136,989
State Capacity Building	93.240			482,034			482,034

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STATE OF MICHIGAN  
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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			\$ 1,469,373	\$ 7,188,906	\$	\$ 8,658,279
COVID-19 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			187,957	863,264		1,051,221
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Black Family Development	REV23-99255	1,373			1,373
Total 93.243				\$ 1,658,703	\$ 8,052,170	\$ 0	\$ 9,710,873
Early Hearing Detection and Intervention	93.251			\$ 212,579	\$ 95,850	\$	\$ 308,429
Occupational Safety and Health Program	93.262	Michigan State University	RC105035-MDHHS	26,835			26,835
Immunization Cooperative Agreements	93.268			5,087,098	5,637,901		10,724,999
COVID-19 - Immunization Cooperative Agreements	93.268			15,451,863	17,329,399		32,781,262
Immunization Cooperative Agreements (Note 6)	93.268			106,093,022			106,093,022
Total 93.268				\$ 126,631,983	\$ 22,967,300	\$ 0	\$ 149,599,283
Viral Hepatitis Prevention and Control	93.270			\$ 384,214	\$ 6,000	\$	\$ 390,214
Trans-NIH Research Support (Note 15)	93.310	Michigan State University	RC108889MDHHS	65,416			65,416
Early Hearing Detection and Intervention Information System (EHDH-IS) Surveillance Program	93.314			156,497			156,497
CSELS Partnership: Strengthening Public Health Laboratories	93.322	Association of Public Health Laboratories, Inc.	56401-250-451-22-02	25,149			25,149
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			5,825,191	177,643		6,002,834
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			220,710,461	75,313,640		296,024,101
Total 93.323				\$ 226,535,652	\$ 75,491,283	\$ 0	\$ 302,026,935
State Health Insurance Assistance Program	93.324			\$ 74,363	\$ 1,579,103	\$	\$ 1,653,466
Behavioral Risk Factor Surveillance System	93.336			27,227	814,856		842,083
COVID-19 - Behavioral Risk Factor Surveillance System	93.336				11,479		11,479
Total 93.336				\$ 27,227	\$ 826,335	\$ 0	\$ 853,562
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	Regents of the University of Michigan	SUBK00010638	\$ 5,499	\$	\$	\$ 5,499
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			351,934	122,940		474,874
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			1,267,592	5,446,878		6,714,470
Total 93.354				\$ 1,619,526	\$ 5,569,818	\$ 0	\$ 7,189,344
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367			\$ 206,600	\$ 10,000	\$	\$ 216,600
ACL Independent Living State Grants	93.369			266,087	2,946,243		3,212,330
Title: Multiple Approaches to Support Young Breast Cancer Survivors and Metastatic Breast Cancer Patients	93.376			301,293	161,813		463,106
The CDC Public Health Cancer Genomics Program: Translating Research into Public Health Practice	93.380			123,186	6,748		129,934

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
National and State Tobacco Control Program	93.387			\$ 1,590,312	\$ 852,086	\$	\$ 2,442,398
National and State Tobacco Control Program (Note 6)	93.387			2,485			2,485
Total 93.387				<u>\$ 1,592,797</u>	<u>\$ 852,086</u>	<u>\$ 0</u>	<u>\$ 2,444,883</u>
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391			\$ 8,127,409	\$ 3,812,060	\$	\$ 11,939,469
The State Flexibility to Stabilize the Market Grant Program	93.413			191,223			191,223
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	Council of State and Territorial Epidemiologists	P.O. 8255; P.O. 7958; P.O. 7804	411,603	(19,148)		392,455
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	National Association of Chronic Diseases Directors	230126; 220119		285,598		285,598
COVID-19 - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	Council of State and Territorial Epidemiologists	P.O. 8255; P.O. 7958	385,466			385,466
Total 93.421				<u>\$ 797,069</u>	<u>\$ 266,450</u>	<u>\$ 0</u>	<u>\$ 1,063,519</u>
The National Cardiovascular Health Program	93.426			\$ 1,475,568	\$ 573,988	\$	\$ 2,049,556
Every Student Succeeds Act/Preschool Development Grants	93.434			8,352,763	4,511,041		12,863,804
Every Student Succeeds Act/Preschool Development Grants	93.434	North Carolina Department of Health and Human Services	43520	192,029			192,029
Total 93.434				<u>\$ 8,544,792</u>	<u>\$ 4,511,041</u>	<u>\$ 0</u>	<u>\$ 13,055,833</u>
The Innovative Cardiovascular Health Program	93.435			\$ 1,213,470	\$ 813,613	\$	\$ 2,027,083
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436			799,646	97,279		896,925
ACL Assistive Technology	93.464			8,341	811,087		819,428
Title IV-E Prevention Program	93.472			9,022,695	73,282		9,095,977
COVID-19 - Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	93.497				492,028		492,028
COVID-19 - Low Income Household Water Assistance Program	93.499				25,563,003		25,563,003
Public Health Training Centers Program	93.516			120,452	116,979		237,431
MaryLee Allen Promoting Safe and Stable Families Program (Note 12)	93.556			8,080,995	219,947		8,300,942
COVID-19 - MaryLee Allen Promoting Safe and Stable Families Program	93.556			2,996,599	714,252		3,710,851
Total 93.556				<u>\$ 11,077,594</u>	<u>\$ 934,199</u>	<u>\$ 0</u>	<u>\$ 12,011,793</u>
Temporary Assistance for Needy Families (Note 12)	93.558			\$ 626,824,130	\$ 80,365,157	\$	\$ 707,189,287
Child Support Services	93.563			25,875,242	122,635,446		148,510,688
Child Support Services Research	93.564			74,225	58,240		132,465
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566			7,772,849	27,057,221		34,830,070

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Low-Income Home Energy Assistance (Note 12)	93.568			\$ 154,024,858	\$ 14,948,705	\$	\$ 168,973,563
COVID-19 - Low-Income Home Energy Assistance	93.568			68,190,917	1,534,372		69,725,289
Total 93.568				<u>\$ 222,215,775</u>	<u>\$ 16,483,077</u>	<u>\$ 0</u>	<u>\$ 238,698,852</u>
Community Services Block Grant	93.569			\$ 2,610,815	\$ 27,955,196	\$	\$ 30,566,011
COVID-19 - Community Services Block Grant	93.569			528,033	(62,868)		465,165
Total 93.569				<u>\$ 3,138,848</u>	<u>\$ 27,892,328</u>	<u>\$ 0</u>	<u>\$ 31,031,176</u>
Refugee and Entrant Assistance Wilson/Fish Program	93.583			\$ 208,616	\$ 543,035	\$	\$ 751,651
State Court Improvement Program	93.586			574,254			574,254
Community-Based Child Abuse Prevention Grants	93.590			551,732	776,202		1,327,934
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590			372,011	868,455		1,240,466
Total 93.590				<u>\$ 923,743</u>	<u>\$ 1,644,657</u>	<u>\$ 0</u>	<u>\$ 2,568,400</u>
Grants to States for Access and Visitation Programs	93.597			\$ 258,643	\$	\$	\$ 258,643
Chafee Education and Training Vouchers Program (ETV)	93.599			1,264,963			1,264,963
Adoption and Legal Guardianship Incentive Payments	93.603			1,150,573			1,150,573
Developmental Disabilities Basic Support and Advocacy Grants	93.630			1,548,903	808,849		2,357,752
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630				174,337		174,337
Total 93.630				<u>\$ 1,548,903</u>	<u>\$ 983,186</u>	<u>\$ 0</u>	<u>\$ 2,532,089</u>
Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals	93.634			\$	\$ 554,039	\$	\$ 554,039
Children's Justice Grants to States	93.643			486,635	85,052		571,687
Stephanie Tubbs Jones Child Welfare Services Program (Note 12)	93.645			8,703,679			8,703,679
COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	93.645			(191)			(191)
Total 93.645				<u>\$ 8,703,488</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,703,488</u>
Foster Care Title IV-E	93.658			\$ 102,726,806	\$ 4,686,025	\$	\$ 107,412,831
COVID-19 - Foster Care Title IV-E	93.658			2,540,312			2,540,312
Total 93.658				<u>\$ 105,267,118</u>	<u>\$ 4,686,025</u>	<u>\$ 0</u>	<u>\$ 109,953,143</u>
Adoption Assistance	93.659			\$ 124,982,518	\$ 1,512,739	\$	\$ 126,495,257
COVID-19 - Adoption Assistance	93.659			8,130,348			8,130,348
Total 93.659				<u>\$ 133,112,866</u>	<u>\$ 1,512,739</u>	<u>\$ 0</u>	<u>\$ 134,625,605</u>
Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act	93.664			\$ (9,260)	\$ 48,871	\$	\$ 39,611
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665			56,568	1,134,877		1,191,445
Social Services Block Grant (Note 12)	93.667			120,549,181	4,724,231		125,273,412

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Child Abuse and Neglect State Grants	93.669			\$ 1,604,808	\$ 726,291	\$	\$ 2,331,099
COVID-19 - Child Abuse and Neglect State Grants	93.669			310,817	1,125,642		1,436,459
Total 93.669				<u>\$ 1,915,625</u>	<u>\$ 1,851,933</u>	<u>\$ 0</u>	<u>\$ 3,767,558</u>
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			\$ 215,484	\$ 2,866,032	\$	\$ 3,081,516
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671				2,958,563		2,958,563
Total 93.671				<u>\$ 215,484</u>	<u>\$ 5,824,595</u>	<u>\$ 0</u>	<u>\$ 6,040,079</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood (Note 12)	93.674			\$ 4,180,238	\$ (1,503)	\$	\$ 4,178,735
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674			(200,713)			(200,713)
Total 93.674				<u>\$ 3,979,525</u>	<u>\$ (1,503)</u>	<u>\$ 0</u>	<u>\$ 3,978,022</u>
COVID-19 - Elder Abuse Prevention Interventions Program	93.747			\$ 2,688,622	\$ 56,080	\$	\$ 2,744,702
Children's Health Insurance Program	93.767			301,641,670	5,705,957		307,347,627
COVID-19 - Children's Health Insurance Program	93.767			14,056,569			14,056,569
Total 93.767				<u>\$ 315,698,239</u>	<u>\$ 5,705,957</u>	<u>\$ 0</u>	<u>\$ 321,404,196</u>
Opioid STR	93.788			\$ 12,232,335	\$ 29,526,553	\$	\$ 41,758,888
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796			7,747,165			7,747,165
Organized Approaches to Increase Colorectal Cancer Screening	93.800			515,432	204,366		719,798
Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	93.810			548,210			548,210
Child Health and Human Development Extramural Research	93.865	University of Utah	10063547-03-MDHS	42,002			42,002
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			2,001,046	6,194,016		8,195,062
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870				679,925		679,925
Total 93.870				<u>\$ 2,001,046</u>	<u>\$ 6,873,941</u>	<u>\$ 0</u>	<u>\$ 8,874,987</u>
National Bioterrorism Hospital Preparedness Program	93.889			\$ 2,177,895	\$ 3,447,957	\$	\$ 5,625,852
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889				39,018		39,018
Total 93.889				<u>\$ 2,177,895</u>	<u>\$ 3,486,975</u>	<u>\$ 0</u>	<u>\$ 5,664,870</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			\$ 3,493,207	\$ 1,401,189	\$	\$ 4,894,396
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912			30,121			30,121
HIV Care Formula Grants	93.917			15,534,605	4,668,109		20,202,714
Special Projects of National Significance	93.928	National Alliance of State and Territorial AIDS Directors	20-SA-3215-2287	139,290			139,290

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
HIV Prevention Activities Health Department Based	93.940			\$ 3,545,909	\$ 5,242,829	\$	\$ 8,788,738
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance Assistance Programs for Chronic Disease Prevention and Control	93.944			1,240,269	2,806		1,243,075
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.945			17,147	58,672		75,819
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			589,873	231,446		821,319
Block Grants for Community Mental Health Services	93.958			3,055,925	20,636,246		23,692,171
COVID-19 - Block Grants for Community Mental Health Services	93.958			2,937,246	12,659,346		15,596,592
Total 93.958				<u>\$ 5,993,171</u>	<u>\$ 33,295,592</u>	<u>\$ 0</u>	<u>\$ 39,288,763</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959			\$ 2,353,989	\$ 44,059,999	\$	\$ 46,413,988
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959			1,185,361	28,239,851		29,425,212
Total 93.959				<u>\$ 3,539,350</u>	<u>\$ 72,299,850</u>	<u>\$ 0</u>	<u>\$ 75,839,200</u>
COVID-19 - Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967			\$ 169	\$	\$	\$ 169
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			1,980,687	706,439		2,687,126
COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			41,368			41,368
Total 93.977				<u>\$ 2,022,055</u>	<u>\$ 706,439</u>	<u>\$ 0</u>	<u>\$ 2,728,494</u>
Mental Health Disaster Assistance and Emergency Mental Health	93.982			\$	\$ 3,000	\$	\$ 3,000
Cooperative Agreements for Diabetes Control Programs	93.988			129,524	42,786		172,310
Preventive Health and Health Services Block Grant	93.991			2,401,148	3,260,466		5,661,614
Maternal and Child Health Services Block Grant to the States (Note 12)	93.994			9,544,833	10,604,161		20,148,994
Vital Statistics - CDC - NCHS Contract	93.200-2012-50823*			769,304			769,304
Vital Statistics - CDC - National Death Index Contract	93.200-2015-M-62296*			148,389			148,389
Behavioral Health Services Information System Contract (Mental Health - Treatment Episode Data Set)	93.283-07-4803*	Eagle Technologies, Inc.	283-07-4803	239,071	19,823		258,894
Behavioral Health Services Information System Contract (Substance Abuse)	93.283-07-4803*	Eagle Technologies, Inc.	283-07-4803	35,342	2		35,344
FDA Tobacco Retail Inspection Contract	93.75F40121C00029*			1,205,155			1,205,155
<b>Total U.S. Department of Health and Human Services</b>				<u><b>\$ 20,339,948,425</b></u>	<u><b>\$ 850,849,693</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 21,190,798,118</b></u>

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
<b>U.S. Corporation for National and Community Service</b>							
AmeriCorps State Commissions Support Grant	94.003			\$ 226,744	\$ 58,228	\$	\$ 284,972
AmeriCorps State and National	94.006			179,630	9,630,953		9,810,583
AmeriCorps Commission Investment Fund	94.008			78,796	61,825		140,621
AmeriCorps September 11th National Day of Service and Remembrance Grants	94.012			3,270	162,939		166,209
AmeriCorps Volunteers In Service to America	94.013				50,000		50,000
AmeriCorps Seniors Senior Demonstration Program (FGP)	94.017			2,213	73,636		75,849
AmeriCorps Volunteer Generation Fund	94.021			112,679	233,844		346,523
<b>Total U.S. Corporation for National and Community Service</b>				<b>\$ 603,332</b>	<b>\$ 10,271,425</b>	<b>\$ 0</b>	<b>\$ 10,874,757</b>
<b>Executive Office of the President</b>							
High Intensity Drug Trafficking Areas Program	95.001			\$ 2,516,486	\$	\$	\$ 2,516,486
<b>Total Executive Office of the President</b>				<b>\$ 2,516,486</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,516,486</b>
<b>Social Security Administration</b>							
Disability Insurance/SSI Cluster:							
Social Security Disability Insurance	96.001			\$ 103,443,354	\$ 1,033	\$	\$ 103,444,387
Total Disability Insurance/SSI Cluster				\$ 103,443,354	\$ 1,033	\$ 0	\$ 103,444,387
Social Security Administration - Birth Record Contract	96.00-14-61006*			\$ 420,087	\$	\$	\$ 420,087
Social Security Administration - Death Record Contract	96.SS00-09-60016*			364,177			364,177
<b>Total Social Security Administration</b>				<b>\$ 104,227,618</b>	<b>\$ 1,033</b>	<b>\$ 0</b>	<b>\$ 104,228,651</b>
<b>U.S. Department of Homeland Security</b>							
Non-Profit Security Program	97.008			\$ 46,669	\$ 1,876,258	\$	\$ 1,922,927
Boating Safety Financial Assistance	97.012			5,466,123	1,034,700		6,500,823
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			299,003			299,003
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 17)	97.036			1,737,144	17,140,312		18,877,456
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 17)	97.036			2,590,657	34,397,293		36,987,950
Total 97.036				\$ 4,327,801	\$ 51,537,605	\$ 0	\$ 55,865,406
Hazard Mitigation Grant	97.039			\$ 355,280	\$ 1,518,872	\$	\$ 1,874,152
National Dam Safety Program	97.041			99,444	702,615		802,059
Emergency Management Performance Grants	97.042			6,820,839	3,740,105		10,560,944
State Fire Training Systems Grants	97.043			13,106			13,106
Cooperating Technical Partners	97.045			11,320			11,320
BRIC: Building Resilient Infrastructure and Communities	97.047			97,256	3,162,434		3,259,690
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			(483,790)			(483,790)

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Federal Agency/Program or Cluster	Assistance Listing Number	Pass-Through Entity	Pass-Through Identification Number	Directly Expended	Distributed to Subrecipients	In-Kind Assistance (Note 13)	Total Expended, Distributed, and In-Kind Assistance
Homeland Security Grant Program	97.067			\$ 2,453,019	\$ 12,549,164	\$	\$ 15,002,183
Homeland Security Grant Program	97.067	Macomb County	R2-2020-82-0011	24,135			24,135
Homeland Security Grant Program	97.067	Monroe County	EMW-2021-SS-0011	5,000			5,000
Total 97.067				<u>\$ 2,482,154</u>	<u>\$ 12,549,164</u>	<u>\$ 0</u>	<u>\$ 15,031,318</u>
Disaster Assistance Projects	97.088			\$ 6,445,523			\$ 6,445,523
Homeland Security Biowatch Program	97.091			1,771,007			1,771,007
Financial Assistance for Targeted Violence and Terrorism Prevention	97.132			222,447			222,447
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137			3,623			3,623
HSI - Task Force Officer	97.*			40,598			40,598
<b>Total U.S. Department of Homeland Security</b>				<u>\$ 28,018,403</u>	<u>\$ 76,121,753</u>	<u>\$ 0</u>	<u>\$ 104,140,156</u>
<b>Other Federal Assistance</b>							
COVID-19 - Housing Stability Counseling Program	99.U19			\$ 83,177			\$ 83,177
<b>Total Other Federal Assistance</b>				<u>\$ 83,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,177</u>
<b>Total Financial Assistance</b>				<u>\$ 29,190,972,552</u>	<u>\$ 5,987,642,700</u>	<u>\$ 5,252,233</u>	<u>\$ 35,183,867,485</u>
<b>Total Non-Cash Assistance</b>				<u>\$ 865,779,428</u>	<u>\$ 137,536,661</u>	<u>\$ 0</u>	<u>\$ 1,003,316,089</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 30,056,751,980</u>	<u>\$ 6,125,179,361</u>	<u>\$ 5,252,233</u>	<u>\$ 36,187,183,574</u>

\* Assistance Listing Number not available. Number derived from federal agency number or contract number, if available.

The accompanying notes are an integral part of this schedule.

**Notes to the Schedule of Expenditures of Federal Awards**

**Note 1**    Reporting Entity

For federal reporting purposes, the State of Michigan's reporting entity includes the primary government and its component units, with the exception of those noted in the following paragraph. The primary government includes all funds, departments and agencies, bureaus, boards, commissions, and those authorities considered an integral part of the primary government. Component units are legally separate governmental organizations for which the State's elected officials are financially accountable.

Ten of the State's public universities are considered component units because they have boards appointed by the primary government. They include Western Michigan University, Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Oakland University, and Saginaw Valley State University. Michigan State University, the University of Michigan, and Wayne State University are not included in the State's reporting entity because they have separately elected governing boards and are legally separate from the State. For purposes of presenting the schedule of expenditures of federal awards (SEFA), the State's ten public universities have been excluded from the reporting entity for fiscal year 2023. The universities obtained separate audits in accordance with Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2**    Fiscal Year-Ends

The State of Michigan and discretely presented component units included within the fiscal year 2023 reporting entity are reported using fiscal years that end on September 30, except for the Michigan State Housing Development Authority (MSHDA), which utilizes a June 30 year-end.

The following programs include MSHDA expenditures, which are reported as of June 30, 2023. In addition, some of the programs noted below also include other State agencies' expenditures, which are reported as of September 30, 2023.

Assistance Listing Number (ALN)	Federal Program Title	MSHDA Expenditures as of June 30, 2023	Other State Agencies' Expenditures as of September 30, 2023	Total (as Reported on the SEFA)
14.169	Housing Counseling Assistance Program	\$ 1,083,754	\$ 0	\$ 1,083,754
14.195	Project-Based Rental Assistance (PBRA)	\$ 410,905,454	\$ 0	\$ 410,905,454
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	\$ 426,284	\$ 28,341,422	\$ 28,767,706
14.231	Emergency Solutions Grant Program	\$ 3,718,975	\$ 0	\$ 3,718,975

Table continued on next page.

Assistance Listing Number (ALN)	Federal Program Title	MSHDA Expenditures as of June 30, 2023	Other State Agencies' Expenditures as of September 30, 2023	Total (as Reported on the SEFA)
14.231	COVID-19 - Emergency Solutions Grant Program	\$ 11,057,848	\$ 0	\$ 11,057,848
14.239	Home Investment Partnerships Program	\$ 10,953,139	\$ 0	\$ 10,953,139
14.258	Tax Credit Assistance Program (Recovery Act Funded)	\$ 1,670,216	\$ 0	\$ 1,670,216
14.267	Continuum of Care Program	\$ 2,210,157	\$ 5,852,020	\$ 8,062,177
14.275	Housing Trust Fund	\$ 16,625,245	\$ 0	\$ 16,625,245
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	\$ 1,194,932	\$ 0	\$ 1,194,932
14.327	Performance Based Contract Administrator Program	\$ 13,773,170	\$ 0	\$ 13,773,170
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	\$ 916,044	\$ 0	\$ 916,044
14.871	Section 8 Housing Choice Vouchers	\$ 256,193,830	\$ 0	\$ 256,193,830
14.871	COVID-19 - Section 8 Housing Choice Vouchers	\$ 7,033,314	\$ 0	\$ 7,033,314
14.879	Mainstream Vouchers	\$ 1,103,394	\$ 0	\$ 1,103,394
14.896	Family Self-Sufficiency Program	\$ 1,159,127	\$ 0	\$ 1,159,127
21.019	COVID-19 - Coronavirus Relief Fund	\$ (702,511)	\$ 1,745,255	\$ 1,042,744
21.023	COVID-19 - Emergency Rental Assistance Program	\$ 221,600,364	\$ 0	\$ 221,600,364
21.026	COVID-19 - Homeowner Assistance Fund	\$ 164,093,453	\$ 0	\$ 164,093,453
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	\$ 2,369,676	\$ 829,712,836	\$ 832,082,512
99.U19	COVID-19 - Housing Stability Counseling Program	\$ 83,177	\$ 0	\$ 83,177

**Note 3** Basis of Presentation

The SEFA presents the federal grant activity of the State of Michigan in accordance with the requirements of the Uniform Guidance.

**Note 4** Summary of Significant Accounting Policies

The expenditures for each of the federal financial assistance programs are presented in the SEFA on the accounting basis as presented on the fund financial statements. For entities with governmental funds, expenditures are presented on the modified

accrual basis of accounting. For entities with proprietary or fiduciary funds, expenditures are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Differences will exist between federal expenditures shown on the SEFA and related federal expenditures on federal financial reports because of additional accrual amounts recorded after the preparation of federal financial reports for the fiscal year. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The State of Michigan has not elected to use the 10% de minimis indirect cost rate, except for the Michigan Early Childhood Investment Corporation, a discretely presented component unit, which has elected to use the 10% de minimis indirect cost rate.

Note 5 Pass-Through Expenditures Between State Agencies

Federal funds received by one State grantee agency and redistributed to another State grantee agency (i.e., pass-through of funds by the primary recipient State grantee agency to a subrecipient State grantee agency) are reported in the SEFA as federal expenditures of the subrecipient State grantee agency. This is to avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the State.

Note 6 Non-Cash Assistance

The State of Michigan is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "non-cash programs." The distributions under these programs are included in the SEFA.

Note 7 Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs

Federal expenditures of \$170,532,087 for the Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (ALN 20.106) channeled to primary airports for fiscal year 2023 are not included in the SEFA. Included in this amount are Coronavirus Aid, Relief, and Economic Security (CARES) Act expenditures totaling \$26,577,665, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) expenditures totaling \$2,108,108, and American Rescue Plan Act of 2021 expenditures totaling \$49,895,219. The Federal Aviation Administration (FAA) determined that the Michigan Department of Transportation (MDOT) has no oversight responsibility for grants to primary airports. Also, compliance with federal regulations is the responsibility of the primary airports and not MDOT. Therefore, MDOT is channeling the FAA funds to the primary airports in accordance with Public Act 327 of 1945.

Note 8 Donation of Surplus Property

The amount distributed to subrecipients for the Donation of Federal Surplus Personal Property (ALN 39.003) is 25.8% of the acquisition value of donated property sold during the fiscal year. The value does not include service charges that are the basis for the sale of inventory items. The valuation method follows General Services Administration guidelines. The service charges on property donated (sold) in fiscal year 2023 were \$77,688.



Note 9 Federal Family Education Loans (FFEL) Program - Loans Outstanding

The Michigan Finance Authority, a discretely presented component unit of the State of Michigan, administers the Federal Family Education Loans Program (ALN 84.032). As of September 30, 2023, the outstanding original principal balance of loans guaranteed under the Federal Family Education Loans Program - Guaranty Agency (ALN 84.032G) by the Michigan Finance Authority was \$380,204,334. In addition, as of September 30, 2023, \$148,066,922 in loans were outstanding under the Federal Family Education Loans Program - Lender (ALN 84.032L).

The Health Care and Education Reconciliation Act of 2010, Public Law No. 111-152, eliminated the authorization to originate the FFEL Program loans after June 30, 2010 and, as a result, the Michigan Finance Authority did not issue or guarantee any new FFEL Program loans in fiscal year 2023.

Note 10 Federal Family Education Loans (FFEL) Program - Guaranty Agency

The Michigan Finance Authority receives federal loan reinsurance revenue from the U.S. Department of Education (USDOE) according to the following schedule for all eligible default claims purchased by the Authority:

Annual Default Rate	Federal Reinsurance
0% to less than 5%	100%
5% to less than 9%	95% of claims up to 5%, 85% of claims equal to or greater than 5% but less than 9%
9% or greater	95% of claims up to 5%, 85% of claims equal to or greater than 5% but less than 9%, and 75% of claims equal to or greater than 9%

Under the Fresh Start Initiative, the federal government waived statutory and regulatory provisions of Reinsurance Trigger Rate (Title 34, Part 682, section 404[b] of the *Code of Federal Regulations*) so the reimbursement will continue at 100% for the federal fiscal years that overlap at least partially with the national emergency.

The FFEL Program - Guaranty Agency activity for fiscal year 2023 was:

Federal Program Title	ALN	Federal Expenditures
Federal Family Education Loans - Guaranty Agency	84.032G	
Beginning of fiscal year balance - Loans from prior years		\$ 568,431,109
Loan loss reinsured by USDOE		79,541,655
Account maintenance fees		443,935
Loan recoveries - Net of amounts returned to USDOE		32,729
Loans repurchased and rehabilitated		513,404
Reimbursement of loss revenue from collections pause		10,145,932
		<u>10,145,932</u>
Total Federal Family Education Loans - Guaranty Agency		<u>\$ 659,108,764</u>

Note 11 Federal Family Education Loans (FFEL) Program - Lender

The FFEL Program provides the Michigan Finance Authority with interest on subsidized student loans during the period a student is attending school or during certain other allowable grace and deferment periods. In addition, the FFEL Program provides funding (special allowance) that is primarily an incentive payment to ensure money market conditions or interest rates will not impede the origination of student loans. For loans first disbursed on or after October 1, 2007, the College Cost Reduction and Access Act reduced the special allowance factors and the Deficit

Reduction Act of 2005 required, if the resulting special allowance calculation was negative, the negative special allowance must be paid to USDOE.

The FFEL Program - Lender activity for fiscal year 2023 was:

Federal Program Title	ALN	Federal Expenditures
Federal Family Education Loans - Lender	84.032L	
Beginning of fiscal year balance - Loans from prior years		\$ 191,234,375
Interest subsidy payments		340,501
Special allowance payments		<u>3,133,378</u>
Total Federal Family Education Loans - Lender		<u>\$ 194,708,254</u>

Note 12 Michigan Department of Health and Human Services (MDHHS) Federal Claims

- a. Federal claims exceeded their grant award authorizations by more than \$500,000 in the following program areas and were not reimbursed for the amounts in excess of the grant award. The expenditures not reimbursed could be reimbursed if program disallowances occur. The SEFA reports the net federal claim amounts (total federal claims less the amounts in excess of the grant awards).

MaryLee Allen Promoting Safe and Stable Families Program (ALN 93.556)	\$ 2,167,684
Low-Income Home Energy Assistance (ALN 93.568)	\$ 11,033,747
Stephanie Tubbs Jones Child Welfare Services Program (ALN 93.645)	\$ 7,106,805
Social Services Block Grant (ALN 93.667)	\$ 161,710,300
John H. Chafee Foster Care Program for Successful Transition to Adulthood (ALN 93.674)	\$ 5,926,310
Maternal and Child Health Services Block Grant to the States (ALN 93.994)	\$ 38,962,268

- b. MDHHS moved \$77,279,419 of the Temporary Assistance for Needy Families (TANF) (ALN 93.558) grant award to the Social Services Block Grant (ALN 93.667) and \$8,300,000 of the TANF grant award to the Child Care and Development Block Grant (ALN 93.575) as allowed by the Welfare Reform Plan.

Note 13 In-Kind Assistance

- a. As part of the National Guard Bureau Cooperative Agreement, the U.S. Department of Defense provided in-kind assistance in the form of direct federal payment for services and supplies for National Guard Military Operations and Maintenance (O&M) Projects (ALN 12.401). The in-kind assistance dollar amounts reported in the SEFA were determined and obtained from the United States Property and Fiscal Office for Michigan.
- b. As part of the Senior Environmental Employment Program, the U.S. Environmental Protection Agency provided in-kind assistance in the form of payment to aging organizations for workers' salaries for the Air Pollution Control Program Support (ALN 66.001) and the Hazardous Waste Management State Program Support (ALN 66.801) programs. The in-kind assistance dollar amounts reported in the SEFA were determined and obtained from the U.S. Environmental Protection Agency.

Note 14 Medicare and Medicaid Revenue

The Michigan Veteran Homes at Chesterfield Township, Michigan Veteran Homes at Grand Rapids, and Michigan Veteran Homes D.J. Jacobetti received federal Medicare revenue totaling \$1,551,606 and Medicaid revenue totaling \$8,099,779 in fiscal year 2023. Medicare and Medicaid revenues are not considered federal assistance but rather a purchase of services provided by the Homes and, therefore, are not included in the SEFA.

Note 15 Research and Development Expenditures

Section 200.1 of the Uniform Guidance states that research and development (R&D) means all research activities, both basic and applied, and all development activities performed by a non-federal entity. The expenditures presented in the SEFA include R&D expenditures. The R&D portion of the expenditures for each program is listed below:

Federal Program Title	ALN	Federal Expenditures
Wildlife Services	10.028	\$ 50,000
Interjurisdictional Fisheries Act of 1986	11.407	18,410
Wildlife Restoration and Basic Hunter Education and Safety	15.611	1,110,639
State Wildlife Grants	15.634	489,186
Highway Research and Development Program	20.200	1,303,134
Highway Planning and Construction	20.205	6,227,495
Geographic Programs - Great Lakes Restoration Initiative	66.469	83,028
Maternal and Child Health Federal Consolidated Programs	93.110	41,000
Trans-NIH Research Support	93.310	65,416
Total R&D Expenditures		<u>\$ 9,388,308</u>

Note 16 Supplemental Nutrition Assistance Program (SNAP)

In response to the COVID-19 pandemic, SNAP (ALN 10.551) issued emergency allotment benefits. The State of Michigan is unable to identify the amount of emergency allotment expenditures. Therefore, emergency allotment expenditures are included in regular SNAP expenditures on the SEFA. The State of Michigan issued \$716,744,426 of emergency allotment benefits. The emergency allotment ended in February 2023.

Note 17 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

The expenditures reported for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program (ALN 97.036) include \$1,340,774 incurred in fiscal year 2022 that was obligated by the Federal Emergency Management Agency (FEMA) in fiscal year 2023. The SEFA does not include \$213,931,399 of expenditures incurred in fiscal year 2022 and \$40,992,231 of expenditures incurred in fiscal year 2023 for which funds have not yet been obligated by FEMA. These expenditures will be included on the SEFA in the fiscal year in which the funds are obligated by FEMA.

Note 18 Funding Sources Within the Child Care and Development Fund (CCDF) Cluster  
 The expenditures reported for the CCDF Cluster (ALNs 93.575 and 93.596) direct awards are from the following funding sources:

<u>Funding Source</u>	<u>Federal Expenditures</u>
Child Care and Development Block Grant	\$ 161,652,873
CCDF CARES Act	191,455,447
CCDF CRRSAA	5,931,550
Child Care Mandatory and Matching Funds of the CCDF	94,424,567
CCDF American Rescue Plan Supplemental	72,776,640
TANF	<u>8,300,000</u>
Total CCDF Cluster Expenditures	<u>\$ 534,541,077</u>

# INDEPENDENT AUDITOR'S REPORT



# OAG

Office of the Auditor General

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**Doug A. Ringler, CPA, CIA**  
Auditor General

Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance

The Honorable Gretchen Whitmer, Governor  
Members of the Legislature

### Report on Compliance for Each Major Federal Program

#### *Adverse, Qualified, and Unmodified Opinions*

We have audited the State of Michigan's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the State of Michigan's major federal programs for the fiscal year ended September 30, 2023. The State's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State's basic financial statements include the operations of Western Michigan University, Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Oakland University, and Saginaw Valley State University, which expended \$994.6 million in federal awards that are not included in the schedule of expenditures of federal awards for the fiscal year ended September 30, 2023. Our audit, described below, did not include the operations of these universities because they obtained separate audits in accordance with the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We did not audit the major federal programs or percentages of federal programs listed below. These programs were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to compliance requirements for these programs, is based on the reports of the other auditors except for the CCDF Cluster, which was based on our audit work.

Assistance Listing Number(s)	Program or Cluster	Percent Audited by Other Auditors	Total Expenditures
14.195 and 14.856	Section 8 Project-Based Cluster	100%	\$411,821,498
14.275	Housing Trust Fund	100%	\$ 16,625,245
17.225	Unemployment Insurance, including COVID-19	100%	\$885,652,111
21.023	Emergency Rental Assistance Program, including COVID-19	100%	\$221,600,364
21.026	Homeowner Assistance Fund, including COVID-19	100%	\$164,093,453
93.575 and 93.596	CCDF Cluster, including COVID-19	3%	\$534,541,077

***Adverse Opinion on CCDF Cluster and Low-Income Home Energy Assistance***

In our opinion, because of the significance of the matters identified in the table in the *Matters Giving Rise to Adverse Opinions on CCDF Cluster and Low-Income Home Energy Assistance* section of our report, the State of Michigan did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CCDF Cluster and Low-Income Home Energy Assistance for the fiscal year ended September 30, 2023.

***Qualified Opinion on Certain Major Federal Programs***

In our opinion, based on our audit and the reports of other auditors, except for the noncompliance identified in the table in the *Matters Giving Rise to Qualified Opinions on Certain Major Federal Programs* section, the State of Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs identified in the *Matters Giving Rise to Qualified Opinions on Certain Major Federal Programs* section for the fiscal year ended September 30, 2023.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, based on our audit and the reports of other auditors, the State of Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the fiscal year ended September 30, 2023.

***Basis for Adverse, Qualified, and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the State of Michigan and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we and other auditors have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

***Matters Giving Rise to Adverse Opinions on CCDF Cluster and Low-Income Home Energy Assistance***

As identified in the following table and as described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Federal Awarding Agency	Assistance Listing Number(s)	Program or Cluster	Compliance Requirements	Finding Number(s)
U.S. Department of Health and Human Services	93.575 and 93.596	CCDF Cluster, including COVID-19	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting	2023-010 2023-034

Federal Awarding Agency	Assistance Listing Number(s)	Program or Cluster	Compliance Requirements	Finding Number(s)
U.S. Department of Health and Human Services	93.568	Low-Income Home Energy Assistance, including COVID-19	Eligibility	2023-057

Compliance with such requirements is necessary, in our opinion, for the State of Michigan to comply with the requirements applicable to those programs.

*Matters Giving Rise to Qualified Opinions on Certain Major Federal Programs*

As identified in the following table and as described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Federal Awarding Agency	Assistance Listing Number(s)	Program or Cluster	Compliance Requirements	Finding Number(s)
U.S. Department of Agriculture	10.551 and 10.561	SNAP Cluster, including COVID-19	Special Tests and Provisions - ADP System for SNAP and Special Tests and Provisions - EBT Reconciliations	2023-004 2023-021
U.S. Department of Agriculture	10.542	Pandemic EBT Food Benefits, including COVID-19	Activities Allowed or Unallowed and Eligibility	2023-022
U.S. Department of Labor	17.225	Unemployment Insurance, including COVID-19	Allowable Costs/Cost Principles and Eligibility	2023-058
U.S. Department of Health and Human Services	93.775, 93.777, and 93.778	Medicaid Cluster, including COVID-19	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	2023-004 2023-013
U.S. Department of Health and Human Services	93.558	Temporary Assistance for Needy Families	Special Tests and Provisions - Income Eligibility and Verification System	2023-004



Federal Awarding Agency	Assistance Listing Number(s)	Program or Cluster	Compliance Requirements	Finding Number(s)
U.S. Department of Health and Human Services	93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Reporting, and Subrecipient Monitoring	2023-052 2023-054 2023-055
U.S. Department of Health and Human Services	93.767	Children's Health Insurance Program, including COVID-19	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; and Matching, Level of Effort, and Earmarking	2023-004 2023-013 2023-014

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to those programs.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the State's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs in Findings:

2023-008    2023-035    2023-038    2023-039    2023-040    2023-047    2023-056

Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit. The response is presented in the accompanying corrective action plan and management views sections of the schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs in Findings (see list below) to be material weaknesses:

2023-002	2023-004	2023-010	2023-013	2023-014	2023-021	2023-022
2023-034	2023-052	2023-054	2023-055	2023-057		

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs in Findings (see list below) to be significant deficiencies:

2023-001	2023-003	2023-005	2023-006	2023-007	2023-008	2023-009
2023-010	2023-011	2023-012	2023-014	2023-015	2023-016	2023-017
2023-018	2023-019	2023-020	2023-023	2023-024	2023-025	2023-026
2023-027	2023-028	2023-029	2023-030	2023-031	2023-032	2023-033
2023-035	2023-036	2023-037	2023-038	2023-039	2023-040	2023-041
2023-042	2023-043	2023-044	2023-045	2023-046	2023-047	2023-048
2023-049	2023-050	2023-051	2023-053	2023-056		

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our compliance audit. The response is presented in the accompanying corrective action plan and management views sections of the schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Michigan principally as of and for the fiscal year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated February 15, 2024, which contained unmodified opinions on those financial statements and includes references to other auditors.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Doug Ringler  
Auditor General  
June 18, 2024

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Section I: Summary of Auditor's Results

### Financial Statements

Type of auditor's report issued:	Unmodified*
Internal control* over financial reporting:	
Material weaknesses* identified?	Yes
Significant deficiencies* identified?	Yes
Noncompliance or other matters material to the financial statements?	No

### Federal Awards

Internal control over major programs:	
Material weaknesses* identified?	Yes
Significant deficiencies* identified?	Yes
Any audit findings disclosed that are required to be reported in accordance with federal regulation 2 CFR 200.516(a)?	Yes

### Identification of Major Federal Programs and Type of Opinion Issued on Compliance:

Assistance Listing Number(s)*	Name of Major Federal Program or Cluster*	Opinion
10.551 and 10.561	SNAP Cluster, including COVID-19	Qualified
10.553, 10.555, 10.556, 10.559, and 10.582	Child Nutrition Cluster	Unmodified
10.565, 10.568, and 10.569	Food Distribution Cluster, including COVID-19	Unmodified
10.542	Pandemic EBT Food Benefits, including COVID-19	Qualified
15.605, 15.611, and 15.626	Fish and Wildlife Cluster	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds, including COVID-19	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Unmodified
84.425	Education Stabilization Fund, including COVID-19	Unmodified
93.575 and 93.596	CCDF Cluster, including COVID-19	Adverse
93.775, 93.777, and 93.778	Medicaid Cluster, including COVID-19	Qualified
93.069	Public Health Emergency Preparedness	Unmodified
93.268	Immunization Cooperative Agreements, including COVID-19	Unmodified
93.499	Low Income Household Water Assistance Program, including COVID-19	Unmodified
93.558	Temporary Assistance for Needy Families	Qualified
93.563	Child Support Services	Unmodified
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Qualified
93.568	Low-Income Home Energy Assistance, including COVID-19	Adverse
93.767	Children's Health Insurance Program, including COVID-19	Qualified
96.001	Disability Insurance/SSI Cluster	Unmodified

\* See glossary at end of report for definition.

## Major Federal Programs Audited by Others

Assistance Listing Number(s)	Name of Major Federal Program or Cluster	Opinion
14.195 and 14.856	Section 8 Project-Based Cluster	Unmodified
14.275	Housing Trust Fund	Unmodified
17.225	Unemployment Insurance, including COVID-19	Qualified
21.023	Emergency Rental Assistance Program, including COVID-19	Unmodified
21.026	Homeowner Assistance Fund, including COVID-19	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$54,280,775

Auditee qualified as a low-risk auditee\*? No

### **Required Reporting Thresholds**

Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance\*) requires the auditor to test key controls at a level that would provide sufficient evidence the established control structure would provide a high probability that material federal program noncompliance would be prevented or detected and corrected. This requires the auditor to set the tolerable exception rate of occurrence at a very low level. During the audit fieldwork, the auditor, in close consultation with the auditee, identifies the key controls the auditee has established to ensure federal program compliance. In those cases in which the auditor's tests of key controls identify exception rates in excess of the tolerable exception rate of occurrence, the auditor must generally report the observed exception rate in the report finding.

Further, the Uniform Guidance requires the auditor to report in Section III of the audit report known questioned costs\* greater than \$25,000 for a type of compliance requirement for a major program and known questioned costs less than \$25,000 for a type of compliance requirement for a major program if it is likely total questioned costs\* would exceed \$25,000.

As a result of these low required reporting thresholds, the reader may note, in some cases, the observed exception rates of occurrence and reported known questioned costs appear insignificant in relation to the overall federal expenditures of the auditee. After the audit report is filed with the federal audit clearinghouse, the responsible federal agency is required to issue a management decision within six months of acceptance of the audit report by the federal audit clearinghouse. The management decision may include a request for the return of the known questioned costs.

### **Management's Corrective Action Plan**

Management's planned corrective action for the findings in Section II and Section III is located in the auditee section beginning on page 191.

\* See glossary at end of report for definition.

## Section II: Findings Related to the Financial Statements and Schedule of Expenditures of Federal Awards

The findings related to the financial statements are reported in the Report on Internal Control, Compliance, and Other Matters for the *State of Michigan Annual Comprehensive Financial Report* (071-0010-24), located at:  
<https://audgen.michigan.gov/wp-content/uploads/2024/05/r071001024-8497.pdf>

We did not report any findings related to the schedule of expenditures of federal awards.

## Section III: Findings and Questioned Costs Related to Federal Awards

### **FINDING 2023-001** **Bridges Interface Controls**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022 10/01/2021 - 09/30/2022 EBT - 2023 10/01/2022 - 09/30/2023 232MI100S2514 10/01/2022 - 09/30/2023 232MI100S2519 10/01/2022 - 09/30/2023 232MI100S2520 10/01/2022 - 09/30/2023 232MI100S8026 10/01/2022 - 09/30/2023 232MI100S8036 10/01/2022 - 09/30/2023 232MI100S9018 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204
<b>Total COVID-19 Expenditures</b>	\$25,298,441
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-003
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Pandemic EBT Food Benefits: ALN 10.542 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	Not Applicable
<b>Total Expenditures of Federal Awards</b>	\$230,760,689
<b>Total COVID-19 Expenditures</b>	\$230,760,689
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Eligibility, and Reporting
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0



<b>Repeat Finding</b>	2022-003
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Health and Safety Requirements and Fraud Detection and Repayment	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-003	
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023); Michigan Department of Health and Human Services; and Department of Technology, Management, and Budget	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-003	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	

<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF	10/01/2021 - Until Expended
	2301MITANF	10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; Reporting; and Special Tests and Provisions - Child Support Non-Cooperation, Income Eligibility and Verification System, Penalty for Refusal to Work, and Penalty for Failure to Comply with Work Verification Plan	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-003	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRCMA	10/01/2021 - 09/30/2023
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agencies</b>	Department of Labor and Economic Opportunity; Michigan Department of Health and Human Services; and Department of Technology, Management, and Budget	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA	10/01/2021 - 09/30/2023
	2201MILIEI	10/01/2021 - 09/30/2023
	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Eligibility	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	

<b>Repeat Finding</b>	2022-003
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021 10/01/2021 - 09/30/2023 2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196
<b>Total COVID-19 Expenditures</b>	\$14,056,569
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-003
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Background

The Michigan Department of Health and Human Services (MDHHS) uses the Bridges Integrated Automated Eligibility Determination System\* (Bridges) for determining eligibility and benefit amounts for food assistance, cash assistance, child care assistance, medical assistance, and emergency assistance programs. MDHHS and the Department of Technology, Management, and Budget (DTMB) are jointly responsible for maintenance and operation of Bridges.

Condition

DTMB did not always ensure its interface controls over the Bridges data exchanges were operating as prescribed. We noted DTMB did not ensure the file control and batch summary tables used to reconcile Bridges interfaces consistently represented control totals of information processed for 1 of the 8 interfaces sampled. For this 1 interface, we reviewed all quarterly files and noted all 4 files did not reconcile.

Criteria

Title 2, Part 200, section 303 of the *Code of Federal Regulations\** (CFR) and federal regulation 45 CFR 75.303 require the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security\* controls must be implemented to protect State of Michigan information from modification to ensure confidentiality\*, integrity\*, and availability\* of State of Michigan information. In addition, the U.S. Government Accountability Office's (GAO's) Federal Information System Controls Audit Manual\* (FISCAM) recommends that interface controls should be established and implemented to reasonably ensure data transferred from a source system to a receiving system is processed accurately, completely, and timely. Also, effective interface reconciliation procedures should include the use of control totals, records, counts, and other logging techniques.

\* See glossary at end of report for definition.

Cause

DTMB informed us because of a coding issue, record counts were inappropriately duplicated and the exceptions were not caught during development.

Effect

DTMB's weakness in maintaining sufficient internal control over federal program compliance could result in noncompliance that will not be detected or corrected in a timely manner.

Known Questioned Costs

None.

Recommendation

We recommend DTMB ensure its interface controls over Bridges data exchanges are operating as prescribed.

Management Views

DTMB agrees with the finding.

**FINDING 2023-002**

**Bridges Security Management and Access Controls\***

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022 10/01/2021 - 09/30/2022 EBT - 2023 10/01/2022 - 09/30/2023 232MI100S2514 10/01/2022 - 09/30/2023 232MI100S2519 10/01/2022 - 09/30/2023 232MI100S2520 10/01/2022 - 09/30/2023 232MI100S8026 10/01/2022 - 09/30/2023 232MI100S8036 10/01/2022 - 09/30/2023 232MI100S9018 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204
<b>Total COVID-19 Expenditures</b>	\$25,298,441
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP
<b>Type of Finding</b>	Material Weakness
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-004
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Pandemic EBT Food Benefits: ALN 10.542 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	Not Applicable
<b>Total Expenditures of Federal Awards</b>	\$230,760,689
<b>Total COVID-19 Expenditures</b>	\$230,760,689

\* See glossary at end of report for definition.

<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Eligibility, and Reporting
<b>Type of Finding</b>	Material Weakness
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-004
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Health and Safety Requirements and Fraud Detection and Repayment	
<b>Type of Finding</b>	Material Weakness	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-004	
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023) and Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Material Weakness	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-004	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF 10/01/2021 - Until Expended 2301MITANF 10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; Reporting; and Special Tests and Provisions - Child Support Non-Cooperation, Income Eligibility and Verification System, Penalty for Refusal to Work, and Penalty for Failure to Comply with Work Verification Plan
<b>Type of Finding</b>	Material Weakness
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-004
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRCMA 10/01/2021 - 09/30/2023 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
<b>Type of Finding</b>	Material Weakness
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agencies</b>	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA 10/01/2021 - 09/30/2023 2201MILIEI 10/01/2021 - 09/30/2023 2301MILIEA 10/01/2022 - 09/30/2024 2301MILIEE 10/01/2022 - 09/30/2024 2301MILIEI 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852
<b>Total COVID-19 Expenditures</b>	\$69,725,289
<b>Compliance Requirement(s)</b>	Eligibility
<b>Type of Finding</b>	Material Weakness
<b>Known Questioned Costs by FAIN</b>	\$0

<b>Repeat Finding</b>	2022-004
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Material Weakness	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-004	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS had not established effective security management and access controls over Bridges users.

We noted:

- a. MDHHS did not maintain documentation for 30 (75%) of the 40 sampled Bridges incompatible role exception requests. Of the 10 forms received, we noted MDHHS did not properly approve 6 forms prior to granting the exception requests.
- b. MDHHS did not maintain documentation for 21 (26%) of 80 sampled local office security monitoring reports. Also, MDHHS did not complete timely reviews for 2 (3%) of 59 sampled security monitoring reports.
- c. MDHHS did not maintain documentation for 1 (3%) of the 40 sampled Bridges application security agreements. Of the 39 forms received, we noted MDHHS did not properly approve 10 (26%) forms prior to granting access to Bridges.
- d. MDHHS did not monitor non-local office Bridges user accounts for compliance with account management requirements semiannually for privileged users or annually for all other users.
- e. MDHHS did not maintain documentation for 9 (45%) of the 20 sampled local office high-risk Bridges transaction monitoring reports. Of the 11 reports received, MDHHS did not complete the review timely or did not document its review date for 3 (27%) of the reports.

Criteria

Federal regulations 2 *CFR* 200.303 and 45 *CFR* 75.303 require the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

State of Michigan (SOM) Technical Standard 1340.00.020.01 requires agencies to implement and document baseline controls ensuring users are only granted access which is necessary to accomplish assigned tasks in accordance with roles and responsibilities of their job functions. The Standard also requires separation of duties must be implemented through assigned information system access authorizations and accounts should be reviewed for compliance with account management requirements semiannually for privileged accounts\* and annually for all other accounts. In addition, the GAO's FISCAM recommends compensating controls, such as additional monitoring and supervision, should be in place where segregation of duties\* conflicts exist.

Cause

For parts a., c., and d., MDHHS's internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies and procedures.

For parts b. and e., MDHHS's internal control and monitoring activities need improvement to ensure all appropriate parties maintain and timely complete their review of the local office security monitoring reports and high-risk Bridges transaction monitoring reports.

Effect

We consider these issues to be a material weakness because, without effective security management and access controls, individuals may obtain unauthorized or inappropriate access to Bridges. As a result, an increased risk exists that MDHHS cannot ensure the security of the Bridges application and data used to help determine eligibility and benefit levels for the SNAP Cluster, Pandemic Electronic Benefits Transfer (P-EBT) Food Benefits, CCDF Cluster, Medicaid Cluster, Temporary Assistance for Needy Families (TANF), Refugee and Entrant Assistance State/Replacement Designee Administered Programs (REAP), Low-Income Home Energy Assistance Program (LIHEAP), and Children's Health Insurance Program (CHIP).

Known Questioned Costs

None.

Recommendation

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

Management Views

MDHHS agrees with the finding.

**FINDING 2023-003**

**Bridges Change Management Process**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)

\* See glossary at end of report for definition.



<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022	10/01/2021 - 09/30/2022
	EBT - 2023	10/01/2022 - 09/30/2023
	232MI100S2514	10/01/2022 - 09/30/2023
	232MI100S2519	10/01/2022 - 09/30/2023
	232MI100S2520	10/01/2022 - 09/30/2023
	232MI100S8026	10/01/2022 - 09/30/2023
	232MI100S8036	10/01/2022 - 09/30/2023
	232MI100S9018	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204	
<b>Total COVID-19 Expenditures</b>	\$25,298,441	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-005	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Agriculture	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Pandemic EBT Food Benefits: ALN 10.542 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	Not Applicable	
<b>Total Expenditures of Federal Awards</b>	\$230,760,689	
<b>Total COVID-19 Expenditures</b>	\$230,760,689	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Eligibility, and Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-005	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Health and Safety Requirements and Fraud Detection and Repayment	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	

<b>Repeat Finding</b>	2022-005
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023) and Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-005
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF 10/01/2021 - Until Expended 2301MITANF 10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; Reporting; and Special Tests and Provisions - Child Support Non-Cooperation, Income Eligibility and Verification System, Penalty for Refusal to Work, and Penalty for Failure to Comply with Work Verification Plan
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-005
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRCMA 10/01/2021 - 09/30.2023 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070

<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agencies</b>	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA	10/01/2021 - 09/30/2023
	2201MILIEI	10/01/2021 - 09/30/2023
	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Eligibility	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-005	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-005	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS did not fully implement an effective change management process over Bridges. Our review disclosed MDHHS did not document post-implementation approvals for 3 (12%) of 25 sampled Bridges change records.

Criteria

Federal regulations 2 *CFR* 200.303 and 45 *CFR* 75.303 require the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

SOM Technical Standard 1340.00.060.04 requires the business owner perform post-implementation validation. SOM Technical Procedure 1340.00.060.04.01 requires each test type to have its own set of documentation.

State of Michigan Administrative Guide to State Government policy 1340.00 requires approved personnel to adequately manage the configuration\* of the State's systems, such as retaining previous system configurations, configuring approved devices for high-risk areas, and tracking and documenting system changes.

Cause

MDHHS informed us it did not always follow established processes for documenting testing and business owner approvals.

Effect

Without an effective change management process, individuals may make unauthorized or inappropriate changes to Bridges. As a result, an increased risk exists that MDHHS cannot ensure Bridges is configured and operating securely and as intended.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS fully implement an effective change management process over Bridges.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-004**

**Income Eligibility and Verification System**

<b>Federal Agency</b>	U.S. Department of Agriculture	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022	10/01/2021 - 09/30/2022
	EBT - 2023	10/01/2022 - 09/30/2023
	232MI100S2514	10/01/2022 - 09/30/2023
	232MI100S2519	10/01/2022 - 09/30/2023
	232MI100S2520	10/01/2022 - 09/30/2023
	232MI100S8026	10/01/2022 - 09/30/2023
	232MI100S8036	10/01/2022 - 09/30/2023
	232MI100S9018	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204	
<b>Total COVID-19 Expenditures</b>	\$25,298,441	

\* See glossary at end of report for definition.

<b>Compliance Requirement(s)</b>	Special Tests and Provisions - ADP System for SNAP
<b>Type of Finding</b>	Material Weakness and Material Noncompliance
<b>Known Questioned Costs by FAIN</b>	Undeterminable
<b>Repeat Finding</b>	2022-006
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-006	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF	10/01/2021 - Until Expended
	2301MITANF	10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - Income Eligibility and Verification System	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-006	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	

<b>Repeat Finding</b>	2022-006
<b>State Agency</b>	Michigan Department of Health and Human Services

Background

MDHHS's automated data processing (ADP) system for the SNAP Cluster, Medicaid Cluster, TANF, and CHIP is Bridges. Bridges obtains and utilizes information from the Income Eligibility and Verification System (IEVS) to verify the eligibility and benefit levels of applicants and participating households for these federal programs. To obtain IEVS information, Bridges conducts 15 data exchanges through interfaces with various governmental agencies. Bridges disseminates the IEVS information obtained from the majority of these interfaces through electronic notifications in Bridges to the recipients' MDHHS county/district office caseworkers to manually consider and take action to determine the recipients' eligibility and benefit levels of the SNAP Cluster, Medicaid Cluster, TANF, and CHIP. Some interfaces automatically update Bridges with the IEVS information and determine the recipients' eligibility and benefit levels.

Condition

MDHHS did not request and obtain IEVS information for all recipients. In addition, MDHHS did not ensure that county/district office caseworkers considered and used IEVS information when making eligibility and benefit level determinations for these programs. We noted:

- a. For 6 (43%) of 14 IEVS interfaces requiring manual caseworker consideration and action, MDHHS did not maintain sufficient documentation to support that county/district office caseworkers considered and utilized the IEVS information to determine eligibility and benefit level for each recipient in 12 (21%) of 56 cases.
- b. For 5 (36%) of 14 IEVS interfaces, MDHHS did not take timely action on IEVS information in 9 (16%) of 56 cases reviewed, all of which are also reported in part a.
- c. MDHHS had not fully established a process to review and monitor the electronic notifications provided to county/district office caseworkers to ensure they utilized the IEVS information to determine the recipients' eligibility. For all 11 IEVS interfaces with electronic notifications, county/district office caseworkers could manually mark electronic notifications as complete without utilizing the IEVS information to determine the recipients' eligibility. MDHHS implemented a change to Bridges in July 2023 to require an action comment before the county/district office caseworkers dispose of the electronic notification for 10 of these 11 interfaces.
- d. MDHHS did not include all recipients funded by the TANF adoption subsidies in the IEVS interfaces conducted during the audit period. Also, MDHHS did not establish and implement the other applicable financial and non-financial interfaces during the audit period for TANF adoption subsidies.
- e. MDHHS did not include modified adjusted gross income (MAGI)-based recipients funded by the Medicaid Cluster Healthy Kids and Healthy Michigan Plan programs and the CHIP Healthy Kids and MiChild programs in the applicable IEVS interfaces conducted during the audit period.

Criteria

Federal regulation 7 *CFR* 272.10 requires all state agencies to sufficiently automate their SNAP operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information. Also, federal regulation 7 *CFR* 272.10(b) states that, in order to meet the requirements, a SNAP system must be automated for certification and meet the requirements of

IEVS. In addition, federal regulation 7 *CFR* 273.2(f)(9) requires state agencies to obtain information through IEVS from provider agencies and use it to verify the eligibility and benefit levels of applicants and participating households. Also, federal regulation 7 *CFR* 273.2(f)(9) requires the state agency to take action to terminate, deny, or reduce benefits based on information obtained through the IEVS processes. Further, federal regulations 7 *CFR* 272.8(c) and 7 *CFR* 272.8(e) require that the state agency must timely document information obtained through IEVS both when an adverse action is and is not instituted.

Title 42, section 1320b-7(a)(4)(A) of the *United States Code (USC)* requires all state agencies to exchange with each other information in their possession which may be of use in establishing or verifying eligibility or benefit amounts. Federal regulations 42 *CFR* 435.948, 45 *CFR* 205.55, and 42 *CFR* 457.380(d) for the Medicaid Cluster, TANF, and CHIP, respectively, require states to request information through IEVS for wages, unemployment compensation, Social Security Administration information, and unearned income from the Internal Revenue Service at the first opportunity following receipt of an application for assistance. Also, federal regulations 42 *CFR* 435.948, 42 *CFR* 435.952, 45 *CFR* 205.56, and 42 *CFR* 457.380(d) require states to timely use the IEVS information to determine an individual's eligibility and the amount of assistance available. Further, federal regulations 42 *CFR* 435.916(a) and 42 *CFR* 457.343 indicate the state must redetermine MAGI-based eligibility without requiring information from the individual if the information is based on reliable information in the individual's account or other more current information available to the state, including information accessed through any databases, to verify the financial and non-financial information related to eligibility.

MDHHS Bridges Administrative Manual Policy 800, Data Exchanges, requires information received from most computer matches to be resolved by the county/district office caseworker within 45 calendar days of receiving the electronic notification.

#### Cause

For parts a. and b., MDHHS did not always have information available to identify if the IEVS interface information was appropriately utilized in determining recipients' eligibility when county/district office caseworkers marked electronic notifications as complete.

For part c., MDHHS believes it had a sufficient process in place to review and monitor electronic notifications during fiscal year 2023. However, the process did not substantiate the reviews completed.

For part d., MDHHS informed us it did not yet establish and implement the applicable IEVS interfaces to validate income, social security number, criminal background, or citizenship.

For part e., MDHHS believes post eligibility verification for MAGI-based recipients is not subject to IEVS requirements; therefore, MDHHS did not include all MAGI-based recipients coded to the Medicaid Cluster Healthy Kids and Healthy Michigan Plan programs and CHIP Healthy Kids and MiChild programs in the applicable IEVS data exchanges.

#### Effect

We consider this to be a material weakness and material noncompliance because of the high error rates in our testing and the incomplete data matches noted. As a result, MDHHS may have provided the SNAP Cluster, Medicaid Cluster, TANF, and CHIP benefits to ineligible recipients. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs  
Undeterminable.

Recommendations

We recommend MDHHS request and obtain IEVS information for all recipients.

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

Management Views

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

For part c., MDHHS disagrees that a process is not fully established to monitor the electronic notifications provided to county/district office caseworkers to ensure they utilized the IEVS information to determine the recipients' eligibility. Although MDHHS did not implement the Bridges change to require an action comment before the county/district office caseworkers dispose of the electronic notifications until July 2023, MDHHS had policies and procedures in effect during fiscal year 2023 to help ensure monitoring of electronic notifications was taking place. Review of IEVS information is fully incorporated into the case read procedure governed by Bridges Administrative Manual 301 and detailed further in desk aids and reading guides. The Economic Stability Administration (ESA) provides regular direction and reminders of case read requirements via ESA Memos.

For part e., MDHHS disagrees that IEVS information is required to be requested and obtained for 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.

Auditor's Comments to Management Views\*

Regarding part c., MDHHS acknowledges it did not implement the Bridges change to require an action comment before the caseworkers dispose of the electronic notifications for the first 9 months of fiscal year 2023. In addition, although MDHHS provided various guidance to the caseworkers regarding the utilization of IEVS information, the guidance did not result in the maintenance of sufficient documentation to support caseworkers considered and utilized IEVS information, as noted in part a.

Regarding part e., federal regulations 42 *CFR* 435.916(a), 42 *CFR* 435.948, and 42 *CFR* 435.952 require the State to use reliable information or information available to the State, including information accessed through databases, to determine or renew a Medicaid recipient eligibility. MDHHS's policy for continuous eligibility does not include the Healthy Michigan Plan. Also, the Center for Medicaid and CHIP Services (CMCS) Informational Bulletin for Medicaid and CHIP Renewal Requirements does not distinguish between MAGI and non-MAGI beneficiaries when it comes to renewals or changes in circumstances except for pregnant women. Further, the bulletin indicates when a state has information indicating a change in a beneficiary's circumstances, it must act promptly to determine the effect on eligibility. Similarly, federal regulations 42 *CFR* 457.343 and 42 *CFR* 457.380(d) require the use of such databases to determine or renew CHIP recipient eligibility. MDHHS requested IEVS data for Medicaid recipients, including certain MAGI-based recipients, but did not include all MAGI-based

\* See glossary at end of report for definition.



recipients in its IEVS data exchanges at application and redetermination. Further, MDHHS did not utilize IEVS data exchanges to identify whether eligibility was erroneously granted to its MAGI-based recipients enrolled in the Medicaid Cluster Healthy Kids, CHIP Healthy Kids, and MiChild programs due to agency error or fraud, abuse, or perjury attributed to the child or the child's representative. Federal regulations 42 *CFR* 435.926(d)(4) and 42 *CFR* 457.342 require MDHHS to terminate benefits, regardless of continuous eligibility, if any of the above circumstances are identified.

Therefore, the finding stands as written.

**FINDING 2023-005**  
**CHAMPS General Controls\***

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-009	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRCMA	10/01/2021 - 09/30.2023
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agencies</b>	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services	

\* See glossary at end of report for definition.

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-009	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Condition

MDHHS and DTMB did not fully establish and implement effective security configurations for the Community Health Automated Medicaid Processing System (CHAMPS) database. CHAMPS is a medical assistance claims processing system and includes functions such as provider enrollment, claims status, prior authorization, and eligibility verification. The CHAMPS database management systems\* contained potentially vulnerable database configurations.

Criteria

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

State of Michigan Administrative Guide to State Government policy 1340.00 requires approved personnel to adequately manage the configuration of the State's systems, including retaining previous system configurations, configuring approved devices for high-risk areas, tracking and documenting system changes, and assigning privileges to authorized personnel. The policy also states security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

Cause

DTMB informed us that competing priorities and the need for additional time to review the impact of implementing the tailored configurations, due to the change management process, delayed the implementation of tailored configuration recommendations.

Effect

Without effective general controls, individuals may make inappropriate changes to CHAMPS. As a result, an increased risk exists that MDHHS and DTMB cannot ensure the security of CHAMPS and its data.

Known Questioned Costs

None.

\* See glossary at end of report for definition.

Recommendation

We recommend MDHHS and DTMB fully establish and implement effective security configurations for the CHAMPS database.

Management Views

Although MDHHS and DTMB delayed the implementation of SOM tailored configurations, 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 implemented and continues to implement the manufacturer's recommendations regarding security configurations and performs regular database and operating system patching. Additionally, 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.

Auditor's Comments to Management Views

We determined, and DTMB and MDHHS acknowledged, they did not fully implement the tailored configurations; therefore, the potential vulnerabilities and security risk still exist.

The finding stands as written.

**FINDING 2023-006**

**MDE. Security Management and Access Controls**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Child Nutrition Cluster: ALN 10.553, 10.555, 10.556, 10.559, and 10.582
<b>Federal Award Identification Number (FAIN) and Year</b>	222MI060L1603 10/01/2021 - 09/30/2022 222MI060N1099 10/01/2021 - 09/30/2023 222MI060N1199 10/01/2021 - 09/30/2023 222MI060N8903 10/01/2021 - 09/30/2023 232MI060L1603 10/01/2022 - 09/30/2023 232MI060N1099 10/01/2022 - 09/30/2023 232MI060N1199 10/01/2022 - 09/30/2023 232MI060N8903 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$697,774,157
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Food Distribution Cluster: ALN 10.565, 10.568, 10.569, and 10.569 (COVID-19)

<b>Federal Award Identification Number (FAIN) and Year</b>	232MI053Y8005 232MI053Y8105 232MI053Y8613 232MI124Q2204	10/01/2022 - 09/30/2023 10/01/2022 - 09/30/2023 10/01/2022 - 09/30/2023 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$96,920,313	
<b>Total COVID-19 Expenditures</b>	\$19,230,939	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Procurement and Suspension and Debarment; and Special Tests and Provisions - Accountability for USDA Foods	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-013	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of the Treasury	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127	03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512	
<b>Total COVID-19 Expenditures</b>	\$832,082,512	
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-013	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Education	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Title I Grants to Local Educational Agencies: ALN 84.010	
<b>Federal Award Identification Number (FAIN) and Year</b>	S010A200022 S010A210022 S010A220022	07/01/2020 - 09/30/2021 07/01/2021 - 09/30/2022 07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$476,429,254	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring, and Special Tests and Provisions - Participation of Private School Children	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Education	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants): ALN 84.367	

<b>Federal Award Identification Number (FAIN) and Year</b>	S367A220021 - 22A	07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$64,390,352	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Subrecipient Monitoring; and Special Tests and Provisions - Participation of Private School Children	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-013	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Education	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Education Stabilization Fund: ALN 84.425 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	S425C210014	01/08/2021 - 09/30/2022
	S425D200010	04/29/2020 - 09/30/2021
	S425D210010	01/05/2021 - 09/30/2022
	S425R210030	02/22/2021 - 09/30/2022
	S425U210010	03/24/2021 - 09/30/2023
	S425V210030	03/02/2022 - 09/30/2023
	S425W210023	04/23/2021 - 09/30/2023
	V425G200035	10/01/2020 - 09/29/2023
<b>Total Expenditures of Federal Awards</b>	\$1,942,603,037	
<b>Total COVID-19 Expenditures</b>	\$1,942,603,037	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Subrecipient Monitoring; and Special Tests and Provisions - Participation of Private School Children	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-013	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking	

<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-013
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023) and Michigan Department of Education

Condition

The Michigan Department of Education (MDE) did not fully establish effective security management and access controls over Michigan Electronic Grants System Plus (MEGS+); Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS); Michigan Nutrition Data (MiND); and Next Generation Grant, Application and Cash Management System (NexSys). We noted:

- a. MDE did not consistently follow its established policies and procedures over the granting of access to MiND and NexSys:
  - (1) MDE did not maintain documentation to support the appropriate individual approved the system role for 6 (24%) of 25 sampled MiND users.
  - (2) Of the 47 sampled NexSys forms reviewed, 19 forms related to replacing an existing user and we noted for 1 (5%) of these users MDE did not deactivate the existing users' accounts. Also, MDE did not obtain proper approval prior to granting access for 1 of 6 sampled NexSys grant unit users. In addition, MDE did not properly authorize 2 of 9 sampled NexSys users with incompatible roles.
- b. MDE did not review all privileged accounts on a semiannual basis for MEGS+ and NexSys.
- c. MDE did not fully implement an effective annual recertification process of non-privileged accounts:
  - (1) MDE did not review all non-privileged internal accounts on an annual basis for MEGS+, GEMS/MARS, and NexSys.
  - (2) MDE did not always ensure the subrecipients\* certified their non-privileged external accounts on an annual basis. Our results are summarized in the following table:

System	Number of Subrecipients Tested	Number (Percent) of Sample Items by System Not Certified
MEGS+	60	38 (63%)
GEMS/MARS	60	41 (68%)
MiND	60	40 (67%)
NexSys	60	47 (78%)

\* See glossary at end of report for definition.

- d. MDE did not disable inactive MiND and NexSys users who had not accessed the applications in over 18 months as of September 30, 2023 as noted below:

System	As of September 30, 2023	
	Number of Active User Accounts	Number (Percent) of User Accounts Not Accessed in Over 18 Months
MiND	537	48 ( 9%)
NexSys	7,917	2,070 (26%)

- e. MDE did not timely review 2 of the 4 quarterly MEGS+ high-risk transactions' review sheets.

Criteria

Federal regulations 2 *CFR* 200.303 and 45 *CFR* 75.303 require the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

SOM Technical Standard 1340.00.020.01 requires agencies to implement and document baseline controls ensuring users are only granted access which is necessary to accomplish assigned tasks in accordance with roles and responsibilities of their job functions. The Standard also requires separation of duties must be implemented through assigned information system access authorizations, accounts should be reviewed for compliance with account management requirements semiannually for privileged accounts and annually for all other accounts, and the information system to automatically disable inactive user accounts after 60 days. However, MDE requested and received an approved exception, which allows user accounts to not be disabled until after 18 months.

MDE is responsible for granting access to certain user roles within each system. MDE's process required a security access form to be completed and signed by an authorized official prior to access being granted. MDE's process also requires quarterly reviews of MEGS+ high-risk transactions.

Cause

MDE's internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies.

Effect

Without effective user access controls, individuals may obtain unauthorized or inappropriate access to MDE's systems.

Known Questioned Costs

None.

Recommendation

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

Management Views

MDE agrees with the finding.

**FINDING 2023-007**

**MDE, Change Management Process**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Child Nutrition Cluster: ALN 10.553, 10.555, 10.556, 10.559, and 10.582
<b>Federal Award Identification Number (FAIN) and Year</b>	222MI060L1603 10/01/2021 - 09/30/2022 222MI060N1099 10/01/2021 - 09/30/2023 222MI060N1199 10/01/2021 - 09/30/2023 222MI060N8903 10/01/2021 - 09/30/2023 232MI060L1603 10/01/2022 - 09/30/2023 232MI060N1099 10/01/2022 - 09/30/2023 232MI060N1199 10/01/2022 - 09/30/2023 232MI060N8903 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$697,774,157
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Food Distribution Cluster: ALN 10.565, 10.568, 10.569, and 10.569 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	232MI053Y8005 10/01/2022 - 09/30/2023 232MI053Y8105 10/01/2022 - 09/30/2023 232MI053Y8613 10/01/2022 - 09/30/2023 232MI124Q2204 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$96,920,313
<b>Total COVID-19 Expenditures</b>	\$19,230,939
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Eligibility
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-014
<b>State Agency</b>	Michigan Department of Education



<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Title I Grants to Local Educational Agencies: ALN 84.010
<b>Federal Award Identification Number (FAIN) and Year</b>	S010A200022 07/01/2020 - 09/30/2021 S010A210022 07/01/2021 - 09/30/2022 S010A220022 07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$476,429,254
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants): ALN 84.367
<b>Federal Award Identification Number (FAIN) and Year</b>	S367A220021 - 22A 07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$64,390,352
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Subrecipient Monitoring; and Special Tests and Provisions - Participation of Private School Children
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-014
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Education Stabilization Fund: ALN 84.425 (COVID-19)

<b>Federal Award Identification Number (FAIN) and Year</b>	S425C210014 S425D200010 S425D210010 S425R210030 S425U210010 S425V210030 S425W210023 V425G200035	01/08/2021 - 09/30/2022 04/29/2020 - 09/30/2021 01/05/2021 - 09/30/2022 02/22/2021 - 09/30/2022 03/24/2021 - 09/30/2023 03/02/2022 - 09/30/2023 04/23/2021 - 09/30/2023 10/01/2020 - 09/29/2023
<b>Total Expenditures of Federal Awards</b>	\$1,942,603,037	
<b>Total COVID-19 Expenditures</b>	\$1,942,603,037	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Subrecipient Monitoring; and Special Tests and Provisions - Participation of Private School Children	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-014	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3 2101MICCC5 2101MICCDF 2101MICDC6 2101MICSC6 2201MICCDD 2201MICCDF 2301MICCDD 2301MICCDF	03/27/2020 - 09/30/2023 12/27/2020 - 09/30/2023 10/01/2020 - 09/30/2023 10/01/2020 - 09/30/2024 10/01/2020 - 09/30/2023 10/01/2021 - 09/30/2024 10/01/2021 - 09/30/2024 10/01/2022 - 09/30/2025 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort and Earmarking	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-014	
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023) and Michigan Department of Education	

Condition

MDE did not fully implement an effective change management process over MiND and NexSys. We sampled 24 MiND and 10 NexSys change deployments and noted:

Control Weakness	Number (Percent) of Sample Items by System	
	MiND	NexSys
MDE did not document testing results at one or more stages of process.	0 (0%)	1 (10%)
MDE did not close and document the completion of the change order request.	1 (4%)	1 (10%)

Criteria

Federal regulations 2 *CFR* 200.303 and 45 *CFR* 75.303 require the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

SOM Technical Standard 1340.00.060.04 requires the business owner to authorize the change to be developed and perform post-implementation validation. SOM Technical Procedure 1340.00.060.04.01 requires each test type to have its own set of documentation.

State of Michigan Administrative Guide to State Government policy 1340.00 requires approved personnel to adequately manage the configuration of the State's systems, such as retaining previous system configurations, configuring approved devices for high-risk areas, and tracking and documenting system changes.

Cause

MDE informed us that because of an oversight, it did not document the testing results and close the work items.

Effect

Without an effective change management process, individuals may make unauthorized or inappropriate changes to MiND and NexSys. As a result, an increased risk exists that MDE cannot ensure MiND and NexSys are configured and operating securely and as intended.

Known Questioned Costs

None.

Recommendation

We recommend MDE fully implement an effective change management process over MiND and NexSys.

Management Views

MDE agrees with the finding.

**FINDING 2023-008**

**MDHHS, PACAP - Inappropriate PACAP Allocation**

<b>Federal Agency</b>	U.S. Department of Agriculture	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022	10/01/2021 - 09/30/2022
	EBT - 2023	10/01/2022 - 09/30/2023
	232MI100S2514	10/01/2022 - 09/30/2023
	232MI100S2519	10/01/2022 - 09/30/2023
	232MI100S2520	10/01/2022 - 09/30/2023
	232MI100S8026	10/01/2022 - 09/30/2023
	232MI100S8036	10/01/2022 - 09/30/2023
	232MI100S9018	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204	
<b>Total COVID-19 Expenditures</b>	\$25,298,441	
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-015	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-015	
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023) and Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	

<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-015	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF	10/01/2021 - Until Expended
	2301MITANF	10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-015	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Child Support Services: ALN 93.563	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MICEST	10/01/2021 - 09/30/2022
	2201MICES	10/01/2021 - 09/30/2022
	2301MICEST	10/01/2022 - 09/30/2023
	2301MICES	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$148,510,688	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	

<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS 2205MIRCMA 2205MIRSSS 2305MIRCMA 2305MIRSSS	10/01/2020 - 09/30/2024 10/01/2021 - 09/30/2023 10/01/2021 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agencies</b>	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA 2201MILIEI 2301MILIEA 2301MILIEE 2301MILIEI	10/01/2021 - 09/30/2023 10/01/2021 - 09/30/2023 10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	Undeterminable	
<b>Repeat Finding</b>	2022-015	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS did not ensure it used the appropriate Public Assistance Cost Allocation Plan (PACAP) data to allocate expenditures to its federal programs. We noted:

- a. 2 (1%) of 203 statistic groups for which MDHHS used incorrect data to calculate the PACAP percentages, which affected 6 (40%) of 15 sampled cost pools.
- b. 2 (13%) of 16 Random Moment Time Studies, which MDHHS used to calculate PACAP percentages, did not have a complete population of participants, which affected 6 (40%) of 15 sampled cost pools.

Criteria

Federal regulation 45 *CFR* 95.507 and Appendix VI of federal regulation 2 *CFR* 200 state costs are allocable to a particular cost objective if the services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

Federal regulation 45 *CFR* 95.517 requires MDHHS to claim federal financial participation for costs associated with a program only in accordance with its approved or amended (at its discretion) PACAP.

Federal regulation 2 *CFR* 200.306 requires that costs used for matching be allowable costs to the federal award.

Cause

MDHHS informed us its current quality control processes did not detect the errors.

Effect

MDHHS incorrectly allocated expenditures to various federal programs. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

Undeterminable.

Recommendation

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

Management Views

MDHHS disagrees the exceptions identified should rise to the level of a significant deficiency and noncompliance. The comprehensive set of quality control processes continue to operate as designed to identify any errors greater than 5.0% of the total difference of the given statistical group from the previous quarter and none of the errors identified in the finding fell outside of this range.

For part a., the auditor's review included all related statistical records within each statistical group for the 15 sampled cost pools. This includes 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. After review of all fiscal year 2023 statistical data, 6 individual statistical records out of 6,548 were found to be in error. After recalculating the cost allocated amounts related to this error, we identified that approximately \$15,346 was overclaimed to LIHEAP out of \$1,732,426,561 (0.0009%) of costs allocated in fiscal year 2023 by MDHHS. The other program areas identified were underclaimed.

For part b., MDHHS acknowledges the exclusion of a participant from two quarters (quarter three and quarter four) of the Family Independence Specialists/Eligibility Specialists (FIS/ES) Random Moment Time Study (RMTS) in the sample. Although the actual dollar value impact of excluding a participant is indeterminable, MDHHS concluded the impact would be immaterial because there are over 6,000 RMTS participants each quarter and RMTS results vary little from quarter to quarter from non-programmatic changes.

Auditor's Comments to Management Views

For part a., we calculated the cost allocated amounts related to the error and identified that approximately \$17,317 was overclaimed to LIHEAP out of \$141.0 million of second quarter expenditures. However, in combination with part b., we could not conclude overclaims for other federal programs were less than \$25,000.

For part b., MDHHS used incomplete data to allocate approximately \$143.5 million of third quarter expenditures and \$171.2 million of fourth quarter expenditures for a total of \$314.6 million to various federal and State programs, which may have affected the percentages used to allocate these expenditures. MDHHS did not assess the impact of these incomplete records. Consequently, it has no basis for its "immaterial" statement.

Given the errors noted in parts a. and b., we could not determine the combined known questioned costs; however, it is likely that the improper allocation related to the \$455.7 million exceeds \$25,000 for the federal programs identified. Federal regulation 2 *CFR* 200.516(a)(3) states that in evaluating the effect of questioned costs on the opinion on noncompliance, the auditor considers the best estimate of total questioned costs (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report audit findings for known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program.

Therefore, the finding stands as written.

## **FINDING 2023-009**

### **Treasury, Cash Management - Recertification of Clearance Patterns**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Child Support Services: ALN 93.563	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MICEST	10/01/2021 - 09/30/2022
	2201MICSES	10/01/2021 - 09/30/2022
	2301MICEST	10/01/2022 - 09/30/2023
	2301MICSES	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$148,510,688	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Cash Management	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Michigan Department of Treasury	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA	10/01/2021 - 09/30/2023
	2201MILIEI	10/01/2021 - 09/30/2023
	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Cash Management	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-056	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Michigan Department of Treasury	



Condition

The Michigan Department of Treasury (Treasury) did not adequately review and recertify the accuracy of the clearance patterns contained in the agreement with the U.S. Department of the Treasury, referred to as the Treasury State Agreement (TSA). We noted Treasury did not reassess the accuracy of the Child Support Services and LIHEAP clearance patterns as specified in its fiscal year 2023 TSA, which were last reviewed and updated in its fiscal year 2015 TSA.

Criteria

Federal regulation 31 *CFR* 205.20 requires the clearance pattern to be based on at least three consecutive months of disbursement data to accurately represent the flow of federal funds and reflect seasonal or other periodic variations in clearance activity of the program to which it is applied. Also, federal regulation 31 *CFR* 205.22(b) states the State must recertify the accuracy of a clearance pattern every five years.

Cause

Treasury informed us the recertification of the program clearance patterns was not completed because of inadequate procedures.

Effect

Failure to ensure the accuracy of clearance patterns could cause the State to inappropriately calculate the date it should request reimbursement from the U.S. Department of the Treasury for federal assistance programs. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend that Treasury review and recertify the accuracy of the clearance patterns specified in the TSA.

Management Views

Treasury agrees with the finding.

**FINDING 2023-010**

**MDE, Reporting - FFATA Reporting**

<b>Federal Agency</b>	U.S. Department of Agriculture	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Child Nutrition Cluster: ALN 10.553, 10.555, 10.556, 10.559, and 10.582	
<b>Federal Award Identification Number (FAIN) and Year</b>	222MI060L1603	10/01/2021 - 09/30/2022
	222MI060N1099	10/01/2021 - 09/30/2023
	222MI060N1199	10/01/2021 - 09/30/2023
	222MI060N8903	10/01/2021 - 09/30/2023
	232MI060L1603	10/01/2022 - 09/30/2023
	232MI060N1099	10/01/2022 - 09/30/2023
	232MI060N1199	10/01/2022 - 09/30/2023
	232MI060N8903	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$697,774,157	

<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Reporting
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Education	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Title I Grants to Local Educational Agencies: ALN 84.010	
<b>Federal Award Identification Number (FAIN) and Year</b>	S010A200022	07/01/2020 - 09/30/2021
	S010A210022	07/01/2021 - 09/30/2022
	S010A220022	07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$476,429,254	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Education	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants): ALN 84.367	
<b>Federal Award Identification Number (FAIN) and Year</b>	S367A220021 - 22A	07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$64,390,352	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-016	
<b>State Agency</b>	Michigan Department of Education	

<b>Federal Agency</b>	U.S. Department of Education	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Education Stabilization Fund: ALN 84.425 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	S425C210014	01/08/2021 - 09/30/2022
	S425D200010	04/29/2020 - 09/30/2021
	S425D210010	01/05/2021 - 09/30/2022
	S425R210030	02/22/2021 - 09/30/2022
	S425U210010	03/24/2021 - 09/30/2023
	S425V210030	03/02/2022 - 09/30/2023
	S425W210023	04/23/2021 - 09/30/2023
	V425G20003	10/01/2020 - 09/29/2023
<b>Total Expenditures of Federal Awards</b>	\$1,942,603,037	
<b>Total COVID-19 Expenditures</b>	\$1,942,603,037	
<b>Compliance Requirement(s)</b>	Reporting	

<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-016
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-016	
<b>State Agency</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023)	

Condition

MDE did not ensure it reported or accurately and timely reported all subaward information as required by the Federal Funding Accountability and Transparency Act (FFATA) of 2006 and federal guidance. Our results are summarized in the following table:

ALN(s)	Number of		Number of Reports Submitted		
	Subawards Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Key Elements Missing or Inaccurate
10.553, 10.555, 10.556, 10.559, and 10.582	25	0	24	0	0
84.010	25	0	25	0	0
84.367	25	1	24	0	1
84.425	60	0	51	1	8
93.575 and 93.596	36	6	26	23	30
Total	171	7	150	24	39

ALN(s)	Dollar Amount of		Dollar Amount of Reports Submitted		
	Subawards Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Key Elements Missing or Inaccurate
10.553, 10.555, 10.556, 10.559, and 10.582	\$ 76,312,444	\$ 0	\$ 75,509,219	\$ 0	\$ 0
84.010	192,347,058	0	192,347,058	0	0
84.367	5,462,028	179,601	5,282,427	0	65,507
84.425	451,818,254	0	77,586,223	285,252	2,609,548
93.575 and 93.596	103,247,109	10,715,645	92,060,297	86,241,860	92,531,464
Total	<u>\$829,186,893</u>	<u>\$10,895,246</u>	<u>\$442,785,224</u>	<u>\$86,527,112</u>	<u>\$95,206,519</u>

We noted:

- a. MDE did not report any subaward information for 7 (4%) of 171 sampled subawards.
- b. Of the 164 subawards in FFATA Subaward Reporting System (FSRS):
  - (1) MDE did not timely submit subaward information for 150 (91%) sampled subawards.
  - (2) MDE did not submit the correct amount for 24 (15%) sampled subawards.
  - (3) MDE did not report all key data elements for 39 (24%) sampled subawards.

#### Criteria

Federal regulation 2 *CFR* 170 implemented FFATA requirements for reporting subaward information and requires MDE to report, on the federal website, each action that obligates \$30,000 or more in federal funds by the end of the month following the month in which the subaward was made.

The federal government maintains frequently asked questions providing guidance on the correct FFATA reporting process on the FSRS website. This guidance clarifies FFATA reporting should be completed monthly and reopening and resubmitting the same report to update for monthly changes over the life of the grant is incorrect and will make it difficult to track reported awards.

#### Cause

MDE's FFATA preparation process was not designed to include data from all systems used to make awards to subrecipients. MDE informed us it overwrites FFATA reports on the FSRS website each month as needed to ensure each grant always reflects the current grant funds expended by MDE. As a result, historical data is unavailable in FSRS.

#### Effect

MDE grant information was not accurate or timely available for public access through the website established to improve transparency of governmental spending. We consider this to be a material weakness and material noncompliance for the CCDF Cluster because of the high error rates related to the accuracy of information submitted to FSRS. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

#### Known Questioned Costs

None.

Recommendation

We recommend MDE ensure it reports or accurately and timely reports all subaward information as required by FFATA and federal guidance.

Management Views

MDE and the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) agree with the finding.

**FINDING 2023-011**

**MDHHS, Reporting - FFATA Reporting**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Reporting
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-017
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Public Health Emergency Preparedness: ALN 93.069
<b>Federal Award Identification Number (FAIN) and Year</b>	NU90TP922062 07/01/2019 - 06/30/2024
<b>Total Expenditures of Federal Awards</b>	\$16,705,172
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Reporting
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Immunization Cooperative Agreements: ALN 93.268 and 93.268 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	NH23IP922635 07/01/2019 - 06/30/2024
<b>Total Expenditures of Federal Awards</b>	\$149,599,283
<b>Total COVID-19 Expenditures</b>	\$32,781,262
<b>Compliance Requirement(s)</b>	Reporting

<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-017
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low Income Household Water Assistance: ALN 93.499 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2101MILWC5	05/28/2021 - 03/31/2024
	2101MILWC6	05/28/2021 - 03/31/2024
<b>Total Expenditures of Federal Awards</b>	\$25,563,003	
<b>Total COVID-19 Expenditures</b>	\$25,563,003	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF	10/01/2021 - Until Expended
	2301MITANF	10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-017	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA	10/01/2021 - 09/30/2023
	2201MILIEI	10/01/2021 - 09/30/2023
	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-017	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-017	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS did not ensure it reported or accurately and timely reported all subaward information as required by the FFATA. Our results are summarized in the following table:

ALN(s)	Number of		Number of Reports Submitted		
	Subawards Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Key Elements Missing or Inaccurate
93.775, 93.777, and 93.778	25	3	21	0	0
93.069	9	1	7	0	1
93.268	12	0	12	0	0
93.499	6	0	5	0	0
93.558	15	0	14	0	0
93.568	3	0	3	0	0
93.767	3	0	3	0	0
<b>Total</b>	<b>73</b>	<b>4</b>	<b>65</b>	<b>0</b>	<b>1</b>

ALN(s)	Dollar Amount of		Dollar Amount of Reports Submitted		
	Subawards Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Key Elements Missing or Inaccurate
93.775, 93.777, and 93.778	\$57,301,652	\$41,904,242	\$15,269,818	\$0	\$ 0
93.069	788,976	126,250	619,852	0	111,493
93.268	3,683,307	0	3,683,307	0	0
93.499	11,573,328	0	794,426	0	0
93.558	10,081,507	0	9,527,774	0	0
93.568	4,449,759	0	4,449,759	0	0
93.767	1,567,968	0	1,567,968	0	0
<b>Total</b>	<b>\$89,446,496</b>	<b>\$42,030,492</b>	<b>\$35,912,904</b>	<b>\$0</b>	<b>\$111,493</b>

We noted:

- a. MDHHS did not report any subaward information for 4 (5%) of 73 sampled subawards.

b. Of the 69 subawards in FSRS:

- (1) MDHHS did not timely submit subaward information for 65 (94%) sampled subawards.
- (2) MDHHS did not report all key data elements for 1 (1%) sampled subawards.

Criteria

Federal regulation 2 *CFR* 170 implemented the FFATA requirements for reporting subaward information and requires MDHHS report, on the federal website, each action that obligates \$30,000 or more in federal funds by the end of the month following the month in which the subaward was made.

Cause

MDHHS informed us some subaward data initially submitted to FSRS was inaccurate and rejected by FSRS, which contributed to its inability to report timely. Other contributing factors include untimely receipt of grant award information from the federal awarding agency, inaccurate information provided by grantees, and incorrect or missing information on the MDHHS Grant Received Report.

Effect

MDHHS grant information was not accurate or timely available for public access through the website established to improve transparency of governmental spending. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS ensure it reports or accurately and timely reports all subaward information as required by FFATA.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-012**

**Title I Grants to Local Educational Agencies, ALN 84.010 and Supporting Effective Instruction State Grants, ALN 84.367 - Participation of Private School Children**

<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Title I Grants to Local Educational Agencies: ALN 84.010
<b>Federal Award Identification Number (FAIN) and Year</b>	S010A200022 07/01/2020 - 09/30/2021 S010A210022 07/01/2021 - 09/30/2022 S010A220022 07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$476,429,254
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - Participation of Private School Children
<b>Type of Finding</b>	Significant Deficiency



<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants): ALN 84.367
<b>Federal Award Identification Number (FAIN) and Year</b>	S367A220021 - 22A 07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$64,390,352
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - Participation of Private School Children
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

Condition

MDE did not obtain and review the local educational agencies' (LEAs') consultation forms to ensure the LEAs determined the appropriate equitable services provided to private school children for all 17 sampled Title I LEAs and all 20 sampled Supporting Effective Instruction State Grants (SEISG) LEAs.

Criteria

Federal laws 20 USC 6320(a) and 20 USC 7881(a) state LEAs must engage in timely and meaningful consultation with private school officials and provide eligible private school children, their teachers or other educational personnel, and/or their families with equitable services or other benefits under the federal programs. Also, federal laws 20 USC 6320(b) and 20 USC 7881(c) state each LEA shall maintain its own records and provide to the state educational agency a written affirmation signed by the officials of each private school that the meaningful consultation occurred.

MDE's written policies require LEAs to submit completed consultation forms in GEMS/MARS for review by the MDE Equitable Services Ombudsman.

Cause

MDE's internal control and monitoring activities were not sufficient to ensure it obtained and reviewed the consultation forms. MDE contacted the LEAs and obtained the consultation forms for 13 sampled Title I LEAs and 15 sampled SEISG LEAs subsequent to our review.

Effect

Insufficient review of LEA's consultation forms may result in eligible private school children not receiving the appropriate equitable services. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDE obtain and review the LEAs' consultation forms to ensure the LEAs determined the appropriate equitable services provided to private school children.

Management Views

MDE agrees with the finding.

**FINDING 2023-013**

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

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Material Weakness and Material Noncompliance
<b>Known Questioned Costs by FAIN</b>	2305MI5MAP - \$1,156
<b>Repeat Finding</b>	2022-019
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021 10/01/2021 - 09/30/2023 2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196
<b>Total COVID-19 Expenditures</b>	\$14,056,569
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Material Weakness and Material Noncompliance
<b>Known Questioned Costs by FAIN</b>	<b>Total Questioned Costs: \$1,055</b> 2205MI5021 - \$822 2305MI5021 - \$233
<b>Repeat Finding</b>	2022-019
<b>State Agency</b>	Michigan Department of Health and Human Services

Background

In 2014, federal regulations changed the methodology for determining eligibility for certain Medicaid Cluster and CHIP beneficiaries to a methodology using federal income tax data known as MAGI. Federal regulation 26 *CFR* 301.6103(a) prohibits an auditor from using federal

income tax data unless in connection with an audit of the state agency responsible for the administration of the state tax law. For 2014 through 2018, auditors were not expected to review MAGI eligibility determinations. Beginning in 2019, the U.S. Office of Management and Budget\* (OMB) *Compliance Supplement* was revised requiring auditors to review MAGI eligibility determinations for both the Medicaid Cluster and CHIP.

Also, because of the public health emergency, MDHHS was not required to perform redeterminations and could not end healthcare coverage unless the individual voluntarily requested termination, moved out of state, or was deceased. These continuous enrollment conditions ended March 31, 2023 with the passage of the Consolidated Appropriations Act of 2023, and states were required to initiate all redeterminations within a 12-month unwinding period. MDHHS began initiating redeterminations in June 2023. We sampled beneficiaries for each program who either had a benefit period which started during fiscal year 2023 or who had a benefit period which started prior to fiscal year 2023 and had a redetermination during the months of June through September 2023.

We summarized the results of our eligibility review in the following table:

Medicaid and CHIP Eligibility Review

	<u>Medicaid</u>	<u>CHIP</u>
Total number of beneficiaries sampled	60	60
Number (percent) of MAGI beneficiaries unable to test	1 (2%)	4 (7%)
Total likely number of MAGI beneficiaries unable to test	22,428	8,520
Total amount of likely payments associated with above beneficiaries	\$26,716,864	\$5,924,339
Total number of beneficiaries reviewed	59	56
Number (percent) of ineligible beneficiaries	5 (8%)	12 (21%)
Number (percent) of beneficiaries with missing documentation in the case file	1 (2%)	1 (2%)
Number (percent) of untimely eligibility determinations	2 (3%)	4 (7%)

For an estimated 22,428 Medicaid and 8,520 CHIP beneficiaries, we were unable to determine if MDHHS complied with federal laws and regulations related to MAGI-based eligibility because federal regulations prohibited our use of federal income tax data and the beneficiaries' case record did not contain other available income information. Other income information is not required to be included in the case record when a determination of eligibility is based on MAGI. However, if such information was available, we reviewed this information for eligibility purposes to accurately report the sample items that could not be tested.

The results of the testing for the remaining 59 Medicaid and 56 CHIP beneficiaries we were able to review are summarized in the finding below.

\* See glossary at end of report for definition.

### Condition

MDHHS did not ensure or demonstrate compliance with federal laws and regulations relating to beneficiary eligibility. Our review disclosed:

- a. MDHHS did not determine beneficiary eligibility in accordance with eligibility requirements for 5 (8%) of 59 Medicaid and 12 (21%) of 56 CHIP cases reviewed.
- b. MDHHS did not maintain case file documentation that supports the beneficiary eligibility determination for 1 (2%) of 59 Medicaid and 1 (2%) of 56 CHIP cases reviewed.
- c. MDHHS did not determine beneficiary eligibility within the required time frame for 2 (3%) of 59 Medicaid and 4 (7%) of 56 CHIP cases reviewed.

### Criteria

Federal regulations 42 *CFR* 435.1002(b) and 42 *CFR* 457.622(d) indicate federal funding is available only for services provided to eligible beneficiaries. Federal regulation 42 *CFR* 435.914 requires case record documentation be maintained to support the eligibility decision. Federal regulations 42 *CFR* 435.10, 42 *CFR* 457.50, and 42 *CFR* 457.70 require MDHHS to specify in its State Plan the groups to whom Medicaid and CHIP are provided and the conditions of eligibility for individuals in those groups. Federal regulations 42 *CFR* 435.912(c) and 42 *CFR* 457.340(d) require MDHHS to determine eligibility and provide notice of the decision within 90 days for applicants who apply for Medicaid on the basis of disability and 45 days for all other applicants.

### Cause

For part a., MDHHS indicated it did not properly consider all available beneficiary information when determining beneficiary eligibility because of system issues and staff actions.

For part b., MDHHS indicated the missing documentation resulted from staff oversight.

For part c., MDHHS indicated limited staff resources and a significantly higher number of renewals due to the Public Health Emergency affected its ability to determine beneficiary eligibility within the required time frame.

### Effect

We consider this to be a material weakness and material noncompliance because MDHHS may have made payments on behalf of ineligible beneficiaries and because of the 10% Medicaid and 29% CHIP unduplicated error rates. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

### Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely total questioned costs would exceed \$25,000.

- \$2,211 - federal share.
- \$762 - State share of costs MDHHS inappropriately used as matching.

### Recommendations

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

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

We further recommend MDHHS ensure eligibility determinations are made timely.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-014**

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

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-020
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021 10/01/2021 - 09/30/2023 2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196
<b>Total COVID-19 Expenditures</b>	\$14,056,569
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Material Weakness for compliance requirements noted above and Material Noncompliance for Cash Management
<b>Known Questioned Costs by FAIN</b>	2305MI5021 - \$0 (unduplicated amount - \$89 included in Finding 2023-013)
<b>Repeat Finding</b>	2022-020
<b>State Agency</b>	Michigan Department of Health and Human Services

### Condition

MDHHS did not ensure Bridges and CHAMPS contained the correct Medicaid Cluster and CHIP eligibility information to record expenditures to the appropriate program at the time of payment and to ensure the related federal draw was accurate and timely.

On a quarterly basis, MDHHS transferred expenditure amounts from the Medicaid Cluster to CHIP by completing a summary-level adjustment determined by analyzing CHAMPS payment data and Bridges eligibility data. As a result, MDHHS identified that it incorrectly recorded \$33.4 million of CHIP medical payments to the Medicaid Cluster throughout fiscal year 2023.

However, we selected a sample of 3 beneficiaries that were transferred to CHIP and noted that 1 of 3 beneficiaries was not eligible for CHIP but was in fact Medicaid eligible and, therefore, should not have been transferred.

### Criteria

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal programs that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

Federal regulation 31 *CFR* 205 requires state recipients to enter into agreements with the U.S. Department of the Treasury that prescribe specific methods of drawing down federal funds for selected large programs.

### Cause

MDHHS implemented a system change to correct eligibility classifications in Bridges in April 2021. All new cases are being correctly routed. MDHHS expects all existing cases will be updated during the 14-month period following the May 11, 2023 end of the public health emergency, as allowed by the Centers for Medicare and Medicaid Services (CMS). The Medicaid Cluster to CHIP transfer was completed correctly; however, because of an incorrect eligibility determination reflected in Bridges, one case was transferred in error.

### Effect

MDHHS inappropriately transferred \$133 Medicaid Cluster expenditures to CHIP. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Also, of the \$33.4 million in quarterly transfers, MDHHS may have improperly received either federal Medicaid Cluster funds or federal CHIP funds depending on the accuracy of the transferred amount. After MDHHS recorded the quarterly summary-level adjustments in the accounting system, it returned the Medicaid Cluster funds to the federal government and appropriately received reimbursement from CHIP. The quarterly CHIP draws were not compliant with the State's Cash Management Improvement Act (CMIA) agreement, which required weekly actual costs draws.

For the CHIP cash management compliance requirement noted, we consider this to be a material weakness and material noncompliance because the \$33.4 million CHIP expenditures identified by MDHHS as inappropriately charged to and reimbursed by the Medicaid Cluster represented 11% of total CHIP expenditures.

Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely total questioned costs would exceed \$25,000.

- \$89 - federal share of CHIP payments made to providers for ineligible CHIP beneficiaries, of which \$89 is questioned in Finding 2023-013.
- \$45 - State share of costs MDHHS inappropriately used as matching.

Recommendation

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

Management Views

MDHHS agrees with the finding.

**FINDING 2023-015**

**CHAMPS Eligibility Interface Errors**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-021	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRCMA	10/01/2021 - 09/30/2023
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	

<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agencies</b>	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-021	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Background

MDHHS uses Bridges for determining eligibility and benefits amounts for medical assistance, among other assistance programs. Eligibility and benefit records from Bridges are then interfaced into CHAMPS, MDHHS's system used to process medical claims and payments.

Condition

MDHHS did not maintain documentation to support eligibility records with identified errors were properly investigated, corrected, and resubmitted for processing. Our sample of 15 daily interface runs identified 9 (60%) which had been excluded from eligibility interface processing.

Criteria

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal programs that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from modification to ensure confidentiality, integrity, and availability of State of Michigan information. In addition, the GAO's FISCAM indicates that interface error handling and reconciliation procedures should reasonably ensure all transactions are accounted for and all errors are identified, isolated, analyzed, and corrected in a timely manner.



Cause

MDHHS informed us its central office does not document or conduct any further review on these errors to prevent duplication of effort since these errors are already reviewed by the local offices.

Effect

MDHHS could not ensure eligibility and benefit level information from Bridges was accurately reflected in CHAMPS for the Medicaid Cluster, REAP, and CHIP and, as a result, could not ensure medical payments were made based on up-to-date and accurate eligibility information. MDHHS's weakness in maintaining sufficient internal control over federal program compliance could result in noncompliance that will not be detected or corrected in a timely manner.

Known Questioned Costs

None.

Recommendation

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

Management Views

MDHHS agrees with the finding.

**FINDING 2023-016**

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

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Special Tests and Provisions - Provider Eligibility
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-022
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767, and 93.767 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021 10/01/2021 - 09/30/2023 2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024

<b>Total Expenditures of Federal Awards</b>	\$321,404,196
<b>Total COVID-19 Expenditures</b>	\$14,056,569
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Special Tests and Provisions - Provider Eligibility
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-022
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not obtain all required disclosures and/or ensure that disclosures were timely and accurately updated and approved in CHAMPS for the Prepaid Inpatient Health Plan (PIHP) entities, MI Choice Waiver Program (MI Choice) entities, Medicaid Health Plan (MHP) entities, Dental Health Plan entities, or the Pharmacy Benefits Manager (PBM) during the audit period. In addition, MDHHS did not monitor its MI Choice entities' network of providers to ensure the providers entered into provider agreements and made required disclosures.

Criteria

Federal regulations 42 *CFR* 455.104 through 42 *CFR* 455.106 and 42 *CFR* 457.935 require MDHHS to obtain certain identifying information from medical providers, including PIHP entities, MI Choice entities, MHP entities, Dental Health Plan entities, and its PBM. Disclosures are due when a fiscal agent or managed care entity submits a proposal, upon execution of a contract with the State, upon renewal or extension of the contract, or within 35 days after any change in ownership. These regulations also require MDHHS to obtain information such as identification information of the owners, agents, and managing employees and information on the ownership and control interest in the provider's subcontractors. According to its Medicaid and CHIP State Plans, MDHHS has established procedures for the disclosure of information by providers and fiscal agents as specified in federal regulations 42 *CFR* 455.104 through 42 *CFR* 455.106 and 42 *CFR* 457.935.

Cause

MDHHS indicated it did not have a sufficient process or communication method in place to always obtain timely or complete disclosures because it is not directly involved in the contract execution or contract renewal process for many managed care organizations (MCOs) and, therefore, may not timely become aware that new disclosures are required. In addition, MDHHS relies on the entities to inform them when ownership changes occur. Also, limited staff resources resulted in the MI Choice entities' network of providers not being monitored for provider agreements and required disclosures.

Effect

MDHHS could potentially reimburse ineligible medical providers for medical services. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendations

We recommend MDHHS obtain and timely and accurately update and approve CHAMPS for all required disclosures from PIHP entities, MI Choice entities, MHP entities, Dental Health Plan entities, and its PBM.

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

Management Views

MDHHS agrees with the finding.

**FINDING 2023-017**

**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**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles, Cash Management, and Special Tests and Provisions - Medicaid Fraud Control Unit and Refunding of Federal Share of Medicaid Overpayments to Providers
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-023
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021 10/01/2021 - 09/30/2023 2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196
<b>Total COVID-19 Expenditures</b>	\$14,056,569
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles, Cash Management, and Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-023
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not accurately and timely report the federal share of fraud, waste, and abuse overpayments made to providers on the quarterly statement of expenditures report (CMS-64 report).

We noted:

- a. MDHHS did not have adequate processes in place to ensure receivables recorded in its Adult Services Authorized Payments system were accurately reflected on the reports used for preparation of the CMS-64 report, which resulted in untimely reporting of \$103,627 of the federal share of overpayments.
- b. MDHHS did not have adequate processes in place to ensure receivables recorded in CHAMPS were accurately reflected on the reports used for preparation of the CMS-64 report, resulting in late reporting for items recorded in the second quarter of fiscal year 2023.
- c. MDHHS did not have a process in place to identify overpayments returned late and to calculate the corresponding interest due to the U.S. Department of Health and Human Services' (HHS's) CMS as a result of late reporting.
- d. MDHHS did not have a process in place to ensure receivables entered into CHAMPS as a result of an overpayment due to fraud, waste, and abuse were tracked separately, which resulted in recording 2 (8%) of 25 sampled Medicaid overpayments on the incorrect CMS-64 line.

#### Criteria

Federal regulations 42 *CFR* 433.320 and 42 *CFR* 457.628 require MDHHS to refund the federal share of overpayments that are subject to recovery to CMS through a credit on its CMS-64 report. MDHHS must credit CMS with the federal share of overpayments subject to recovery on the earlier of the quarter in which the State recovers the overpayment from the provider or the quarter in which the 1-year period following discovery ends if no recovery is received. If the State does not refund the federal share of overpayments, the State will be liable for interest on the amount equal to the federal share of the non-recovered, non-refunded overpayment amount.

#### Cause

MDHHS informed us system issues contributed to the untimely and inaccurate reporting of overpayments.

#### Effect

MDHHS did not ensure accurate and timely reporting in accordance with federal regulations for the federal share of fraud, waste, and abuse overpayments made to providers. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

#### Known Questioned Costs

None.

#### Recommendation

We recommend MDHHS accurately and timely report the federal share of fraud, waste, and abuse overpayments made to providers on the CMS-64 report.

#### Management Views

MDHHS agrees with the finding.

## **FINDING 2023-018**

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

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Special Tests and Provisions - Medical Loss Ratio
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-024
<b>State Agency</b>	Michigan Department of Health and Human Services

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021 10/01/2021 - 09/30/2023 2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196
<b>Total COVID-19 Expenditures</b>	\$14,056,569
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Special Tests and Provisions - Medical Loss Ratio
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-024
<b>State Agency</b>	Michigan Department of Health and Human Services

#### **Condition**

MDHHS did not ensure 7 of 8 sampled managed care entities' medical loss ratio (MLR) reports contained a comparison of the amounts used in the MLR calculation with the audited financial reports.

The MLR is the proportion of premium revenues spent on behalf of beneficiary services and quality improvement. The Affordable Care Act requires each managed care entity to spend at least 85% of premium dollars on medical care.

#### **Criteria**

Federal regulations 42 *CFR* 438.8 and 42 *CFR* 457.1203 require managed care entities to calculate and report an MLR to MDHHS, including a comparison of the amounts reported in the MLR calculation with audited financial reports.

Cause

MDHHS informed us it did not incorporate the necessary adjustments to the MLR report template for all managed care entities to report their comparison of the amounts reported in the MLR calculation with the audited financial reports.

Effect

MDHHS limits its assurance the calculated MLR is accurate and could fail to collect remittance owed to the State if entities are overstating the MLR inappropriately. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS ensure MLR reports contain a comparison of the amounts reported in the MLR calculation with audited financial reports.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-019**

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

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Managed Care Financial Audit	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-025	
<b>State Agency</b>	Michigan Department of Health and Human Services	

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2205MI5021	10/01/2021 - 09/30/2023
	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$321,404,196	
<b>Total COVID-19 Expenditures</b>	\$14,056,569	

<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Managed Care Financial Audit
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-025
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure an independent audit was completed and posted to its website at least once every three years of encounter and financial data submitted by its managed care entities, which included 15 MCOs, 10 PIHP entities, and 21 Prepaid Ambulatory Health Plan (PAHP) entities in fiscal year 2023.

Encounter data is detailed information about individual healthcare services provided by managed care entities. The data in aggregate is used to develop capitation rates to cover services provided to beneficiaries.

Criteria

Federal regulations 42 *CFR* 438.602 and 42 *CFR* 457.1285 require MDHHS to conduct or contract for an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each MCO, PIHP, and PAHP at least once every three years. In addition, MDHHS is required to publish the results of these audits on its website.

Cause

MDHHS informed us it contracted for an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by or on behalf of each MCO, PIHP, and PAHP. However, because of the audit activity time frames outlined within the scope of the contract, not all audit activities were completed during fiscal year 2023.

Effect

Failure to ensure the accuracy of data could affect the capitation rates that are developed based on the encounter and financial data. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS ensure an independent audit is completed, submitted, and posted to its website at least once every three years of the accuracy, truthfulness, and completeness of encounter and financial data submitted by the managed care entities.

Management Views

MDHHS agrees with the finding.

## **FINDING 2023-020**

### **SNAP Cluster, ALN 10.551 and 10.561, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - System and Organization Controls**

<b>Federal Agency</b>	U.S. Department of Agriculture	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022	10/01/2021 - 09/30/2022
	EBT - 2023	10/01/2022 - 09/30/2023
	232MI100S2514	10/01/2022 - 09/30/2023
	232MI100S2519	10/01/2022 - 09/30/2023
	232MI100S2520	10/01/2022 - 09/30/2023
	232MI100S8026	10/01/2022 - 09/30/2023
	232MI100S8036	10/01/2022 - 09/30/2023
	232MI100S9018	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204	
<b>Total COVID-19 Expenditures</b>	\$25,298,441	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - EBT Card Security	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-027	
<b>State Agency</b>	Michigan Department of Health and Human Services	

#### **Condition**

MDHHS should improve its monitoring of the operating effectiveness of general controls, such as security, for the third-party organizations that provide various electronic benefits transfer (EBT) services. We noted:

- a. MDHHS did not document the date it received all 5 System and Organization Controls (SOC) reports\* from the EBT service provider to support MDHHS reviewed the reports in a timely manner. Also, for 4 of these SOC reports received, the same person completed and approved the evaluation of the reports.
- b. MDHHS did not obtain a bridge letter in appropriate circumstances for the 1 applicable subservice organization SOC report. In this instance, the bridge letter obtained covered a period of 13 months, for which 9 months occurred during our audit period.
- c. MDHHS had not reviewed or evaluated 1 of 2 SOC reports of the subservice organization that provides information systems services, such as hosting services and managing infrastructure services and operations, to the State's EBT service provider.

#### **Criteria**

Federal regulation 7 *CFR* 274.1(i)(1) requires states to establish procedures to monitor SNAP benefit issuers to ensure their operations comply with SNAP requirements, including the identification and correction of deficiencies, and to report any violations to the federal government. Also, federal regulation 7 *CFR* 274.1(i)(2) requires states to obtain a SOC report by an independent auditor of the state EBT service provider regarding the issuance, redemption, and settlement of benefits under SNAP, and the SOC report must cover the entire

\* See glossary at end of report for definition.



period since the previous examination. The SOC report must follow EBT guidance as indicated in various federal regulations and Appendix VIII of the OMB *Compliance Supplement* to the extent the guidelines relate to SNAP benefits.

The State of Michigan Financial Management Guide (FMG) (Part VII, Chapter 1, Section 1000) prescribes guidelines for departments to assess and manage risks associated with third-party relationships. Departments need to understand and/or evaluate risks and the controls each service organization designs, implements, and operates for the assigned operational process and how the service organization's internal control system impacts the department's internal control system. The FMG requires management to complete the review within 30 days of receiving the SOC report. Also, the FMG indicates the departments should consider and document conclusions regarding whether the sub-servicers controls are relevant to the department's control environment and document in their evaluation of the SOC report how these were resolved.

Also, FMG (Part VII, Chapter 2, Section 200) requires the department to divide or segregate duties among different people or implement alternative or compensating controls to mitigate the risk associated with a single user having the ability to perform conflicting duties.

In addition, the State Budget Office's Office of Internal Audit Services SOC report review guidance states that if the report covers a period of less than 6 months, it provides minimal assurance that the controls are in place and that if the gap period is greater than 90 days, the State agency should evaluate if a bridge letter is sufficient or if additional procedures are needed.

Cause

MDHHS's internal control was not sufficient to ensure it documented its review of all components of the SOC reports.

Effect

MDHHS cannot ensure general controls of vendor-hosted systems are sufficient to ensure the security of the issuance, redemption, and settlement of EBT benefits. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS improve its monitoring of the operating effectiveness of general controls for the third-party organizations that provide various EBT services.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-021**

**SNAP Cluster, ALN 10.551 and 10.561, Special Tests and Provisions - EBT Reconciliations**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	SNAP Cluster: ALN 10.551, 10.561, and 10.561 (COVID-19)

<b>Federal Award Identification Number (FAIN) and Year</b>	EBT - 2022	10/01/2021 - 09/30/2022
	EBT - 2023	10/01/2022 - 09/30/2023
	232MI100S2514	10/01/2022 - 09/30/2023
	232MI100S2519	10/01/2022 - 09/30/2023
	232MI100S2520	10/01/2022 - 09/30/2023
	232MI100S8026	10/01/2022 - 09/30/2023
	232MI100S8036	10/01/2022 - 09/30/2023
	232MI100S9018	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$3,934,655,204	
<b>Total COVID-19 Expenditures</b>	\$25,298,441	
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - EBT Reconciliations	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-028	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Background

MDHHS is responsible for determining eligibility for SNAP benefits. The State's EBT provider then provides the SNAP recipient with a debit card which can be used for food purchases at authorized retailer stores. The State's EBT contractor is responsible for paying retailers that have accepted EBT cards for qualified purchases. The EBT contractor then receives funds from the State, via wire transfer, as reimbursement for the retail purchases. MDHHS is responsible for reconciling the payments made to retailers by its EBT contractor with the amounts drawn from its EBT account with the U.S. Department of the Treasury.

Condition

MDHHS did not complete daily reconciliations of payments made to retailers by its EBT contractor with the client information recorded in its system and the reports used to make the federal draw. MDHHS developed the Benefit Issuer Food Stamp Report to summarize the total detailed daily client SNAP activity reported by its EBT contractor; however, because of inaccuracies, MDHHS did not use the report in its reconciliation process.

Criteria

Federal regulation 7 *CFR* 274.1(i)(1) requires state agencies to establish procedures to monitor SNAP benefit issuers to ensure their operations comply with SNAP requirements, including the identification and correction of deficiencies and to report any violations to the federal government.

Also, federal regulation 7 *CFR* 274.4(a) requires state agencies to reconcile total EBT funds entering into, exiting from, and remaining in the EBT contractor's system each day and to verify retailer credit against the deposit information entered in the Automated Clearing House.

Cause

MDHHS informed us that EBT reconciliations between Bridges, Bridges data warehouse, and the vendor are conducted on a monthly basis using daily data because of the timing of benefit authorization, availability of vendor data, and usage of benefits.

Effect

Without proper reconciliation procedures in place, MDHHS could not ensure daily SNAP payment amounts recorded in its system were accurate. We consider this to be a material weakness and material noncompliance because of the amount of SNAP benefits issued through the EBT process and because this required daily reconciliation was not in place in fiscal year

2023. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS complete daily reconciliations of payments made to retailers by its EBT contractor with client information recorded in its system and the reports used to make the federal draw.

Management Views

MDHHS disagrees that a material weakness and material noncompliance exist. MDHHS federal reporting conducts a daily reconciliation of federal draws and authorizations to retailers based on vendor EBT reports. In addition, MDHHS conducts a monthly reconciliation between Bridges, Bridges data warehouse, and vendor EBT reports using daily data to ensure the client information in Bridges and Bridges data warehouse is accurate. The monthly reconciliation process does not impact the federal draw because the daily reconciliation of the vendor EBT report is used for this purpose. MDHHS provided detailed and accurate descriptions of MDHHS daily and monthly EBT reconciliations to the designated federal awarding agency contacts at the United States Department of Agriculture Food and Nutrition Service Agency that are familiar with MDHHS processes and received confirmation that the current reconciliation processes in place are sufficient to comply with federal regulations.

Auditor's Comments to Management Views

MDHHS acknowledges it does not perform **daily** reconciliations of payments made to retailers by its EBT contractor to Bridges data although federal regulation 7 *CFR* 274.4(a) requires state agencies to reconcile total EBT funds entering into, exiting from, and remaining in the EBT contractor's system each day. Also, MDHHS did not sufficiently communicate its EBT process to its regional federal contact person. The daily EBT "reconciliation" noted above does not include Bridges data, but instead uses the EBT contractor report to confirm the accuracy of the federal account balance. Therefore, the regional federal contact person did not have all necessary information to assess if MDHHS's process complied with the federal regulation. In addition, MDHHS did not obtain an opinion from a federal person with the authority to issue an opinion on behalf of the United States Department of Agriculture ensuring consistent interpretation of federal regulations.

Federal regulations 2 *CFR* 200.516(a)(1) and 2 *CFR* 200.516(a)(2) state it is the auditor's determination of whether a deficiency in internal control is a significant deficiency or a material weakness and whether a noncompliance with federal statutes, regulations, or the terms and conditions of a federal award is material for the purpose of reporting an audit finding. MDHHS incurred SNAP (ALN 10.551) expenditures of \$3.7 billion during fiscal year 2023, with daily draws averaging over \$20 million; therefore, the lack of a daily reconciliation increases the risk MDHHS may not detect differences between the State records and the EBT contractor's reports prior to drawing down federal funds.

The finding stands as written.

## **FINDING 2023-022**

### **Pandemic EBT Food Benefits, ALN 10.542, Activities Allowed or Unallowed and Eligibility - Lack of Documentation for School Modality Data Reviews**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Pandemic EBT Food Benefits: ALN 10.542 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	Not Applicable
<b>Total Expenditures of Federal Awards</b>	\$230,760,689
<b>Total COVID-19 Expenditures</b>	\$230,760,689
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed and Eligibility
<b>Type of Finding</b>	Material Weakness and Material Noncompliance
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

#### **Condition**

MDHHS did not maintain documentation of its efforts to review the accuracy of P-EBT school modality data used to calculate food benefit payments for all eligible students.

#### **Criteria**

The Families First Coronavirus Response Act of 2020, Public Law 116-127, as amended, requires MDHHS to have an approved state plan to provide P-EBT food benefits to households with children who would otherwise receive free or reduced-price meals if not for their schools being closed because of the COVID-19 emergency.

MDHHS's P-EBT State Plan states it will review monthly sample modality results for program accuracy, including an interview with school personnel and MDE.

#### **Cause**

MDHHS informed us it reviewed the school modality data, but it did not document its review in the log.

#### **Effect**

We consider this to be a material weakness and material noncompliance because MDHHS may have made payments to or on behalf of ineligible students. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

#### **Known Questioned Costs**

None.

#### **Recommendation**

We recommend MDHHS maintain documentation to support that it appropriately reviews the accuracy of P-EBT school modality data.

#### **Management Views**

MDHHS disagrees that not formally documenting the review details on the log rises to the level of a material weakness and material noncompliance.

MDHHS selects a sample of schools that submitted data and verifies the accuracy of P-EBT school modality data reported, documenting the schools reviewed within a log. Following the written business process, P-EBT staff first identify public information available to verify the school's modality data such as the school's calendar or news articles, and then reach out to school administration if public information is not available. If additional steps are required to reconcile the data, P-EBT staff document the support and results, sign off on the reconciliation, and forward to a supervisor for review. For this review period, no discrepancies were identified between what the school reported, and school websites. Since no discrepancies were noted, staff verbally communicated the review results to the manager and the log of sample items reviewed were kept within a shared drive.

Auditor's Comments to Management Views

MDHHS acknowledges it did not document the results of its modality reviews because it verbally communicated the results internally. Documentation of completed reviews is necessary to provide information to both MDHHS supervisors and auditors to validate MDHHS appropriately completed its modality reviews. MDHHS provided a spreadsheet to support its reviews; however, the spreadsheet did not substantiate the reviews were completed. Therefore, without documentation, the auditor cannot perform appropriate audit procedures, including sampling and testing of internal control, to verify MDHHS completed its modality reviews.

Federal regulations 2 *CFR* 200.516(a)(1) and 2 *CFR* 516(a)(2) state it is the auditor's determination of whether a deficiency in internal control is a significant deficiency or a material weakness and whether a noncompliance with federal statutes, regulations, or the terms and conditions of a federal award is material for the purpose of reporting an audit finding. The lack of a documented modality review process increases the risk MDHHS may not detect inaccuracies in school reported modality and may authorize payments to ineligible students.

Therefore, the finding stands as written.

**FINDING 2023-023**

**Pandemic EBT Food Benefits, ALN 10.542, Reporting - Accuracy of Financial Reports**

<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Pandemic EBT Food Benefits: ALN 10.542 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	Not Applicable
<b>Total Expenditures of Federal Awards</b>	\$230,760,689
<b>Total COVID-19 Expenditures</b>	\$230,760,689
<b>Compliance Requirement(s)</b>	Reporting
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not submit accurate monthly P-EBT financial reports to the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) for 1 of 3 sampled Report of Disaster Supplemental Nutrition Assistance Benefit Issuance (FNS-292B). For this 1 instance, MDHHS

reported inaccurate disaster relief information in the October 2022 FNS-292B. MDHHS overstated:

- a. Total value of benefits issued by \$377.9 million.
- b. Number of persons issued benefits by 963,633.
- c. Number of households issued benefits by 802,454.

Criteria

Federal regulation 2 *CFR* 200.302(b)(2) requires grantees to submit accurate financial data in accordance with a grant program's reporting requirements.

*Federal Register* 86:89 (11 May 2021) page 25,837 requires state agencies to report the number of eligible children and households receiving P-EBT benefits and total value of the benefits monthly.

Cause

MDHHS informed us its monitoring activities were not sufficient to detect data entry errors included in the submitted report.

Effect

MDHHS may have diminished the federal grantor agency's ability to ensure appropriate oversight and monitoring of P-EBT funds. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS improve its internal control and submit accurate P-EBT financial reports.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-024**

**Fish and Wildlife Cluster, ALN 15.605, 15.611, and 15.626, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking - Inappropriate Telecommunication Expenditures**

<b>Federal Agency</b>	U.S. Department of the Interior	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Fish and Wildlife Cluster: ALN 15.605, 15.611, and 15.626	
<b>Federal Award Identification Number (FAIN) and Year</b>	F18AF01156	10/01/2018 - 09/30/2021
	F20AF12014	10/01/2020 - 12/29/2022
	F20AF12149	10/01/2020 - 09/30/2025
	F21AF03544	10/01/2021 - 09/30/2023
	F22AF03115	10/01/2022 - 09/30/2023
	F22AF03685	10/01/2022 - 09/30/2023
	F22AF03687	10/01/2022 - 09/30/2027

<b>FAIN and Year</b> <i>(Continued)</i>	F22AF03718	10/01/2022 - 09/30/2023
	F22AF03734	10/01/2022 - 09/30/2023
	F22AF03745	10/01/2022 - 09/30/2023
	F22AF03753	10/01/2022 - 09/30/2024
	F22AF03755	10/01/2022 - 09/30/2023
	F22AF03757	10/01/2022 - 09/30/2023
	F22AF03763	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$36,934,331	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Natural Resources	

Condition

The Department of Natural Resources (DNR) did not ensure that telecommunication expenditures charged to the Fish and Wildlife Cluster were incurred for fish and wildlife activities. We reviewed 1 sampled telecommunication transaction related to 196 employees. We sampled 20 of those employees and noted 2 (10%) employees did not work on fish and wildlife activities.

Criteria

Federal regulation 2 *CFR* 200.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

Also, Subpart E of federal regulation 2 *CFR* 200 requires costs charged to federal programs be necessary and reasonable for the administration of the federal award and be in accordance with the relative benefits received by the program.

In addition, federal regulation 2 *CFR* 200.306 requires costs used for matching be allowable costs to the federal award.

Cause

DNR informed us because of an oversight error, it did not timely identify these employees to be removed from the monthly telecommunication bill.

Effect

DNR charged the Fish and Wildlife Cluster for telecommunication expenditures related to employees who worked on non-fish and wildlife activities. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend DNR ensure that telecommunication expenditures charged to the Fish and Wildlife Cluster are incurred for fish and wildlife activities.

Management Views  
DNR agrees with the finding.

**FINDING 2023-025**

**Fish and Wildlife Cluster, ALN 15.605, 15.611, and 15.626, Equipment and Real Property Management - Inaccurate Inventory of Equipment**

<b>Federal Agency</b>	U.S. Department of the Interior	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Fish and Wildlife Cluster: ALN 15.605, 15.611, and 15.626	
<b>Federal Award Identification Number (FAIN) and Year</b>	F18AF01156	10/01/2018 - 09/30/2021
	F20AF12014	10/01/2020 - 12/29/2022
	F20AF12149	10/01/2020 - 09/30/2025
	F21AF03544	10/01/2021 - 09/30/2023
	F22AF03115	10/01/2022 - 09/30/2023
	F22AF03685	10/01/2022 - 09/30/2023
	F22AF03687	10/01/2022 - 09/30/2027
	F22AF03718	10/01/2022 - 09/30/2023
	F22AF03734	10/01/2022 - 09/30/2023
	F22AF03745	10/01/2022 - 09/30/2023
	F22AF03753	10/01/2022 - 09/30/2024
	F22AF03755	10/01/2022 - 09/30/2023
	F22AF03757	10/01/2022 - 09/30/2023
	F22AF03763	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$36,934,331	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Equipment and Real Property Management	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Natural Resources	

Condition

DNR did not properly account for its capitalized equipment acquired with federal funds. We noted DNR did not assign an equipment identification tag and record the capital equipment in its inventory system for 1 of 6 sampled equipment acquisitions.

Criteria

Federal regulation 2 *CFR* 200.313(b) requires the state agency to manage equipment acquired under a federal award by the state in accordance with state laws and procedures.

The FMG (Part II, Chapter 21, Section 110) and DNR policy require DNR to tag all equipment and to maintain in its records the tag numbers of all capital assets.

Cause

DNR informed us the equipment was not tagged or included in its inventory system because of an oversight.



Effect

Insufficient capital asset records could increase the risk that equipment may be missing, lost, or stolen. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend DNR properly account for its capitalized equipment acquisitions.

Management Views

DNR agrees with the finding.

**FINDING 2023-026**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance - Grant Reimbursement Approval Procedures**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Department of Environment, Great Lakes, and Energy

Condition

The Department of Environment, Great Lakes, and Energy (EGLE) did not review and approve drinking water and clean water grant reimbursement requests for 1 of 8 sampled payments to ensure the requests are reasonable and appropriate.

Criteria

Federal regulation 2 *CFR* 200.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Also, Subpart E of federal regulation 2 *CFR* 200 requires costs charged to federal programs be necessary and reasonable for the administration of the federal award and be in accordance with the relative benefits received by the program.

Cause

EGLE informed us it determined instances where for a singular grant, it did not follow the established process for reviewing and approving reimbursement requests.

Effect

EGLE could potentially reimburse for ineligible project expenditures. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend EGLE review and approve drinking water and clean water grant reimbursement requests to ensure the requests are reasonable and appropriate.

Management Views

EGLE agrees with the finding.

**FINDING 2023-027**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance - Insufficient Respite Payment Controls**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not have sufficient controls in place to prevent or detect and correct payment errors made to respite grant recipients. We noted MDHHS did not review and approve respite grant payments subsequent to input into the Medical Services Administration Manual Payment System. Our review disclosed MDHHS issued duplicated payments to two recipients.

Criteria

Federal regulation 2 *CFR* 200.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

Also, Subpart E of federal regulation 2 *CFR* 200 requires costs charged to federal programs be necessary and reasonable for the administration of the federal award and be in accordance with the relative benefits received by the program.

Cause

MDHHS informed us limited staff resources contributed to the lack of reviews and approvals of the respite grant payments.

Effect

The deficiencies could potentially result in improper payments to recipients. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS improve its controls to prevent or detect and correct payment errors made to respite grant recipients.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-028**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Procurement and Suspension and Debarment - Lack of Required Contract Provisions**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Procurement and Suspension and Debarment
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Department of Technology, Management, and Budget

Condition

DTMB did not include all applicable required provisions in 1 (4%) of 23 sampled contracts executed during fiscal year 2023.

Criteria

Federal regulation 2 *CFR* 200.327 states the nonfederal entity's contracts must contain the applicable provisions described in Appendix II to Part 200. Appendix II to Part 200 states, in addition to other provisions required by the federal agency or nonfederal entity, all contracts made by the nonfederal entity must contain provisions covering the provisions in Appendix II as applicable.

Cause

DTMB informed us the noncompliant contract was due to the utilization of an existing competitively bid contract in which the project was initially funded with nonfederal funding. DTMB stated funding source changes are not typical; when the project funding was revised, an error was made in not ensuring it included the necessary provisions.

Effect

The contractor may not comply with the required federal provisions because the State did not include the provisions in the contract. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

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

Management Views

DTMB agrees with the finding.

**FINDING 2023-029**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Procurement and Suspension and Debarment - Suspension and Debarment Process**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Procurement and Suspension and Debarment
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

Condition

MDE did not have an adequate process to ensure the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) subrecipients were not suspended or debarred prior to its plans to enter into grant agreements for 3 of the 5 sampled subrecipients.

Criteria

Federal regulation 2 *CFR* 180.300 requires when MDE enters into a covered transaction with a subrecipient with whom it plans to do business, it must verify that the subrecipient is not suspended or debarred. This can be accomplished by checking the federal website, collecting a certification, or adding a clause or condition to the covered transaction agreement.

Cause

For 2 subrecipients, MDE believes the reference to the entire Uniform Guidance (federal regulation 2 CFR 200) in the grant agreement constitutes verification the subrecipients are not suspended or debarred; therefore, MDE did not add a specific suspension or debarment clause or cite the specific suspension and debarment regulation (federal regulation 2 CFR 200.214). For the other subrecipient, MDE informed us its process was not always sufficient to ensure document retention of its verification to the federal website.

Effect

An increased risk exists that MDE could provide grant funds to suspended or debarred subrecipients. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None. We reviewed the federal website and noted these 3 subrecipients were not suspended or debarred; therefore, we did not question the costs.

Recommendation

We recommend MDE establish an adequate process to ensure CSLFRF subrecipients are not suspended or debarred prior to its plans to enter into grant agreements.

Management Views

MDE agrees with the finding.

**FINDING 2023-030**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Reporting - Workfront Security**

**Management and Access Controls**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Reporting
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Department of Technology, Management, and Budget

Condition

DTMB did not fully establish effective security management and access controls over Workfront. DTMB program staff utilize Workfront to collect and prepare all CSLFRF data reported to the U.S. Department of the Treasury. We noted:

- a. DTMB did not maintain documentation to support it approved the system role for all 9 sampled Workfront users.
- b. DTMB did not review all privileged accounts on a semiannual basis for Workfront users.

Criteria

Federal regulation 2 *CFR* 200.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

SOM Technical Standard 1340.00.020.01 requires agencies to implement and document baseline controls ensuring users are only granted access which is necessary to accomplish assigned tasks in accordance with roles and responsibilities of their job functions. The Standard also requires accounts should be reviewed for compliance with account management requirements semiannually for privileged accounts.

Cause

DTMB's internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies.

Effect

Without effective user access controls, individuals may obtain unauthorized or inappropriate access to Workfront.

Known Questioned Costs

None.

Recommendation

We recommend DTMB fully establish effective security management and access controls over Workfront.

Management Views

DTMB agrees with the finding.

**FINDING 2023-031**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Reporting - Workfront Change Management Process**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable

<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127	03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512	
<b>Total COVID-19 Expenditures</b>	\$832,082,512	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Technology, Management, and Budget	

Condition

DTMB did not fully implement an effective change management process over Workfront. We sampled 4 Workfront change deployments and noted:

Control Weakness	Number (Percent) of Sampled Items
DTMB did not document testing results at one or more stages of process.	1 (25%)
DTMB did not close and document the completion of the change order request.	1 (25%)

Criteria

Federal regulation 2 *CFR* 200.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

SOM Technical Standard 1340.00.060.04 requires the business owner to authorize the change to be developed and perform post-implementation validation. SOM Technical Procedure 1340.00.060.04.01 requires each test type to have its own set of documentation.

State of Michigan Administrative Guide to State Government policy 1340.00 requires approved personnel to adequately manage the configuration of the State's systems, such as retaining previous system configurations, configuring approved devices for high-risk areas, and tracking and documenting system changes.

Cause

DTMB informed us the development team met with program management to discuss the necessary system changes to resolve the identified issues, but it did not maintain documentation of these meetings.

Effect

Without an effective change management process, individuals may make unauthorized or inappropriate changes to Workfront. As a result, an increased risk exists that DTMB cannot ensure Workfront is configured and operating securely and as intended.

Known Questioned Costs

None.

Recommendation

We recommend DTMB fully implement an effective change management process over Workfront.

Management Views

DTMB agrees with the finding.

**FINDING 2023-032**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Subrecipient Monitoring - Subaward Information**

<b>Federal Agency</b>	U.S. Department of the Treasury
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	SLFRP0127 03/03/2021 - 12/31/2024
<b>Total Expenditures of Federal Awards</b>	\$832,082,512
<b>Total COVID-19 Expenditures</b>	\$832,082,512
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-018, part b.
<b>State Agencies</b>	Michigan Department of Health and Human Services and Michigan Department of Education

Condition

MDHHS and MDE did not report to their subrecipients all subaward information as required by the Uniform Guidance. We noted:

- a. MDHHS did not report the correct unique entity identifier (UEI) or FAIN for all 4 sampled CSLFRF subrecipients.
- b. MDE did not correctly report one or more of the following for 5 of 6 sampled CSLFRF subrecipients: subrecipient name that matches the name associated with its UEI, unique entity identifier, FAIN, and closeout terms and conditions.

Criteria

Federal regulation 2 *CFR* 200.332(a) requires all pass-through entities ensure every subaward includes certain information.

Cause

For part a., MDHHS informed us because of an oversight, it did not use the correct ALN when determining the FAIN, and the grantee profile contained the Data Universal Numbering System (DUNS) number rather than the UEI.

For part b., MDE informed us because of an oversight, it did not use the appropriately updated grant agreement templates with the correct subaward information for fiscal year 2023.



Effect

Subrecipients and their auditors may not be aware of the federal award information needed to ensure compliance with the federal requirements. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS and MDE report to their subrecipients all subaward information as required by the Uniform Guidance.

Management Views

MDHHS and MDE agree with the finding.

**FINDING 2023-033**

**Title I Grants to Local Educational Agencies, ALN 84.010, Matching, Level of Effort, and Earmarking - Supplement Not Supplant Monitoring Procedures**

<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Title I Grants to Local Educational Agencies: ALN 84.010
<b>Federal Award Identification Number (FAIN) and Year</b>	S010A200022 07/01/2020 - 09/30/2021 S010A210022 07/01/2021 - 09/30/2022 S010A220022 07/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$476,429,254
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Education

Condition

MDE did not sufficiently monitor the LEAs to ensure they had a written methodology to demonstrate compliance with supplement not supplant requirements. MDE's process is to perform an annual risk-based approach of over 850 LEAs and then select higher risk LEAs to conduct on-site reviews that include reviews of the LEA's supplement not supplant methodology. We noted MDE performed an on-site review at 1 LEA during fiscal year 2023.

Criteria

Federal law 20 USC 6321(b) states an LEA shall use Title I, Part A funds only to supplement the funds that would be available from state and local sources for the education of students participating in Title I, Part A programs and not to supplant these funds. The U.S. Department of Education's supplement not supplant guidance indicates the state educational agency shall monitor its LEAs to ensure compliance with the requirements of the federal law, which include reviewing an LEA for a compliant methodology for allocating state and local funds.

Cause

MDE informed us system issues and competing priorities impacted its ability to perform on-site reviews.

Effect

LEAs may have improperly utilized federal funds instead of State or local funding for primary services. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDE sufficiently monitor LEAs to ensure they have written methodologies to demonstrate compliance with supplement not supplant requirements.

Management Views

MDE agrees with the finding.

**FINDING 2023-034**

**CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Child Care Stabilization Grant**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	2101MICSC6 - \$205,706	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023)	

Condition

MDE did not have sufficient controls in place to ensure child care stabilization grant funds were used for authorized activities.

Our review of 7 (18%) of 40 sampled child care providers noted the provider's file did not include adequate documentation to support the provider used the grant funds on authorized activities, such as staff bonuses; rent, utilities, facilities, maintenance, and insurance; personal protective equipment; or goods and services.

Criteria

The American Relief Plan of 2021 requires states to make child care stabilization grants to qualified child care providers and the providers may use the funds on a variety of key operating expenses, including wages and benefits, rent and utilities, cleaning and sanitization supplies and services, and other goods and services necessary to maintain or resume child care services. Also, MDE's written procedures require child care providers to submit documentation, such as itemized receipts or payroll reports, to support they used the grant funds for allowable expenses.

HHS's Administration for Children and Families child care stabilization fund guidance indicates the lead agencies should collect information from the child care providers regarding how they utilized the grant funds.

Cause

MDE's post-payment review process was not sufficient to ensure staff verified the providers submitted adequate documentation to support the use of grant funds.

Effect

We consider this to be a material weakness and material noncompliance because MDE may have not requested repayment of grant funds from child care providers for unallowable activities and because of the high error rate. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

- \$205,706 - federal share.

Recommendation

We recommend MiLEAP implement sufficient controls to ensure child care stabilization grant funds are used for authorized activities.

Management Views

MiLEAP agrees with the finding.

**FINDING 2023-035**

**CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Client Eligibility**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024

<b>FAIN and Year (Continued)</b>	2101MICSC6 2201MICCDD 2201MICCDF 2301MICCDD 2301MICCDF	10/01/2020 - 09/30/2023 10/01/2021 - 09/30/2024 10/01/2021 - 09/30/2024 10/01/2022 - 09/30/2025 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	2201MICCDD - \$127	
<b>Repeat Finding</b>	2022-044	
<b>State Agencies</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023) and Michigan Department of Health and Human Services	

Condition

MDE and MDHHS did not ensure compliance with federal laws and regulations relating to client eligibility for CCDF Cluster child care payments for 3 (8%) of the 40 cases we reviewed. Our review disclosed:

- a. MDHHS case record documentation was inconsistent with client eligibility information entered in Bridges for 2 (5%) of 40 cases reviewed. For these cases, the authorized hours of care in Bridges exceeded the client's documented need for hours of child care services.
- b. MDHHS did not appropriately categorize the client's eligibility based on the supporting documentation in the case record for 1 (3%) of 40 cases reviewed. We determined this did not affect the client's eligibility for child care services or level of benefits.

Criteria

Federal regulation 45 *CFR* 98.20 provides eligibility requirements for child care services and permits MDE to establish eligibility requirements in addition to those outlined in the section as long as the additional requirements are not in violation of the regulation. Federal regulation 45 *CFR* 98.16(i)(5) requires MDE identify additional eligibility requirements in its CCDF State Plan. MDE's CCDF State Plan for Federal Fiscal Years 2022-2024 provides specific requirements for client, child, and provider eligibility. Also, CCDF program policy deems clients are either income eligible or categorically eligible if they participate in certain other programs such as Foster Care - Title IV. The client's income or categorical eligibility determines the client's level of benefits, and the child must be assigned to an eligible provider.

Federal regulation 45 *CFR* 98.55 allows states to claim expenditures to be matched at the federal medical assistance percentage rate for allowable activities, as described in the approved state plan. In order to receive federal matching funds for a fiscal year, states must also expend an amount of nonfederal funds for child care activities in the state that is at least equal to the state's share of expenditures for the fiscal years 1994 or 1995 (whichever is greater) under Sections 402(g) and 402(i) of the federal Social Security Act as these sections were in effect before October 1, 1995, and the expenditures must be for allowable services or activities, as described in the approved state plan.

Cause

MDHHS informed us its internal control and monitoring activities were not sufficient to ensure MDHHS maintained or appropriately considered all required verification documentation in the client's case record to support eligibility.

Effect

MDE may have made payments on behalf of ineligible clients. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely total questioned costs would exceed \$25,000.

- \$127 - federal share.
- \$52 - State share of costs MDE inappropriately used as matching.

Recommendation

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

Management Views

MiLEAP and MDHHS agree with the finding.

**FINDING 2023-036**

**CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Provider Health and Safety Requirements**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Health and Safety Requirements	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	

<b>Repeat Finding</b>	2022-046
<b>State Agency</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education and child care licensing responsibilities transferred from Michigan Department of Licensing and Regulatory Affairs under Executive Order No. 2023-6, effective December 1, 2023)

Background

In accordance with the interagency agreement between MDE and the Department of Licensing and Regulatory Affairs (LARA) for fiscal year 2023, LARA was responsible for performing on-site inspections and licensing of child care providers. LARA completes on-site inspections to issue licenses, to renew licenses at the end of the license period, and to perform an interim inspection during the license period.

Condition

MDE and LARA did not perform timely inspections to support child care providers meet applicable health and safety requirements to be eligible for CCDF Cluster payments. Our review of 53 sampled licensed providers for the CCDF Cluster payments disclosed LARA did not ensure timely annual on-site inspections for 8 (15%) licensed providers. We noted LARA performed the on-site inspections from 15 to 20 months after the last on-site inspection.

Criteria

Federal regulation 45 *CFR* 98.41 states the lead agency (MDE) shall have in effect, under State, local, or tribal law, requirements designed, implemented, and enforced to protect the health and safety of children and provide the minimum health and safety topics applicable to child care providers of services. The regulation also allows for MDE to include additional requirements determined to be necessary to promote child development and to protect children's health and safety as long as the additional requirements are not inconsistent with the parental choice safeguards.

Federal regulation 45 *CFR* 98.42(b)(2) states MDE shall certify in its CCDF State Plan it has monitoring policies and practices applicable to all child care providers eligible to deliver services for which assistance is provided under the CCDF Cluster. MDE must require inspections of licensed child care providers at licensure and not less than annually for compliance with all health and safety requirements described in federal regulation 45 *CFR* 98.41 and fire standards.

Section 5 of MDE's CCDF State Plan for Federal Fiscal Years 2022-2024 provides the State's standards and monitoring processes to ensure providers meet health and safety requirements in the federal regulations.

Cause

LARA informed us limited resources impacted the timeliness of some inspections.

Effect

MDE and LARA may not have identified the child care providers potential noncompliance with all applicable health and safety requirements in a timely manner, resulting in potential improper payments to providers. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MiLEAP perform timely inspections to support child care providers meet applicable health and safety requirements to be eligible for CCDF Cluster payments.

Management Views

LARA and MiLEAP agree with the finding.

**FINDING 2023-037**

**CCDF Cluster, ALN 93.575 and 93.596, Subrecipient Monitoring - Subaward Information**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), 93.596, and 93.596 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2001MICCC3	03/27/2020 - 09/30/2023
	2101MICCC5	12/27/2020 - 09/30/2023
	2101MICCDF	10/01/2020 - 09/30/2023
	2101MICDC6	10/01/2020 - 09/30/2024
	2101MICSC6	10/01/2020 - 09/30/2023
	2201MICCDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICCDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$534,541,077	
<b>Total COVID-19 Expenditures</b>	\$270,163,637	
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education under Executive Order No. 2023-6, effective December 1, 2023)	

Condition

MDE did not report to its subrecipients all subaward information as required by the Uniform Guidance. We noted MDE did not report the unique entity identifier or federal award project description for 1 of 6 sampled CCDF subawards.

Criteria

Federal regulation 45 *CFR* 75.352(a) requires all pass-through entities ensure every subaward includes certain information.

Cause

MDE informed us because of an oversight, it did not always provide all required subaward information to subrecipients.

Effect

Subrecipients and their auditors may not be aware of the federal award information needed to ensure compliance with the federal requirements. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

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

Management Views

MiLEAP agrees with the finding.

**FINDING 2023-038**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Payments on Behalf of Ineligible Beneficiaries**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP	10/01/2022 - 09/30/2023
	2305MI5ADM	10/01/2022 - 09/30/2023
	2305MIIMPL	10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	2305MI5MAP - \$945	
<b>Repeat Finding</b>	2022-047	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS did not ensure beneficiary eligibility was updated in CHAMPS. As a result, MDHHS issued \$1,058 for 8 (27%) of 30 payments sampled from a \$1,620,411 population of beneficiary payments with no corresponding Medicaid coverage.

Criteria

Federal regulation 42 *CFR* 435.1002(b) indicates federal funding is available only for services provided to eligible beneficiaries.

Cause

MDHHS informed us that because of system and interface issues in both Bridges and CHAMPS, eligibility information was not always properly updated in CHAMPS, resulting in beneficiaries appearing eligible in CHAMPS in error and payments being processed based on that eligibility.

Effect

MDHHS made payments on behalf of ineligible beneficiaries. The federal grantor agency could issue sanctions or disallowances related to noncompliance.



Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely that total questioned costs exceed \$25,000.

- \$945 - federal share of payments made to providers on behalf of ineligible beneficiaries.
- \$113 - State share of payments made to providers on behalf of ineligible beneficiaries.

Recommendation

We recommend MDHHS ensure beneficiary eligibility is updated in CHAMPS.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-039**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Ineligible HHP Payments**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Significant Deficiency and Noncompliance
<b>Known Questioned Costs by FAIN</b>	2305MI5MAP - \$128
<b>Repeat Finding</b>	2022-048
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not prevent or timely recover payments, totaling \$183, for 3 (20%) of 15 sampled clients who were hospitalized while receiving Home Help Program (HHP) services and no longer met eligibility requirements.

Criteria

Federal regulation 42 *CFR* 435.10 requires MDHHS to specify in its State Plan the groups to whom Medicaid is provided and the conditions of eligibility for individuals in those groups. MDHHS's Medicaid State Plan states it will provide personal care services under HHP. MDHHS has developed the Adult Services Manual (ASM) to further define specific policies and procedures for delivery of Medicaid HHP services.

ASM Section 135, effective through January 31, 2023, prohibits payment for HHP services on days a client is admitted to a hospital and for all subsequent days they remain in that facility. ASM Section 140, effective February 1, 2023, prohibits payment for HHP services on days a client is unavailable due to hospitalization, except the caregiver may receive payment of HHP

services on the day a client is admitted to a hospital if HHP services were completed before the time the client was admitted to the hospital. Also, ASM Sections 135 and 140 allow payment for HHP services on the day a client is discharged from the hospital.

**Cause**

MDHHS informed us the post-payment review process is complicated by the lag time (up to one year) associated with MDHHS receiving and processing hospital claims and delays in changes to clients' level of care. Also, MDHHS indicated staff oversight impacted the timeliness and accuracy of recoupments.

**Effect**

MDHHS paid a total of \$183 from October 1, 2022 through September 30, 2023 for sampled clients who did not qualify for HHP services because they were hospitalized. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

**Known Questioned Costs**

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely that total questioned costs would exceed \$25,000.

- \$128 - federal share of amounts paid for HHP services while sampled clients were hospitalized.
- \$55 - State share of costs MDHHS inappropriately used as matching.

**Recommendation**

We recommend MDHHS prevent or timely recover payments for HHP services when clients no longer meet eligibility requirements.

**Management Views**

MDHHS agrees with the finding.

**FINDING 2023-040**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking - Practitioner Reimbursement**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 10/01/2022 - 09/30/2023 2305MI5ADM 10/01/2022 - 09/30/2023 2305MIIMPL 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944
<b>Total COVID-19 Expenditures</b>	\$829,518,591
<b>Compliance Requirement(s)</b>	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking
<b>Type of Finding</b>	Significant Deficiency and Noncompliance
<b>Known Questioned Costs by FAIN</b>	2305MI5MAP - \$236,969
<b>Repeat Finding</b>	2022-050
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure proper payment of practitioner fee-for-service (FFS) claims. We noted MDHHS paid \$328,942 for 5,003 FFS claims for beneficiaries simultaneously enrolled in an MHP.

Criteria

According to its Medicaid State Plan, MDHHS provides coverage of practitioner services for eligible Medicaid beneficiaries. Also, MDHHS's policy contained in its Medicaid Provider Manual establishes limitations, restrictions, and other requirements that must be met in order for MDHHS to reimburse Medicaid practitioner FFS claims. In addition, Subpart E of federal regulation 45 *CFR* 75 requires costs conform to any limitations, exclusions, or conditions and be consistent with policies that apply to the federal award.

Cause

MDHHS stated eligibility and enrollment are not static, and CHAMPS is not the system of record for eligibility. CHAMPS must make payments to FFS providers and managed care entities based upon the eligibility and enrollment in the system at the time the payment is made. MDHHS informed us the primary remaining sources for overlaps between FFS and capitation payments are due to retroactive removal of Medicaid eligibility. The overall solution is more complex than originally estimated and completing public health emergency unwind-related priorities took precedence, causing further delay in implementation.

Effect

MDHHS made improper FFS practitioner payments of \$328,942 from October 1, 2022 through September 30, 2023. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

- \$236,969 - federal share of improper payments made to providers from October 1, 2022 through September 30, 2023.
- \$91,973 - State share of costs MDHHS inappropriately used as matching.

Recommendation

We recommend MDHHS ensure proper payment of practitioner FFS claims for the Medicaid Cluster.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-041**

**Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - ADP Security Program**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Medicaid Cluster: ALN 93.775, 93.777, 93.777 (COVID-19), 93.778, and 93.778 (COVID-19)

<b>Federal Award Identification Number (FAIN) and Year</b>	2305MI5MAP 2305MI5ADM 2305MIIMPL	10/01/2022 - 09/30/2023 10/01/2022 - 09/30/2023 10/01/2022 - 09/30/2023
<b>Total Expenditures of Federal Awards</b>	\$17,835,857,944	
<b>Total COVID-19 Expenditures</b>	\$829,518,591	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - ADP Risk Analysis and System Security Review	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	2022-007	
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Condition

MDHHS and DTMB did not ensure a comprehensive ADP security program was fully implemented for information systems used to administer the Medicaid Cluster. We reviewed 5 significant systems and noted:

- a. MDHHS did not include all critical elements in the business continuity plan (BCP) for 1 system during fiscal year 2023, such as annual review and testing of the plan.
- b. MDHHS and DTMB did not complete all necessary updates to the system security plan for 2 systems during fiscal year 2023, including not updating the risk assessment which resulted in the expiration of the authority to operate (ATO) for both systems.

Criteria

Federal regulation 45 *CFR* 95.621 makes state agencies responsible for security of information systems used to administer federal programs. In part, the regulation requires state agencies to establish and maintain an ADP security program, including a security plan and policies and procedures to address contingency planning to meet critical processing needs in the event of short- or long-term interruption of services, plans for emergency preparedness, and a program for conducting periodic risk analyses. In addition, federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

Cause

MDHHS and DTMB indicated that resources were focused on meeting federal and State mandates while maintaining operational needs and addressing IT security risks highlighted in prior audits. MDHHS and DTMB also indicated limited resources caused delays in the completion of a comprehensive ADP security program.

Effect

MDHHS cannot demonstrate it has implemented effective controls to ensure the confidentiality, integrity, and availability of its information systems and cannot ensure it complies with applicable direct and material federal compliance requirements, such as the Medicaid Cluster special tests and provisions - ADP risk analysis and system security review requirement. Incomplete BCPs could result in delays in restoring critical systems and business processes. Outdated system security plans and risk assessments put the security of critical systems at risk by failing to mitigate potential vulnerabilities. The federal grantor agency could issue sanctions and/or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS and DTMB ensure a comprehensive ADP security program is fully implemented for information systems used to administer the Medicaid Cluster.

Management Views

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

For part b., although MDHHS agrees that system security plans were not updated timely for the systems cited and the authority to operate expired for both systems, MDHHS disagrees that effective controls were not implemented to ensure confidentiality, integrity, and availability of its 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 (POAMS) for all information systems even after expiration of the authority to operate. The 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.

For one system cited, MDHHS is required to audit the system as part of the 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 data stored in those systems. The other system cited did not have any significant changes and implemented controls are still working as expected.

Auditor's Comments to Management Views

Although MDHHS may monitor the remediation of identified risks through POAMS, the two systems cited did not have an updated risk assessment, creating a potential system vulnerability by failing to monitor the current risks. Further, the reviews conducted in other audits and the internal control evaluation process do not eliminate the need to ensure a comprehensive ADP security program is fully implemented.

Therefore, the finding stands as written.

**FINDING 2023-042**

**Public Health Emergency Preparedness, ALN 93.069, Subrecipient Monitoring - Risk Assessment and During-the-Award Monitoring**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Public Health Emergency Preparedness: ALN 93.069
<b>Federal Award Identification Number (FAIN) and Year</b>	NU90TP922062 07/01/2019 - 06/30/2024
<b>Total Expenditures of Federal Awards</b>	\$16,705,172

<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not sufficiently monitor and evaluate the risk of noncompliance with program requirements. We noted:

- a. MDHHS did not utilize the risk assessment results to determine the type of monitoring appropriate for all 57 subrecipients.
- b. MDHHS did not obtain all required semiannual progress reports for 2 (15%) of 13 sampled subrecipients.

Criteria

Federal regulation 45 *CFR* 75.352(d) requires MDHHS to monitor the activities of the subrecipient as necessary to ensure the subaward is used for authorized purposes in compliance with federal statutes, regulations, and terms and conditions of the subaward and that subaward performance goals are achieved.

As part of its risk assessment procedures, MDHHS conducts an assessment of all subrecipients to determine the monitoring activities, which may include on-site or desk reviews. In addition, MDHHS monitors the performance of subrecipients through semiannual progress reports.

Cause

MDHHS informed us limited resources and competing priorities contributed to its inability to sufficiently monitor and evaluate subrecipients.

Effect

Insufficient monitoring and evaluation of subrecipients could increase the subrecipients' and MDHHS's noncompliance with federal statutes, regulations, or the terms and conditions of federal awards. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS sufficiently monitor and evaluate the risk of noncompliance with program requirements.

Management Views

MDHHS agrees with the finding.

## **FINDING 2023-043**

### **Immunization Cooperative Agreements, ALN 93.268, Special Tests and Provisions - MCIR User Access Controls**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Immunization Cooperative Agreements: ALN 93.268 and 93.268 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	NH23IP922635 07/01/2019 - 06/30/2024
<b>Total Expenditures of Federal Awards</b>	\$149,599,283
<b>Total COVID-19 Expenditures</b>	\$32,781,262
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - Control, Accountability, and Safeguarding of Vaccine and Record of Immunization
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

#### **Condition**

MDHHS did not fully establish effective user access controls over the Michigan Care Improvement Registry (MCIR). MCIR serves as the central registry for immunization records in the State, as well as the vaccine inventory management system for providers enrolled in the Vaccines for Children program. We noted MDHHS did not disable 21 (13%) of 158 active MCIR user accounts that had not accessed the application in over 60 days as of September 30, 2023.

#### **Criteria**

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

SOM Technical Standard 1340.00.020.01 requires the information system to automatically disable inactive user accounts after 60 days.

#### **Cause**

MDHHS's internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies.

#### **Effect**

Without effective user access controls, individuals may obtain unauthorized or inappropriate access to MCIR. As a result, an increased risk exists that MDHHS cannot ensure the security of MCIR.

#### **Known Questioned Costs**

None.

Recommendation

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

Management Views

MDHHS agrees with the finding.

**FINDING 2023-044**

**Immunization Cooperative Agreements, ALN 93.268, Special Tests and Provisions - Control, Accountability, and Safeguarding of Vaccine and Record of Immunization**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Immunization Cooperative Agreements: ALN 93.268 and 93.268 (COVID-19)
<b>Federal Award Identification Number (FAIN) and Year</b>	NH23IP922635 07/01/2019 - 06/30/2024
<b>Total Expenditures of Federal Awards</b>	\$149,599,283
<b>Total COVID-19 Expenditures</b>	\$32,781,262
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - Control, Accountability, and Safeguarding of Vaccine and Record of Immunization
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-053
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure compliance site visits for providers enrolled in the Vaccines for Children (VFC) program were conducted in accordance with federal guidelines. We noted:

- a. MDHHS did not timely conduct a compliance site visit at least once every 24 months for 24 (60%) of 40 sampled providers. For the 24 providers, the compliance visits were late between 1.7 months and 4.0 years, averaging 1.7 years.
- b. MDHHS did not conduct a compliance site visit at least once every 24 months for 1 (3%) of 40 sampled providers. The compliance visit was not complete as of September 30, 2023 and was overdue by 2.0 years.

Criteria

Federal law 42 USC 1396s requires vaccines to be adequately safeguarded and used solely for authorized purposes. The HHS's Centers for Disease Control and Prevention's (CDC's) Vaccines for Children July 2022 and July 2023 Operations Guides state that awardees must conduct and record VFC compliance site visits, covering areas of provider details, eligibility, documentation, storage and handling, and inventory management with each VFC provider every 24 months.

Cause

MDHHS informed us during the COVID-19 pandemic it conducted limited provider site visits, which created a backlog of site visits to complete during fiscal year 2023. Also, MDHHS



informed us staff turnover and vacancies at the local health departments contributed to the delay in the site visits.

Effect

MDHHS could not ensure VFC providers adequately safeguarded and used vaccines solely for authorized purposes. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS ensure required compliance site visits for providers enrolled in the VFC program are conducted.

Management Views

MDHHS disagrees with the finding. Site visits did not resume for all VFC providers until the July 1, 2022 through June 30, 2023 review cycle because the CDC allowed jurisdictions to temporarily suspend these visits during the COVID-19 pandemic that ended during May 2023. MDHHS previously reached out to the CDC for clarification on conducting site visits and was informed that site visit activities could be suspended based on COVID-19 activity in MDHHS's jurisdiction and capacity within MDHHS's organization. The site visits identified in the finding were included in the backlog of suspended site visits that MDHHS continued to work through during the audit period.

Auditor's Comments to Management Views

Although the CDC communicated a temporary suspension was permissible, the CDC compliance site visit requirement did not change. Also, the special tests and provisions compliance requirements for Control, Accountability, and Safeguarding of Vaccine and Record of Immunization were subject to audit according to the OMB *Compliance Supplement*. As the federal grantor agency, the CDC has discretion as to whether penalties will be assessed for noncompliance. However, neither this nor MDHHS's capacity to rectify the backlog and complete the required site visits alleviates our responsibility to report noncompliance under the Uniform Guidance.

Therefore, the finding stands as written.

**FINDING 2023-045**

**Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - MiSACWIS Security Management and Access Controls**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF 10/01/2021 - Until Expended 2301MITANF 10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-008
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS had not established effective security management and access controls over the Michigan Statewide Automated Child Welfare Information System (MiSACWIS).

We noted:

- a. MDHHS did not properly approve 2 (4%) of the 50 sampled MiSACWIS application security agreements prior to granting access to MiSACWIS.
- b. MDHHS did not maintain documentation for 4 (10%) of 40 sampled MiSACWIS incompatible role exception requests.
- c. MDHHS did not document or properly review its annual recertification of 2 (5%) of 40 sampled MiSACWIS non-privileged user accounts.

Criteria

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

SOM Technical Standard 1340.00.020.01 requires agencies to implement and document baseline controls ensuring users are only granted access which is necessary to accomplish assigned tasks in accordance with roles and responsibilities of their job functions. The Standard also requires separation of duties must be implemented through assigned information system access authorizations and accounts should be reviewed for compliance with account management requirements annually for all non-privileged accounts. In addition, GAO's FISCAM recommends compensating controls, such as additional monitoring and supervision, should be in place where segregation of duties' conflicts exist.

Cause

For parts a. and b., MDHHS informed us local office security coordinators and security administrators did not follow established policies and procedures regarding granting of MiSACWIS access.

For part c., MDHHS informed us the users' roles were not always recertified due to staff oversight.

Effect

Without effective security management and access controls, individuals may obtain unauthorized or inappropriate access to MiSACWIS. As a result, an increased risk exists that

MDHHS cannot ensure the security of the MiSACWIS application and data used to help determine eligibility and benefits for TANF.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS establish effective security management and access controls over MiSACWIS.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-046**

**Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Subrecipient Monitoring - MARS User Access**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF 10/01/2021 - Until Expended 2301MITANF 10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Subrecipient Monitoring
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	2022-010
<b>State Agencies</b>	Michigan Department of Health and Human Services and Department of Labor and Economic Opportunity

Condition

The Department of Labor and Economic Opportunity (LEO) did not fully establish effective user access controls over the Management of Awards to Recipients System (MARS). Michigan Works! Agencies used MARS to request reimbursement, report expenditures, and view financial data related to employment, education, and training services provided to clients. We noted LEO did not disable 34 (24%) of 140 active MARS user accounts that had not accessed the application in over 60 days as of September 30, 2023.

Criteria

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from

unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

SOM Technical Standard 1340.00.020.01 requires agencies to implement and document baseline controls ensuring users are only granted access which is necessary to accomplish assigned tasks in accordance with roles and responsibilities of their job functions. The Standard also requires the information system to automatically disable inactive user accounts after 60 days.

Cause

LEO informed us that because of staffing limitations, some processes could not be followed or established.

Effect

Without effective user access controls, individuals may obtain unauthorized or inappropriate access to MARS. As a result, an increased risk exists that LEO cannot ensure the security of the MARS application and data used to issue payments to subrecipients of federal awards.

Known Questioned Costs

None.

Recommendation

We recommend LEO fully establish effective user access controls over MARS.

Management Views

LEO agrees with the finding.

**FINDING 2023-047**

**Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Non-Financial Eligibility Documentation**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF 10/01/2021 - Until Expended 2301MITANF 10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
<b>Type of Finding</b>	Significant Deficiency and Noncompliance
<b>Known Questioned Costs by FAIN</b>	2301MITANF - \$97
<b>Repeat Finding</b>	2022-054
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not obtain or maintain sufficient non-financial case record documentation to support client eligibility for 3 (14%) of 21 sampled TANF-funded assistance payments.

MDHHS did not obtain or maintain documentation such as support for timely completion of the Family Automated Screening Tool, Family Self-Sufficiency Plan, and records to support children older than 6 were attending school full time in order to demonstrate the 3 families were in need of TANF assistance.

Criteria

Federal regulation 45 *CFR* 260.20 requires a family be needy in order to be eligible for TANF assistance and job preparation services. Federal regulation 45 *CFR* 205.60(a) requires MDHHS to maintain records to support eligibility, including facts to support the client's need for assistance. MDHHS's TANF State Plan requires MDHHS and the client complete the Family Self-Sufficiency Plan prior to the end of the first three months of assistance. MDHHS's policies and procedures require documentation used to verify eligibility be maintained in the case file.

In addition, Subpart E of federal regulation 45 *CFR* 75 requires costs charged to federal programs be adequately documented, be necessary and reasonable for the administration of the federal award, be in accordance with the relative benefits received by the program, and be consistent with policies and procedures that apply to both the federal award and other activities of the state.

Cause

MDHHS informed us its controls were not sufficient to ensure that all of the required verification documentation was appropriately maintained in the client's case record.

Effect

MDHHS may have made TANF-funded assistance payments to ineligible clients. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely total questioned costs would exceed \$25,000.

- \$97 - federal share.

Recommendation

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

Management Views

MDHHS agrees with the finding.

**FINDING 2023-048**

**Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Inappropriate TANF-Funded Adoption Subsidy Rate**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF	10/01/2021 - Until Expended
	2301MITANF	10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287	

<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure it used the appropriate negotiated rate to calculate the payment to adoptive parents for 1 (6%) of 17 sampled TANF-funded adoption subsidy case records.

Criteria

Federal regulation 45 *CFR* 263.11(a)(1) states funds may be used in any manner reasonably calculated to achieve the purposes of TANF. Section 400.115i of the *Michigan Compiled Laws* requires adoptive parents to enter into agreements with the State that prescribe the payment amount.

Also, Subpart E of federal regulation 45 *CFR* 75 requires costs charged to federal programs be necessary and reasonable for the administration of the federal award; conform to any limitations, exclusions, or conditions; be in accordance with the relative benefits received by the program; and be consistent with policies and procedures that apply to both the federal award and other activities of the state.

Cause

MDHHS informed us adoption assistance agreements received prior to January 21, 2014 were eligible for clothing allowance. MDHHS manually created negotiated rate offsets in MiSACWIS until the system was updated on June 18, 2015 to not include the clothing allowance in future calculated rates. The month the child turns 13, the clothing allowance rates are increased. The under 13 clothing allowance rate was not manually removed by MDHHS for the month the child turned 13, causing MiSACWIS to calculate and pay a rate to the adoptive parent for the month the child turned 13 only, which was greater than the negotiated rate.

Effect

MDHHS made payments to adoptive parents not consistent with the agreed upon negotiated rate. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS use the appropriate negotiated rate to calculate the TANF-funded adoption subsidy payments to adoptive parents.

Management Views

MDHHS disagrees with the finding. Although the appropriate negotiated rate was not used to calculate the initial payment, MDHHS disagrees that a deficiency exists.

MDHHS ensures that the appropriate negotiated rate is used during an annual review process that occurs each year and is based on the child's birth month. The annual report process includes a thorough payment history review for each adoption assistance case to ensure

payments are issued accurately. This involves verifying cases are paid at the correct rate and identifying any overpayments that occurred for adoption assistance agreements that were entered into between January 21, 2014 through June 18, 2015, prior to the MiSACWIS system update to automate the clothing allowance offset. The overpayment noted in the finding was identified by the auditor during the month prior to MDHHS's annual review process, which was scheduled for April 2024, and the negotiated rate for the month the child turned 13 was manually corrected and recouped by MDHHS in March 2024. MDHHS believes this is a timing issue and disagrees that a deficiency exists.

**Auditor's Comments to Management Views**

Regardless of the timing of MDHHS's annual review process, Subpart E of federal regulation 45 *CFR* 75 requires MDHHS costs charged to the federal program be necessary and reasonable. In addition, federal regulation 45 *CFR* 75.2 defines an "improper payment" as any payment that should not have been made or made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. MDHHS did not manually correct the negotiated rate for the month the child turned 13. Once the auditor informed MDHHS of the error, MDHHS recouped the overpayment in March 2024.

Therefore, this finding stands as written.

**FINDING 2023-049**

**Temporary Assistance for Needy Families, ALN 93.558, Subrecipient Monitoring - Risk Assessment and During-the-Award Monitoring**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF	10/01/2021 - Until Expended
	2301MITANF	10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Health and Human Services	

**Condition**

MDHHS did not sufficiently monitor and evaluate the risk of noncompliance with program requirements. We noted:

- a. MDHHS did not utilize the risk assessment results to determine the type of monitoring appropriate for 1 of 4 sampled subrecipients.
- b. MDHHS did not document its monitoring activities and any potential follow-up actions related to deficiencies noted during the review for 1 of 3 sampled subrecipients.

**Criteria**

Federal regulation 45 *CFR* 75.352(d) requires MDHHS to monitor the activities of the subrecipient as necessary to ensure the subaward is used for authorized purposes in

compliance with federal statutes, regulations, and the terms and conditions of the subaward and that subaward performance goals are achieved.

Cause

MDHHS believed its current process to monitor and evaluate subrecipients was sufficient to comply with program requirements. However, the documentation provided did not substantiate the procedures completed.

Effect

Insufficient monitoring of subrecipients could increase the subrecipients' and MDHHS's noncompliance with federal statutes, regulations, or the terms and conditions of federal awards. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS sufficiently monitor and evaluate the risk of noncompliance with program requirements.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-050**

**Temporary Assistance for Needy Families, ALN 93.558, Special Tests and Provisions - Child Support Non-Cooperation**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Temporary Assistance for Needy Families: ALN 93.558
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MITANF 10/01/2021 - Until Expended 2301MITANF 10/01/2022 - Until Expended
<b>Total Expenditures of Federal Awards</b>	\$707,189,287
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Special Tests and Provisions - Child Support Non-Cooperation
<b>Type of Finding</b>	Significant Deficiency
<b>Known Questioned Costs by FAIN</b>	\$0
<b>Repeat Finding</b>	Not Applicable
<b>State Agency</b>	Michigan Department of Health and Human Services

Condition

MDHHS did not appropriately and timely sanction TANF families who did not cooperate with establishing paternity and child support orders in 5 (13%) of the 40 sampled case records. MDHHS uses an automated interface between the Michigan Child Support Enforcement System and Bridges to identify and sanction TANF families not cooperating with establishing paternity and child support orders.

We noted for all 5 cases, the automated interface identified that the TANF family was not cooperating, but the benefits did not stop and the clients' case records did not contain evidence the clients met good cause criteria for not cooperating.



### Criteria

Federal regulation 45 *CFR* 264.30 states MDHHS must deduct an amount equal to not less than 25% from the TANF-funded assistance that would otherwise be provided to the family of the individual or may deny the family any TANF-funded assistance. MDHHS's TANF State Plan states failure to cooperate in establishing paternity and pursuing child support for dependent children will result in TANF client ineligibility for a one-month minimum.

### Cause

MDHHS's internal control did not ensure county/district office caseworkers applied the appropriate one-month sanction period for the child support non-cooperation for one case. For the remaining 4 cases, MDHHS informed us the one-month sanction period for the child support non-cooperation was not applied because the case was in a non-ongoing mode, which requires certification of the case by all MDHHS programs because of a change in client circumstances.

### Effect

MDHHS may have inappropriately paid TANF funds to individuals who were ineligible because of failure to comply with child support requirements. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

### Known Questioned Costs

None.

### Recommendation

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

### Management Views

MDHHS disagrees with 4 of 5 exceptions identified. The MDHHS Bridges technical team reviewed each cited case and determined that Bridges was functioning as intended for four cases identified because each case was in a non-ongoing mode at the time the automated interface occurred. A case is placed into this status if the client circumstances have changed for any MDHHS program within Bridges and the case requires a redetermination. TANF policy cannot mandate Bridges to change the non-ongoing mode because each impacted program is required to be certified prior to changing the status. MDHHS policy does not mandate a specific length of time that a case can be in a non-ongoing status. The results of the redetermination can impact the client's non-cooperation status and therefore the client should not be sanctioned until the certification by all programs is complete.

For two of the cases, the client was appropriately sanctioned after the case review was complete and for the other two cases, the client was determined to be in compliance once the case was removed from the non-going status mode.

### Auditor's Comments to Management Views

MDHHS did not timely initiate sanctions against clients identified as not cooperating with establishing paternity and child support orders. Federal regulation 45 *CFR* 233.10 states when there is a change in circumstances, payment may not continue beyond one month after the change. For the 4 exceptions MDHHS disagrees, we noted MDHHS continued to make payments for up to 7 months after the date of non-cooperation.

Therefore, this finding stands as written.

**FINDING 2023-051**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Subrecipient Monitoring - Salesforce Security Management and Access Controls**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRCMA	10/01/2021 - 09/30/2023
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Subrecipient Monitoring	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Labor and Economic Opportunity	

**Condition**

LEO did not fully establish effective security management and access controls over the Salesforce users. Program subrecipients utilize Salesforce to submit performance data, contract budgets, and expenditure submissions related to refugee resettlement. Also, LEO program staff utilize Salesforce to manage subgrants and review and approve subrecipient contract budgets and payment requests. We noted LEO did not review user access semiannually for privileged accounts or annually for all other accounts.

**Criteria**

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

According to State of Michigan Administrative Guide to State Government policy 1340.00, security controls must be implemented to protect State of Michigan information from unauthorized access, use, disclosure, modification, destruction, or denial and to ensure confidentiality, integrity, and availability of State of Michigan information.

SOM Technical Standard 1340.00.020.01 requires accounts should be reviewed for compliance with account management requirements semiannually for privileged accounts and annually for all other accounts.

**Cause**

LEO informed us that because of staffing limitations, some processes could not be followed or established.

Effect

Without effective user access controls, individuals may obtain unauthorized or inappropriate access to Salesforce. As a result, an increased risk exists that LEO cannot ensure the security of the Salesforce application and data used to issue payments to subrecipients of federal awards.

Known Questioned Costs

None.

Recommendation

We recommend LEO fully establish effective security management and access controls over Salesforce users.

Management Views

LEO agrees with the finding.

**FINDING 2023-052**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Assistance to Ineligible Refugees**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRCMA 10/01/2021 - 09/30/2023 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070
<b>Total COVID-19 Expenditures</b>	\$0
<b>Compliance Requirement(s)</b>	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
<b>Type of Finding</b>	Material Weakness and Material Noncompliance
<b>Known Questioned Costs by FAIN</b>	2305MIRCMA - \$99,995
<b>Repeat Finding</b>	Not Applicable
<b>State Agencies</b>	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services

Condition

LEO and MDHHS did not ensure compliance with federal laws and regulations relating to client eligibility. Our review disclosed:

- a. MDHHS did not maintain sufficient documentation of its efforts to evaluate clients' eligibility; examples of documentation include support for the verification of nationality, identification, U.S. entry date, and mandatory work for 7 (28%) of 25 sampled refugee cash or medical assistance payments.
- b. MDHHS inappropriately charged medical service expenditures of \$98,381 to the federal program for non-REAP clients.

Criteria

Federal regulations 45 *CFR* 400.53 and 45 *CFR* 400.75(a) require refugees to meet general eligibility requirements for refugee cash assistance, including requirements that eligible refugees meet immigration status and identification conditions; reside in the United States less than the eligibility period determined by HHS's Office of Refugee Resettlement; and cannot, without good cause, fail or refuse to meet the work registry requirements. Also, federal regulation 45 *CFR* 400.28 requires MDHHS provide for the maintenance of operational records as are necessary for federal monitoring of the State's REAP.

Federal regulation 45 *CFR* 75.303 requires the auditee to establish and maintain effective internal control over federal awards that provides reasonable assurance the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards.

Cause

For part a., MDHHS's internal control and monitoring activities were not sufficient to ensure MDHHS maintained or appropriately considered the required verification documentation in clients' case records to support eligibility.

For part b., MDHHS indicated program records properly accounted for client eligibility; however, because of staff oversight, the accounting records were not properly adjusted following the correction of a reporting defect.

Effect

We consider this to be a material weakness and material noncompliance because MDHHS may have provided assistance to ineligible clients and because of the overall high error rate. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

- \$99,995 - federal share.

Recommendations

We recommend LEO and MDHHS maintain documentation to support client eligibility was determined in accordance with eligibility requirements.

We also recommend LEO and MDHHS ensure they properly charge only REAP eligible client assistance to REAP.

Management Views

LEO and MDHHS agree with the finding.

**FINDING 2023-053**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Cash Management - Timeliness of Cash Draws**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable
<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566

<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS 2205MIRCMA 2205MIRSSS 2305MIRCMA 2305MIRSSS	10/01/2020 - 09/30/2024 10/01/2021 - 09/30/2023 10/01/2021 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Cash Management	
<b>Type of Finding</b>	Significant Deficiency	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Labor and Economic Opportunity	

Condition

LEO did not ensure its reimbursement requests were prepared in accordance with the CMIA. We noted for 1 of the 2 sampled quarterly cash draws, LEO prepared the reimbursement request 151 days after the quarter ended.

Criteria

Subpart B of federal regulation 31 *CFR* 205 requires a state must minimize the time between the drawdown of federal funds from the federal government and its disbursement for federal program purposes. The timing and amount of funds transfers must be as close as is administratively feasible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

Cause

LEO informed us staffing limitations impacted its ability to timely submit reimbursement requests.

Effect

LEO limited its assurance that it complied with the CMIA and may have lost interest by drawing funds late. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend LEO ensure its reimbursement requests are prepared in accordance with the CMIA.

Management Views

LEO agrees with the finding.

**FINDING 2023-054**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Reporting - FFATA Reporting**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable

<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRCMA	10/01/2021 - 09/30/2023
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Reporting	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Labor and Economic Opportunity	

Condition

LEO did not report any REAP subaward information as required by FFATA.

Criteria

Federal regulation 2 *CFR* 170 implemented FFATA requirements for reporting subaward information and requires LEO to report, on the federal website, each action that obligates \$30,000 or more in federal funds by the end of the month following the month in which the subaward was made.

Cause

LEO informed us it had not implemented a process to accumulate and submit the required information to the federal system.

Effect

LEO grant information was not available for public access through the federal website established to improve transparency of governmental spending as required. We consider this to be a material weakness and material noncompliance because LEO did not complete any FFATA reporting. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend LEO report REAP subaward information as required by FFATA.

Management Views

LEO agrees with the finding.

**FINDING 2023-055**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Subrecipient Monitoring - Subrecipient Audits and Subaward Information**

<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity</b>	Not Applicable

<b>Assistance Listing Title and Number</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
<b>Federal Award Identification Number (FAIN) and Year</b>	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRCMA	10/01/2021 - 09/30/2023
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
<b>Total Expenditures of Federal Awards</b>	\$34,830,070	
<b>Total COVID-19 Expenditures</b>	\$0	
<b>Compliance Requirement(s)</b>	Subrecipient Monitoring	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	\$0	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Department of Labor and Economic Opportunity	

Condition

LEO did not properly monitor its subrecipients to ensure they complied with the Uniform Guidance. In addition, LEO did not accurately report to its subrecipients all subaward information as required by the Uniform Guidance. We noted:

- a. LEO did not have a process to identify or document if the subrecipients required a single audit. Therefore, LEO did not monitor these subrecipients to ensure the status or submission of their single audit reports and did not determine whether a management decision letter was needed.
- b. LEO did not report the correct FAIN for 3 of the 4 sampled subawards.

Criteria

Federal regulation 45 *CFR* 75.501 requires nonfederal entities who expend \$750,000 or more in federal awards during their fiscal year to obtain a single audit for that fiscal year. Also, federal regulation 45 *CFR* 75.352(f) requires the pass-through entity to verify these subrecipients are audited as required by Subpart F of the Uniform Guidance, *Audit Requirements*, when it is expected the subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the \$750,000 threshold. In addition, federal regulation 45 *CFR* 75.521(d) requires LEO to issue a management decision letter on the appropriateness of all audit findings related to its federal awards and the subrecipient's corrective action plan within six months of acceptance by the federal audit clearinghouse (FAC).

In addition, federal regulation 45 *CFR* 75.352(a) requires that all pass-through entities ensure every subaward includes certain information.

Cause

For part a., LEO indicated because of limited staff resources it did not have a process in place to review subrecipient single audits.

For part b., LEO informed us because of an oversight, it did not always provide all required subaward information to subrecipients.

Effect

LEO limited the State's assurance that its subrecipients complied with grant requirements and implemented corrective actions for audit findings to prevent future sanctions or disallowed costs, which could necessitate adjustments to LEO's records. Also, subrecipients and their auditors

may not be aware of the federal award information needed to ensure compliance with the federal requirements. We consider this to be a material weakness and material noncompliance because LEO did not complete any monitoring of its subrecipients' single audits. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendations

We recommend LEO properly monitor its subrecipients to ensure they comply with the Uniform Guidance.

We also recommend LEO accurately report to its subrecipients all subaward information as required by the Uniform Guidance.

Management Views

LEO agrees with the finding.

**FINDING 2023-056**

**Low-Income Home Energy Assistance, ALN 93.568, Eligibility - Client Benefits in Excess of Fiscal Year Cap**

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA	10/01/2021 - 09/30/2023
	2201MILIEI	10/01/2021 - 09/30/2023
	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Eligibility	
<b>Type of Finding</b>	Significant Deficiency and Noncompliance	
<b>Known Questioned Costs by FAIN</b>	2301MILIEA - \$190	
<b>Repeat Finding</b>	Not Applicable	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS did not ensure the total client benefits were limited to the fiscal year cap for 1 (3%) of 39 sampled clients.

Criteria

Federal law 42 USC 8624 requires the State expend funds in accordance with the LIHEAP State Plan. The LIHEAP State Plan indicates that when a payment was necessary to resolve an energy related emergency, the payment would be the minimum amount necessary to prevent shutoff or restore activities for natural gas and electric services and the payment for any other fuel types and deliverable fuels may be made up to the fiscal year cap. Also, MDHHS policy establishes payment limits for these emergency energy fiscal year caps.



Cause

MDHHS informed us the miscalculation of the total client benefits paid during the fiscal year was caused by a manual data entry error.

Effect

MDHHS made an energy payment in excess of the client's fiscal year cap. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely that total questioned costs would exceed \$25,000.

- \$190 - federal share.

Recommendation

We recommend MDHHS ensure the total client benefits do not exceed the fiscal year cap.

Management Views

MDHHS agrees with the finding.

**FINDING 2023-057**

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

<b>Federal Agency</b>	U.S. Department of Health and Human Services	
<b>Pass-Through Entity</b>	Not Applicable	
<b>Assistance Listing Title and Number</b>	Low-Income Home Energy Assistance: ALN 93.568 and 93.568 (COVID-19)	
<b>Federal Award Identification Number (FAIN) and Year</b>	2201MILIEA	10/01/2021 - 09/30/2023
	2201MILIEI	10/01/2021 - 09/30/2023
	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
<b>Total Expenditures of Federal Awards</b>	\$238,698,852	
<b>Total COVID-19 Expenditures</b>	\$69,725,289	
<b>Compliance Requirement(s)</b>	Eligibility	
<b>Type of Finding</b>	Material Weakness and Material Noncompliance	
<b>Known Questioned Costs by FAIN</b>	2301MILIEA - \$6,469	
<b>Repeat Finding</b>	2022-057	
<b>State Agency</b>	Michigan Department of Health and Human Services	

Condition

MDHHS did not maintain sufficient documentation of its efforts to evaluate client eligibility; examples of documentation include support for the verification of the client's income, household size, and proof of energy crisis for 9 (23%) of 39 sampled LIHEAP-funded State Emergency Relief (SER) energy payments.

Criteria

Federal law 42 *USC* 8624 requires the State to expend funds in accordance with the LIHEAP State Plan and allows MDHHS to use LIHEAP funds to intervene in energy-related crisis situations and assist eligible households to meet the costs of home energy.

MDHHS policy requires county/district office caseworkers to verify and include certain income of SER group members during intake in order to determine eligibility for SER energy services. Also, policy states the payment amount must match the amount on the past due or shut-off notice. In addition, policy indicates the income limitation to be eligible is based on family size or SER group size.

Cause

MDHHS's internal control and monitoring activities were not sufficient to ensure that county/district office caseworkers adhered to established policies and procedures.

Effect

We consider this to be a material weakness and material noncompliance because MDHHS may have made payments on behalf of ineligible recipients and because of the high error rate. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

Federal regulation 2 *CFR* 200.516(a)(3) requires the auditor to report known questioned costs less than \$25,000 if it is likely that total questioned costs would exceed \$25,000.

- \$6,469 - federal share.

Recommendation

We recommend MDHHS maintain sufficient documentation to support client eligibility for LIHEAP-funded SER energy payments.

Management Views

MDHHS agrees with the finding.

**Findings Identified by Other Auditors**

**FINDING 2023-058**

**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, 2023, Finding 2023-001.

**FINDING 2023-059**

**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, 2023, Finding 2023-002.

**FINDING 2023-060**

**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, 2023, Finding 2023-003.

# AUDITEE SECTION



STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

GRETCHEN WHITMER  
GOVERNOR

JENNIFER L. FLOOD  
DIRECTOR

**STATE OF MICHIGAN**  
**Summary Schedule of Prior Audit Findings**  
**Fiscal Year Ended September 30, 2023**

**Prior Audit Findings Related to the Financial Statements**

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 1  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Comprehensive review of tax credit forwards

**Finding:** The Michigan Department of Treasury (Treasury) should complete a comprehensive analysis and evaluation of business tax overpayments carried forward by taxpayers to ensure proper recording of tax revenues, year-end liabilities, and/or deferred inflows of resources.

**Current Status:** Treasury did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Treasury disagreed with the finding. Treasury has completed a comprehensive analysis of business tax credit forwards.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 1.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 2  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Improvements over vendor file fraud controls

**Finding:** The Statewide Integrated Governmental Management Applications (SIGMA) Operations and Support, within the State Budget Office (SBO), should continue to improve internal control over the State's vendor file to help reduce the risk of fraudulent payments.

**Current Status:** SIGMA Operations and Support corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 3  
**Initial Year Written:** Fiscal Year 2013  
**Finding Title:** Establishment and monitoring of tax receivables and payables

**Finding:** Treasury should continue to enhance internal control to help prevent, or detect and correct, misstatements and help ensure the reasonableness and accuracy of tax accruals.

**Current Status:** Treasury partially corrected the deficiencies noted in the finding. Treasury corrected parts a.1., a.2., d., and e. of the finding.

Reason(s) for Recurrence: For part a.3., the corrective action plan requires a system enhancement. While the system enhancement was submitted prior to year-end, additional time is needed to make the changes.

For part a.4., the procedures were not clear and the individual preparing the entry misinterpreted the information from the taxing business area.

For part b., the specific internal control weaknesses identified were different in nature than in the prior audit finding and prior year corrective action did not address the issues noted in fiscal year 2023.

For part c., there were general ledger limitations in the legacy system. Treasury had not replaced the legacy system as of year-end.

For part f., Treasury had staffing resource constraints. In addition, Treasury determined there needs to be system enhancements. The request for those system enhancements has been submitted but was not part of the prior year corrective action plan.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 2, parts a. and c. through f.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 4  
**Initial Year Written:** Fiscal Year 2017  
**Finding Title:** Various departments' financial accounting practices

**Finding:** Various State agencies did not have sufficient internal control to help ensure the accuracy of all accounting information recorded in the State of Michigan Annual Comprehensive Financial Report (SOMACFR).

**Current Status:** State agencies corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 5  
**Initial Year Written:** Fiscal Year 2018  
**Finding Title:** Access limitations for confidential information in SIGMA

**Finding:** Treasury did not sufficiently limit access to confidential information in SIGMA to only appropriate users.

**Current Status:** Treasury corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** Finding 6

**Initial Year Written:** Fiscal Year 2021

**Finding Title:** Treasury system user access controls

**Finding:** Treasury should improve user access controls over four of its information systems related to banking and unclaimed property to help prevent and detect inappropriate access and protect confidential information from unauthorized use, disclosure, modification, or destruction.

**Current Status:** Treasury partially corrected the deficiencies noted in the finding. Treasury corrected part a. of the finding.

Reason(s) for Recurrence: For part b., this was a new manual process in fiscal year 2023 that did not include monitoring and control functions. Therefore, it was overlooked and not completed regularly.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 5.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** Finding 7

**Initial Year Written:** Fiscal Year 2019

**Finding Title:** MiCARS internal control improvements

**Finding:** Various State agencies should continue to improve the Michigan Cashiering and Receivable System (MiCARS) internal control to help ensure the completeness and accuracy of the SOMACFR.

**Current Status:** State agencies partially corrected the deficiencies noted in the finding. The Michigan Department of State Police (MSP) corrected the deficiencies noted in the finding.

Reason(s) for Recurrence: The compensating controls over the invoice process for the Michigan Department of Agriculture and Rural Development (MDARD) were communicated to the divisions by the conclusion of fiscal year 2023, but the process to fully implement in all divisions required additional time and explanation. As a result, the compensating controls over the invoice process at MDARD were fully implemented in fiscal year 2024.

Additional time was needed to fully test and implement the designed controls over the deposit correction process for the Department of Natural Resources; the Department of Environment, Great Lakes, and Energy; MDARD; and the Michigan Department of Transportation

(MDOT). As a result, the controls were implemented at the conclusion of the fiscal year 2023 rather than the beginning.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 6.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 8  
**Initial Year Written:** Fiscal Year 2018  
**Finding Title:** Financial accounting practices related to capital assets

**Finding:** Various State agencies and the Office of Financial Management (OFM) did not have sufficient internal control in place to monitor the existence and accuracy of the State's capital assets recorded in the SOMACFR.

**Current Status:** State agencies and OFM partially corrected the deficiencies noted in the finding. State agencies and OFM corrected parts a., b.2., and b.4. through d. of the finding.

Reason(s) for Recurrence: For part b.1., the SIGMA Business Intelligence MI-PRJ-0001 Fixed Asset – Construction in Progress Review report that was used during fiscal year 2023 was not entirely capturing the data needed to convert construction in progress projects to in-service assets.

For part b.3., the specific internal control weaknesses identified were different in nature than the prior audit finding, and prior year corrective action did not address the issues noted in fiscal year 2023.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 7, parts a. and b.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** Finding 9  
**Initial Year Written:** Fiscal Year 2018  
**Finding Title:** Third party service organization monitoring

**Finding:** Various State agencies should continue to enhance their oversight of third party service organizations and SBO should continue to improve its guidance of reviews performed by agencies to help ensure the accuracy and integrity of all accounting information recorded in the SOMACFR.

**Current Status:** State agencies partially corrected the deficiencies noted in the finding. The departments corrected parts a.1(b) through a.2(c), a.3(b), and b. of the finding. The deficiencies are no longer applicable for part a.3(a) because System and Organization Controls (SOC) report testing was updated during the fiscal year 2023 audit, and it was determined that the SOC report for the system identified in fiscal year 2022 is not a key

control over financial transactions. As a result, the system was not considered for review during fiscal year 2023.

Reason(s) for Recurrence: For part a.1(a), Treasury was not fully clear on the evaluation requirements for the subservice organizations.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 8, part a.

### **Prior Audit Findings Related to Federal Awards**

**Audit Period:** October 1, 2019 through September 30, 2020  
**Finding Number:** 2020-018  
**Initial Year Written:** Fiscal Year 2015  
**Finding Title:** Medicaid Cluster, CFDA 93.775, 93.777, and 93.778 and Children's Health Insurance Program, CFDA 93.767 - Transitional Medicaid and CHIP Eligibility

**Finding:** The Michigan Department of Health and Human Services (MDHHS) did not ensure that renewals were processed on a timely basis for beneficiaries receiving transitional medical assistance (TMA).

**Current Status:** MDHHS did not correct the deficiencies noted in the finding because section 6008 of the Families First Coronavirus Response Act provided states with a temporary 6.2 percentage increase to the Federal Medical Assistance Percentage rate if states met certain conditions, including a continuous enrollment requirement for most Medicaid beneficiaries who were enrolled during the COVID-19 public health emergency (PHE) that ended May 11, 2023.

Reason(s) for Recurrence: There was a breakdown of internal processes that caused the delay in timely termination of some beneficiaries within the TMA Medicaid and Children's Health Insurance Program (CHIP) eligibility groups. The PHE delayed implementation of corrective action.

Corrective Action: MDHHS is continuing to update cases following the end of the PHE and expects all existing cases will be updated by May 2025. MDHHS is also developing a system enhancement that will generate redetermination requests two months in advance, addressing the issue of beneficiaries receiving TMA for more than 12 months without violating existing rules or statutory requirements. If necessary, further system enhancements will be initiated to resolve underlying issues as identified. MDHHS has developed a preliminary query to identify beneficiaries on a monthly basis that are nearing the end of TMA eligibility. Limited resources have delayed the complete analysis of the query results to determine if there are multiple causes that need to be addressed. Once this review is complete, MDHHS will develop a comprehensive monitoring process that addresses all scenarios identified by the query and determine appropriate actions.



**Audit Period:** October 1, 2020 through September 30, 2021  
**Finding Number:** 2021-030  
**Initial Year Written:** Fiscal Year 2015  
**Finding Title:** WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557, Activities Allowed or Unallowed and Allowable Costs/Cost Principles - MI-WIC IT General Controls

**Finding:** MDHHS and the Department of Technology, Management, and Budget (DTMB) did not fully establish and implement effective security management and access controls for the Michigan Women, Infants, and Children Information System (MI-WIC) database.

**Current Status:** MDHHS and DTMB did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: DTMB had not fully implemented all database specific configuration standards at the time of review. Competing priorities and the time needed to review the impact of these changes, along with the strict promotion process that is required to implement changes have delayed the corrective action for these items.

Corrective Action: DTMB developed an organization-wide framework for database security configuration management. DTMB anticipates having compliance documentation by July 31, 2024.

**Audit Period:** October 1, 2020 through September 30, 2021  
**Finding Number:** 2021-031  
**Initial Year Written:** Fiscal Year 2019  
**Finding Title:** WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557, Activities Allowed or Unallowed and Allowable Costs/Cost Principles – MI-WIC User Access

**Finding:** MDHHS did not fully establish effective access controls over MI-WIC users.

**Current Status:** MDHHS corrected the deficiencies noted in the finding as of March 2023.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-001  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Confidential Information in SIGMA

**Finding:** The Department of Military and Veterans Affairs (DMVA) and MSP included user identification (ID) numbers, deemed confidential information by DTMB policy, within document attachments when entering program expenditures in SIGMA.

**Current Status:** DMVA corrected the deficiencies noted in the finding as of June 2023. The deficiencies in the finding for MSP are no longer applicable. MSP did not incur Coronavirus Relief Fund program expenditures in fiscal year 2023.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-002  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** SIGMA High-Risk Activity Monitoring

**Finding:** DTMB did not sufficiently monitor the DMVA and MSP high-risk activity reports to ensure users performed only authorized bypass and override actions in SIGMA.

**Current Status:** DTMB corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-003  
**Initial Year Written:** Fiscal Year 2011  
**Finding Title:** Bridges Interface Controls

**Finding:** MDHHS and DTMB did not always ensure its interface controls over the Bridges Integrated Automated Eligibility Determination System (Bridges) data exchanges were operating as prescribed.

**Current Status:** MDHHS and DTMB partially corrected the deficiencies noted in the finding. MDHHS corrected part b. of the finding.

Reason(s) for Recurrence: For part a., due to a coding issue, record counts were inappropriately duplicated, and the exceptions were not caught during development.

Corrective Action: See corrective action for Finding 2023-001.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-004  
**Initial Year Written:** Fiscal Year 2011  
**Finding Title:** Bridges Security Management and Access Controls

**Finding:** MDHHS and DTMB had not established effective security management and access controls over Bridges users.

**Current Status:** MDHHS and DTMB partially corrected the deficiencies noted in the finding. MDHHS and DTMB corrected parts c. and g. of the finding.

Reason(s) for Recurrence: For parts a., d., and e., MDHHS's internal control and monitoring activities were not sufficient to ensure that all appropriate parties adhered to established policies and procedures.

For parts b. and f., MDHHS's internal control and monitoring activities need improvement to ensure that all appropriate parties maintain and timely complete their review of the local office security monitoring reports and high-risk Bridges transaction monitoring reports.

Corrective Action: See corrective action for Finding 2023-002.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-005  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Bridges Change Management Process

**Finding:** MDHHS did not fully implement an effective change management process over Bridges.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS did not always follow established processes for documenting testing and business owner approvals.

Corrective Action: See corrective action for Finding 2023-003.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-006  
**Initial Year Written:** Fiscal Year 2011  
**Finding Title:** Income Eligibility and Verification System

**Finding:** MDHHS and DTMB did not request and obtain Income Eligibility Verification System (IEVS) information for all recipients. In addition, MDHHS did not ensure that county/district office caseworkers considered and used IEVS information when making eligibility and benefit level determinations for these programs.

**Current Status:** MDHHS and DTMB partially corrected the deficiencies noted in the finding. MDHHS and DTMB corrected parts e. and g. of the finding.

Reason(s) for Recurrence: For parts a. and b., MDHHS did not always have information available to identify if the IEVS interface information was appropriately utilized in determining recipients' eligibility when county/district office caseworkers marked electronic notifications as completed.

For part c., MDHHS disagreed with the finding. MDHHS believes it had a sufficient process in place to review and monitor electronic notifications.

For part d., MDHHS did not yet establish and implement the applicable IEVS interfaces to validate income, social security number, criminal background, or citizenship.

For part f., MDHHS determined that post eligibility verification for modified adjusted gross income (MAGI) based recipients is not subject to IEVS requirements; therefore, MDHHS did not include all MAGI-based recipients coded to the Medicaid Cluster Healthy Kids and Healthy Michigan Plan programs and CHIP Healthy Kids program in the applicable IEVS data exchanges.

Corrective Action: See corrective action for Finding 2023-004.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-007  
**Initial Year Written:** Fiscal Year 2008  
**Finding Title:** ADP Security Program

**Finding:** MDHHS and DTMB did not ensure a comprehensive automated data processing (ADP) security program was fully implemented for information systems used to administer their federal programs.

**Current Status:** MDHHS and DTMB partially corrected the deficiencies noted in the finding. MDHHS and DTMB corrected part b. of the finding.

Reason(s) for Recurrence: MDHHS and DTMB have focused resources on meeting federal and State mandates while maintaining operational needs and addressing information technology (IT) security risks highlighted in prior audits. These priorities were given precedence over reviewing expired authorities to operate based on the overall risk and return on investment.

Corrective Action: See corrective action for Finding 2023-041.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-008  
**Initial Year Written:** Fiscal Year 2014  
**Finding Title:** MiSACWIS Security Management and Access Controls

**Finding:** MDHHS and DTMB had not established effective security management and access controls over the Michigan Statewide Automated Child Welfare Information System (MiSACWIS).

**Current Status:** MDHHS and DTMB partially corrected the deficiencies noted in the finding. MDHHS and DTMB corrected parts c. and d. of the finding.

Reason(s) for Recurrence: For parts a. and b., MDHHS local office security coordinators and security administrators did not follow established policies and procedures regarding granting of MiSACWIS access.

For part e., the users' roles were not always recertified due to staff oversight.

Corrective Action: See corrective action for Finding 2023-045.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-009  
**Initial Year Written:** Fiscal Year 2013  
**Finding Title:** CHAMPS General Controls

**Finding:** MDHHS and DTMB did not fully establish and implement effective security configurations for the Community Health Automated Medicaid Processing System (CHAMPS) database.

**Current Status:** MDHHS and DTMB did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: DTMB had not fully implemented all database specific configuration standards at the time of review. Competing priorities and the time needed to review the impact of these changes, along with the strict promotion process that is required to implement changes have delayed the corrective action for these items.

Corrective Action: See corrective action for Finding 2023-005.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-010  
**Initial Year Written:** Fiscal Year 2020  
**Finding Title:** MARS User Access

**Finding:** The Department of Labor and Economic Opportunity (LEO) did not fully establish effective user access controls over the Management of Awards to Recipients System (MARS).

**Current Status:** LEO partially corrected the deficiencies noted in the finding. LEO corrected part a. of the finding.

Reason(s) for Recurrence: Because of staffing limitations, some processes could not be followed or established.

Corrective Action: See corrective action for Finding 2023-046.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-011  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** MATT 2.0 Security Management and Access Controls

**Finding:** The Michigan State Housing Development Authority (MSHDA) did not fully establish effective security management and access controls over the MSHDA Activity Tracking Tool (MATT) 2.0 users.

**Current Status:** MSHDA corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-012  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** MATT 2.0 Change Management Process

**Finding:** MSHDA had not fully implemented its change management process over MATT 2.0 during fiscal year 2022.

**Current Status:** MSHDA corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-013  
**Initial Year Written:** Fiscal Year 2017  
**Finding Title:** MDE, Security Management and Access Controls

**Finding:** The Michigan Department of Education (MDE) did not fully establish effective security management and access controls over the Michigan Electronic Grants System Plus (MEGS+); Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS); Michigan Nutrition Data (MiND); Next Generation Grant, Application and Cash Management System (NexSys); and Catamaran.

**Current Status:** MDE partially corrected the deficiencies noted in the finding. MDE corrected the finding for the Catamaran system.

Reason(s) for Recurrence: MDE's internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies.

Corrective Action: See corrective action for Finding 2023-006.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-014  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** MDE, Change Management Process

**Finding:** MDE did not fully implement an effective change management process over MiND and NexSys.

**Current Status:** MDE did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDE did not document the testing results and close the work items due to an oversight.

Corrective Action: See corrective action for Finding 2023-007.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-015  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** MDHHS, PACAP - Inappropriate PACAP Allocation

**Finding:** MDHHS did not ensure it used the appropriate Public Assistance Cost Allocation Plan (PACAP) data to allocate expenditures to its federal programs.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS's quality control processes did not detect the errors.

Corrective Action: See corrective action for Finding 2023-008.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-016  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** MDE, Reporting – FFATA Reporting

**Finding:** MDE did not have a process to ensure it submitted subaward information in accordance with the Federal Funding Accountability and Transparency Act (FFATA) of 2006 and federal guidance.

**Current Status:** MDE did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDE's FFATA preparation process was not designed to include data from all systems used to make awards to subrecipients. MDE overwrites FFATA reports on the FFATA Subaward Reporting System (FSRS) website each month as needed to ensure each grant always reflects the current grant funds expended by MDE.

Corrective Action: See corrective action for Finding 2023-010.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-017  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** MDHHS, Reporting – FFATA Reporting

**Finding:** MDHHS did not ensure it reported or accurately and timely reported all subaward information as required by FFATA.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Some subaward data initially submitted to FSRS was inaccurate and rejected by FSRS, which contributed to its inability to report timely. Other contributing factors include untimely receipt of grant award information from the federal awarding agency,

inaccurate information provided by grantees, and incorrect or missing information on the MDHHS Grant Received Report.

Corrective Action: See corrective action for Finding 2023-011.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-018  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** MDE, Subrecipient Monitoring – Subaward Information

**Finding:** MDE did not report to its subrecipients all subaward information as required by the Uniform Guidance.

**Current Status:** MDE partially corrected the deficiencies noted in the finding. MDE corrected part a. of the finding.

Reason(s) for Recurrence: For part b., MDE did not use the appropriately updated grant agreement templates with the correct subaward information for fiscal year 2023 due to an oversight.

Corrective Action: See corrective action for Finding 2023-032.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-019  
**Initial Year Written:** Fiscal Year 2008  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children’s Health Insurance Program, ALN 93.767 – Beneficiary Eligibility

**Finding:** MDHHS did not ensure or demonstrate compliance with federal laws and regulations relating to beneficiary eligibility.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: For part a., MDHHS did not properly consider all available beneficiary information when determining beneficiary eligibility because of system issues and staff actions.

For part b., MDHHS’s internal control was not always sufficient to ensure document retention.

Corrective Action: See corrective action for Finding 2023-013.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-020  
**Initial Year Written:** Fiscal Year 2018  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children’s Health Insurance Program, ALN 93.767 – Expenditure Processing for Medical Payments



**Finding:** MDHHS did not ensure Bridges and CHAMPS contained the correct Medicaid Cluster and CHIP eligibility information to record expenditures to the appropriate program at the time of payment and to ensure the related federal draw was accurate and timely.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: The Medicaid Cluster to CHIP transfer was completed correctly, however, due to an incorrect eligibility determination reflected in Bridges, one case was transferred in error.

Corrective Action: See corrective action for Finding 2023-014.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** 2022-021

**Initial Year Written:** Fiscal Year 2017

**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 – Eligibility Interface Errors

**Finding:** MDHHS did not maintain documentation to support eligibility records with identified errors were properly investigated, corrected, and resubmitted for processing.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS's central office did not document or conduct any further review on these errors to prevent duplication of effort since these errors are already reviewed by the local offices. Completing PHE unwind-related priorities took precedence and delayed implementation of corrective action.

Corrective Action: See corrective action for Finding 2023-015.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** 2022-022

**Initial Year Written:** Fiscal Year 2008

**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 – Provider Eligibility

**Finding:** MDHHS did not obtain all required disclosures and/or ensure disclosures were timely and accurately updated and approved in CHAMPS for the Prepaid Inpatient Health Plan (PIHP) entities, MI Choice Waiver Program (MI Choice) entities, Medicaid Health Plan (MHP) entities, Dental Health Plan entities, or the Pharmacy Benefits Manager during the audit period. In addition, MDHHS did not monitor its MI Choice entities' network of providers to ensure the providers entered into provider agreements and made required disclosures.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS did not have a sufficient process or communication method in place to always obtain timely or complete disclosures. Because MDHHS is not directly involved in the contract execution or contract renewal process for many managed care organizations (MCOs), MDHHS may not timely become aware that new disclosures are required. In addition, MDHHS relies on the entities to inform them when ownership changes occur. Also, limited staff resources resulted in the MI Choice entities' network of providers not being monitored for provider agreements and required disclosures.

Corrective Action: See corrective action for Finding 2023-016.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-023  
**Initial Year Written:** Fiscal Year 2020  
**Finding Title:** 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

**Finding:** MDHHS did not accurately and timely report the federal share of fraud, waste, and abuse overpayments made to providers on the quarterly statement of expenditures report (CMS-64 report).

**Current Status:** MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected part e. of the finding.

Reason(s) for Recurrence: MDHHS system issues contributed to the untimely and inaccurate reporting of overpayments.

Corrective Action: See corrective action for Finding 2023-017.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-024  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Medical Loss Ratio

**Finding:** MDHHS did not ensure MHP, PIHP, MI Choice, and Dental Health Plan medical loss ratio (MLR) reports contained a comparison of the amounts used in the MLR calculation with the audited financial reports.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS did not incorporate the necessary adjustments to the MLR report template for all managed care entities to report their comparison of the amounts reported in the MLR calculation with the audited financial reports.

Corrective Action: See corrective action for Finding 2023-018.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-025  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Managed Care Periodic Audits

**Finding:** MDHHS did not ensure an independent audit was conducted and posted to its website at least once every three years of encounter and financial data submitted by its managed care entities, which included 15 MCOs, 10 PIHP entities, and 21 Prepaid Ambulatory Health Plan (PAHP) entities in fiscal year 2022.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS contracted for an independent audit of the accuracy and completeness of the encounter and financial data submitted by or on behalf of each MCO, PIHP, and PAHP. However, due to the audit activity timeframes outlined within the scope of the contract, not all audit activities were completed during fiscal year 2023.

Corrective Action: See corrective action for Finding 2023-019.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-026  
**Initial Year Written:** Fiscal Year 2020  
**Finding Title:** Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), ALN 93.323 and Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - LTC Facility COVID-19 Testing Reimbursements

**Finding:** MDHHS did not maintain sufficient documentation to demonstrate a process was in place to ensure long-term care (LTC) facility COVID-19 testing reimbursement requests, totaling \$48.5 million (\$46.4 million Disaster Grants - Public Assistance (Presidentially Declared Disasters) and \$2.1 million ELC), were reasonable and appropriate.

**Current Status:** MDHHS corrected the deficiencies noted in the finding as of June 2023.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-027  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** SNAP Cluster, ALN 10.551 and 10.561, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - System and Organization Controls

**Finding:** MDHHS should ensure it obtains and reviews SOC reports covering the entire audit period for services provided by the State's electronic benefits transfer (EBT) service provider.

**Current Status:** MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected parts a. and b. of the finding.

Reason(s) for Recurrence: For parts c. and d., MDHHS's internal control was not always sufficient to ensure it documented its review of all components of the SOC reports.

Corrective Action: See corrective action for Finding 2023-020.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-028  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** SNAP Cluster, ALN 10.551 and 10.561, Special Tests and Provisions - EBT Reconciliations

**Finding:** MDHHS did not complete daily reconciliations of payments made to retailers by its EBT contractor with the client information recorded in its system and the reports used to make the federal draw.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS's EBT reconciliations between Bridges, Bridges data warehouse, and the vendor are conducted on a monthly basis using daily data because of the timing of benefit authorization, availability of vendor data, and usage of benefits.

Corrective Action: See corrective action for Finding 2023-021.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-029  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** SNAP Cluster, ALN 10.551 and 10.561, Special Tests and Provisions - EBT Card Security

**Finding:** MDHHS did not ensure its EBT contractor conducted monthly physical inventories of EBT cards used to provide Supplemental Nutrition Assistance Program (SNAP) benefits to eligible individuals.

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-030  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Food Distribution Cluster, ALN 10.565, 10.568, and 10.569, Special Tests and Provisions - Accountability for USDA Foods

**Finding:** MDE did not adequately review the records of eligible recipient agencies receiving and distributing the U.S. Department of Agriculture

(USDA) donated foods through The Emergency Food Assistance Program (Food Commodities), ALN 10.569.

**Current Status:** MDE corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-031  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Pandemic EBT Food Benefits, ALN 10.542, Activities Allowed or Unallowed and Eligibility - Overpayment of Benefits

**Finding:** MDHHS did not always ensure accurate Pandemic EBT benefits were provided to eligible beneficiaries.

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-032  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Pandemic EBT Food Benefits, ALN 10.542, Reporting – Report of Disaster Supplemental Nutrition Assistance Benefit Issuance

**Finding:** MDHHS did not have a process in place to ensure it maintained documentation to support the submitted Report of Disaster Supplemental Nutrition Assistance Benefit Issuance (FNS-292B).

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-033  
**Initial Year Written:** Fiscal Year 2016  
**Finding Title:** National Guard Military Operations and Maintenance (O&M) Projects, ALN 12.401, Cash Management - Timeliness of Cash Draws

**Finding:** DMVA did not ensure its reimbursement requests were prepared in accordance with the Cash Management Improvement Act, the program Master Cooperative Agreement, and National Guard Regulations.

**Current Status:** DMVA corrected the deficiencies noted in the finding as of January 8, 2024.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-034  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Community Development Block Grants/State's program, ALN 14.228, Reporting - Timeliness of Performance Reporting

**Finding:** MSHDA did not ensure timely submission of the Consolidated Annual Performance and Evaluation Report.

**Current Status:** MSHDA corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-035  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Community Development Block Grants/State's program, ALN 14.228, Reporting - FFATA Reporting

**Finding:** The Michigan Strategic Fund (MSF) did not ensure it reported all Community Development Block Grant subawards as required by FFATA.

**Current Status:** MSF corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-036  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Crime Victim Assistance, ALN 16.575, Eligibility - Subrecipient Eligibility

**Finding:** MDHHS did not have a process in place to ensure subrecipients met all federal eligibility requirements prior to awarding funds.

**Current Status:** MDHHS corrected the deficiencies noted in the finding as of July 2023.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-037  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Crime Victim Assistance, ALN 16.575, Subrecipient Monitoring - Risk Assessment and During-the-Award Monitoring

**Finding:** MDHHS did not sufficiently monitor and evaluate the risk of noncompliance with program requirements.

**Current Status:** MDHHS corrected the deficiencies noted in the finding as of August 2023.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-038  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** WIOA Cluster, ALN 17.258, 17.259, and 17.278, Reporting - FFATA Reporting

**Finding:** LEO did not ensure it timely reported Workforce Innovation and Opportunity Act (WIOA) Cluster subaward information required by FFATA.

**Current Status:** LEO corrected the deficiencies noted in the finding as of September 2023.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-039  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Formula Grants for Rural Areas and Tribal Transit Program, ALN 20.509, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring - PTMS Security Management and Access Controls

**Finding:** MDOT did not fully establish effective security management and access controls over Public Transportation Management System (PTMS) users.

**Current Status:** MDOT partially corrected the deficiencies noted in the finding. MDOT corrected part a. of the finding.

Reason(s) for Recurrence: Due to a technical issue and staff oversight related to employee turnover, some PTMS users were not included in MDOT's semiannual and annual reviews.

Corrective Action: MDOT's Office of Enterprise Information Management and Office of Passenger Transportation collaborated and provided oversight to ensure that PTMS user access is reviewed semiannually for privileged accounts and annually for all other accounts. MDOT completed a full, semiannual review of all PTMS privileged users (super users) on May 20, 2024, which included obtaining, verifying, and confirming the written approval documentation for all identified users by the designated System Security Administrators. The annual review is currently underway with an estimated completion date of September 1, 2024.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-040  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Formula Grants for Rural Areas and Tribal Transit Program, ALN 20.509, Subrecipient Monitoring - Subrecipient Audits

**Finding:** MDOT did not ensure its review of subrecipient single audit reports and issuance of management decisions were completed within six months of the Federal Audit Clearinghouse acceptance date.

**Current Status:** MDOT corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-041  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Homeowner Assistance Fund, ALN 21.026, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Eligibility Determinations

**Finding:** MSHDA did not obtain and maintain sufficient documentation to support the Homeowner Assistance Fund (HAF) applicants' eligibility was properly determined for 3 (12%) of 25 HAF assistance payments reviewed.

**Current Status:** MSHDA corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-042  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Education Stabilization Fund, ALN 84.425, Subrecipient Monitoring - During-the-Award Monitoring Procedures

**Finding:** MDE did not complete sufficient during-the-award monitoring procedures in fiscal year 2022.

**Current Status:** MDE corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-043  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Aging Cluster, ALN 93.044, 93.045, and 93.053, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Subrecipient Monitoring - AIS FIRST User Access

**Finding:** MDHHS did not fully establish effective user access controls over Aging Information System (AIS) Financial Information Reporting System Technology (FIRST).

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-044  
**Initial Year Written:** Fiscal Year 2005  
**Finding Title:** CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Client Eligibility

**Finding:** MDE and MDHHS did not ensure compliance with federal laws and regulations relating to client eligibility for the Child Care and



Development Fund (CCDF) Cluster child care payments for 6 (15%) of the 40 cases we reviewed.

**Current Status:** MDE and MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected part c. of the finding.

Reason(s) for Recurrence: MDHHS's internal control and monitoring activities were not sufficient to ensure that MDHHS maintained or appropriately considered the required verification documentation in the client's case record to support eligibility.

Corrective Action: See corrective action for Finding 2023-035.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** 2022-045

**Initial Year Written:** Fiscal Year 2022

**Finding Title:** CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Child Care Stabilization Grants

**Finding:** MDE did not maintain documentation of its efforts to verify child care stabilization grant applications.

**Current Status:** The finding is no longer applicable for fiscal year 2023. MDE awarded all child care stabilization grant funds during fiscal year 2022.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** 2022-046

**Initial Year Written:** Fiscal Year 2019

**Finding Title:** CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Provider Health and Safety Requirements

**Finding:** MDE and the Department of Licensing and Regulatory Affairs (LARA) did not perform timely inspections and maintain sufficient documentation to support child care providers met applicable health and safety requirements to be eligible for CCDF Cluster payments.

**Current Status:** MDE and LARA partially corrected the deficiencies noted in the finding. LARA corrected parts b. and c. of the finding.

Reason(s) for Recurrence: For part a., limited resources impacted the timeliness of some inspections.

Corrective Action: See corrective action for Finding 2023-036.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-047  
**Initial Year Written:** Fiscal Year 2017  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Payments on Behalf of Ineligible Beneficiaries

**Finding:** MDHHS did not ensure beneficiary eligibility was updated in CHAMPS.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Because of system and interface issues in both Bridges and CHAMPS, eligibility information was not always properly updated in CHAMPS, resulting in beneficiaries appearing eligible in CHAMPS in error and payments being processed based on that eligibility.

Corrective Action: See corrective action for Finding 2023-038.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-048  
**Initial Year Written:** Fiscal Year 2013  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Ineligible HHP Payments

**Finding:** MDHHS did not prevent or timely recover payments, totaling \$324, for 2 (25%) of 8 sampled clients who were hospitalized while receiving Home Help Program (HHP) services and no longer met eligibility requirements.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: The post-payment review process is complicated by the lag time (up to one year) associated with MDHHS receiving and processing hospital claims and delays in changes to clients' level of care. Also, staff oversight impacted the timeliness and accuracy of recoupments.

Corrective Action: See corrective action for Finding 2023-039.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-049  
**Initial Year Written:** Fiscal Year 2019  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking - Home Help Payment Oversight

**Finding:** MDHHS did not review home help provider invoices for 4 (27%) of 15 sampled payments to individual providers, totaling \$485, to help ensure home help payments were reflective of the services provided.

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-050  
**Initial Year Written:** Fiscal Year 2013  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking - Practitioner Reimbursement

**Finding:** MDHHS did not ensure proper payment of practitioner fee-for-service (FFS) claims.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Eligibility and enrollment are not static, and CHAMPS is not the system of record for eligibility. CHAMPS must make payments to FFS providers and managed care entities based upon the eligibility and enrollment in the system at the time the payment is made. The primary remaining sources for overlaps between FFS and capitation payments are due to retroactive removal of Medicaid eligibility. The overall solution is more complex than originally estimated, and completing PHE unwind related priorities took precedence, causing further delay in implementation.

Corrective Action: See corrective action for Finding 2023-040.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-051  
**Initial Year Written:** Fiscal Year 2020  
**Finding Title:** Medicaid Cluster, ALN 93.775, 93.777, and 93.778, Special Tests and Provisions - MARIS General Controls

**Finding:** MDHHS and DTMB did not fully establish and implement effective security management over the Medicaid Audit Recovery and Investigation System (MARIS) database.

**Current Status:** MDHHS and DTMB corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-052  
**Initial Year Written:** Fiscal Year 2018  
**Finding Title:** Immunization Cooperative Agreements, ALN 93.268, Special Tests and Provisions - MCIR General Controls

**Finding:** MDHHS and DTMB did not fully establish and implement effective security configurations for the Michigan Care Improvement Registry (MCIR) database.

**Current Status:** MDHHS and DTMB corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-053  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Immunization Cooperative Agreements, ALN 93.268, Special Tests and Provisions - Control, Accountability, and Safeguarding of Vaccine and Record of Immunization

**Finding:** MDHHS did not ensure compliance site visits for providers enrolled in the Vaccines for Children program were conducted in accordance with federal guidelines.

**Current Status:** MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected part c. of the finding.

Reason(s) for Recurrence: MDHHS conducted limited provider site visits during the COVID-19 pandemic, which created a backlog of site visits to complete during fiscal year 2023. Also, staff turnover and vacancies at the local health departments contributed to the delay in the site visits.

Corrective Action: See corrective action for Finding 2023-044.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-054  
**Initial Year Written:** Fiscal Year 2011  
**Finding Title:** Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking - Non-Financial Eligibility Documentation

**Finding:** MDHHS did not obtain or maintain sufficient non-financial case record documentation to support client eligibility for Temporary Assistance for Needy Families (TANF)-funded assistance payments.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS controls were not sufficient to ensure that all required verification documentation was appropriately maintained in the client's case record.

Corrective Action: See corrective action for Finding 2023-047.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-055  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Temporary Assistance for Needy Families, ALN 93.558, Reporting - Accuracy of Financial Reports

**Finding:** MDHHS did not submit accurate financial reports to the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF).

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-056  
**Initial Year Written:** Fiscal Year 2020  
**Finding Title:** Low-Income Home Energy Assistance, ALN 93.568, Cash Management – Recertification of Clearance Patterns

**Finding:** Treasury did not adequately review and recertify the accuracy of the clearance patterns contained in the agreement with the U.S. Department of the Treasury, referred to as the Treasury State Agreement.

**Current Status:** Treasury did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: The program clearance patterns were not completed due to inadequate procedures and staff turnover.

Corrective Action: See corrective action for Finding 2023-009.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-057  
**Initial Year Written:** Fiscal Year 2016  
**Finding Title:** Low-Income Home Energy Assistance, ALN 93.568, Eligibility – Eligibility Determinations

**Finding:** MDHHS did not maintain sufficient documentation of its efforts to evaluate client eligibility; examples of documentation include support for the verification of the client's income, assets, and proof of energy crisis for 13 (32%) of 41 sampled Low-Income Home Energy Assistance Program (LIHEAP)-funded State Emergency Relief energy payments.

**Current Status:** MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS's internal control and monitoring activities were not sufficient to ensure that county/district office caseworkers adhered to established policies and procedures.

Corrective Action: See corrective action for Finding 2023-057.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-058  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Low-Income Home Energy Assistance, ALN 93.568, Reporting – Annual Report on Households Assisted by LIHEAP

**Finding:** MDHHS did not ensure the accuracy of the Annual Report on Households Assisted by LIHEAP reported to HHS's ACF.

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-059  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Social Services Block Grant, ALN 93.667, Reporting - Post-Expenditure Report

**Finding:** MDHHS did not submit an accurate post-expenditure report to ACF.

**Current Status:** MDHHS corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-060  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036, Reporting - FFATA Reporting

**Finding:** MSP did not ensure that it timely reported Disaster Grants - Public Assistance subaward information as required by FFATA.

**Current Status:** MSP corrected the deficiencies noted in the finding.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-061  
**Initial Year Written:** Fiscal Year 2022  
**Finding Title:** Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036, Subrecipient Monitoring - Subrecipient Audits

**Finding:** MSP did not appropriately monitor its subrecipients to ensure they complied with the Uniform Guidance.

**Current Status:** MSP partially corrected the deficiencies noted in the finding. MSP corrected part a. of the finding as of January 2024.

Reason(s) for Recurrence: MSP was in the process of transitioning to each division having the responsibility for the completion of their own single audit reviews.

Corrective Action: MSP reconciled expenditures by program as of January 2024 to ensure that all subrecipients are included on the single audit tracking sheet for review. MSP transitioned to each division having the responsibility for the completion of their own single audit reviews beginning October 1, 2023 and each division will have their single audit reviews completed by September 30, 2024.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-062  
**Initial Year Written:** Fiscal Year 2020  
**Finding Title:** Unemployment Insurance, CFDA 17.225

**Finding:** See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2022, Finding 2022-001.

**Current Status:** The Unemployment Insurance Agency (UIA) did not correct the deficiencies noted in the finding. See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2023, Summary Schedule of Prior Audit Findings, Finding 2022-001.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-063  
**Initial Year Written:** Fiscal Year 2021  
**Finding Title:** Unemployment Insurance, CFDA 17.225

**Finding:** See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2022, Finding 2022-002.

**Current Status:** UIA did not correct the deficiencies noted in the finding. See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2023, Summary Schedule of Prior Audit Findings, Finding 2022-002.

**Audit Period:** October 1, 2021 through September 30, 2022  
**Finding Number:** 2022-064  
**Initial Year Written:** Fiscal Year 2017  
**Finding Title:** Unemployment Insurance, CFDA 17.225

**Finding:** See Department of Labor and Economic Opportunity, Unemployment Insurance Agency, Unemployment Compensation Fund, Report on

Expenditure of Federal Awards, Year Ended September 30, 2022, Finding 2022-003.

**Current Status:** UIA did not correct the deficiencies noted in the finding. See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Compensation Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2023, Summary Schedule of Prior Audit Findings, Finding 2022-003.

**Audit Period:** October 1, 2021 through September 30, 2022

**Finding Number:** 2022-065

**Initial Year Written:** Fiscal Year 2021

**Finding Title:** Unemployment Insurance, CFDA 17.225

**Finding:** See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Administration Fund, Single Audit Reporting Package, Year Ended September 30, 2022, Finding 2022-001.

**Current Status:** UIA corrected the deficiencies noted in the finding. See Department of Labor and Economic Opportunity, Unemployment Insurance Agency - Unemployment Administration Fund, Report on Expenditure of Federal Awards, Year Ended September 30, 2023, Summary Schedule of Prior Audit Findings, Finding 2022-001.





STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

GRETCHEN WHITMER  
GOVERNOR

JENNIFER L. FLOOD  
DIRECTOR

**Management Views and Corrective Action Plan**

**Findings Related to the Financial Statements**

**Finding 1**

**Comprehensive review of tax credit forwards.**

Management Views

The Michigan Department of Treasury (Treasury) disagrees with the finding. For additional details regarding Treasury's disagreement, please see page 30 of the [Report on Internal Control, Compliance, and Other Matters](#).

Planned Corrective Action

While Treasury disagrees with this finding, Treasury will continue to work with the Office of the Auditor General (OAG) on this issue, as needed.

Anticipated Completion Date

Ongoing, as needed.

Responsible Individual(s)

Suzie Nichols, Treasury

**Finding 2**

**Establishment and monitoring of tax receivables and payables.**

Management Views

Treasury and the Office of Financial Management (OFM) agree that internal control related to tax accruals should continue to be improved.

Planned Corrective Action

For part a., Treasury will revise the current process to ensure the removal of voided returns and review of large dollar refund values prior to estimating the accrual. Treasury will also update procedures and the tax accrual methodology documentation to include these new process steps needed to accurately estimate the flow-through entity (FTE) tax accrual.

For parts b.1. and b.2., Treasury will work with the business area providing the refund data to ensure they provide accurate information for the correct months which will be used to calculate the tax accrual. In addition, Treasury will work with the business area to ensure FTE data is properly excluded. Treasury will also explore whether there are completeness controls that can be implemented to ensure the data received is accurate.

For parts c.1. and c.2., Treasury will update procedures to request information regarding the reissuance of refunds from the business taxing area. Treasury will also update the Excel template used to document information regarding potential refunds.

For part d., Treasury has submitted a request to enhance the system and restructure the data necessary to develop an appropriate estimate.

For part e., the Treasury Individual Income Tax (IIT) legacy system does not have the capability to be reconciled to the Statewide Integrated Governmental Management Applications (SIGMA) system as the legacy system does not have a general ledger module. Compensating controls include reconciling all IIT revenue recorded in SIGMA to the State's banking records and bank statements. Treasury is currently working towards replacing the legacy system and the ability to reconcile to SIGMA is included in the new system specifications. Until the system is replaced, Treasury will continue to rely on the compensating controls. The amounts noted by the OAG are estimated misstatements and not known misstatements as a true method to determine a known misstatement, if any, is not possible in the legacy system.

For part f., Treasury completed the comparison analysis for the data in the State Treasury Accounts Receivable System (STAR) prior to the issuance of the State of Michigan Annual Comprehensive Financial Report (SOMACFR). Treasury did not identify a need to update the methodology used to calculate the STAR receivables to be assessed tax accrual estimate as a result of that comparison. Treasury will continue to complete this estimate in the future, and it will be noted in the year-end closing schedule. In addition, Treasury submitted a system request to explore the ability to analyze future Motor Fuel and Tobacco system tax data.

For part g., Treasury will update procedures for the IIT payable tax accrual and the IIT interest expenditure processes to include steps to verify both are complete when the IIT payable entries are adjusted.

#### Anticipated Completion Date

- a. August 15, 2024
- b. August 15, 2024
- c. July 31, 2024
- d. September 30, 2024
- e. Treasury has not yet determined an anticipated completion date.
- f. Treasury will complete the comparison in fiscal year 2024 for the data contained in STAR by October 31, 2024. The completion date for the comparisons that use the Motor Fuel and Tobacco tax data is not yet determined as the technical feasibility is still being evaluated.
- g. July 31, 2024

#### Responsible Individual(s)

- a. Stacey Bliesener and Darika Egeler, Treasury
- b. Stacey Bliesener and Melissa Lovegrove, Treasury
- c. Stacey Bliesener and Jenie Li, Treasury
- d. Stacey Bliesener and Darika Egeler, Treasury
- e. Stacey Bliesener, Treasury
- f. Stacey Bliesener and Darika Egeler, Treasury
- g. Stacey Bliesener, Lisa Harry, and Melissa Lovegrove, Treasury

**Finding 3**  
**Various departments' financial accounting practices.**

Management Views

State agencies and OFM agree that internal control should be improved to help ensure the accuracy of the accounting information recorded in the SOMACFR.

Planned Corrective Action

For part a.1., OFM is currently reviewing the year-end letter process to identify the most appropriate method for ensuring collection of updated information and that entries are not duplicated by OFM.

For part a.2., OFM updated its year-end procedures to include a comparison between the fund balance classification support and the most current evaluation of fund coding prior to recording the classification entry in SIGMA.

For part b.1., the Michigan Department of Health and Human Services (MDHHS) has implemented data retrieval changes to the Quality Assurance Supplement (QAS) Reconciliation Accrual Summary Report to prevent duplicate rows of data. Subsequent to the data retrieval changes, MDHHS reran the fiscal year 2023 QAS Reconciliation Accrual Summary Report and verified the report only returned the appropriate rows of data to ensure accurate reporting of the long-term care accrual. MDHHS will prevent duplicate rows of data from occurring within the report by conducting an analysis of the reconciliation entries prior to data retrieval to verify there are no duplicate entries.

For part b.2., MDHHS developed a process to identify the hospital type for each billing National Provider Identifier within the data queried for the accrual calculation to ensure rehab only providers are identified as an active provider type that is appropriately included in the inpatient hospital accrual.

For part b.3., MDHHS collection staff will calculate the accrual and the section manager will reconcile and review the accrual, verify there are no formula errors, and ensure that OFM has approved the methodology.

For part c., the Department of Technology, Management, and Budget (DTMB) will review contract statuses when recording accruals to validate the period of coverage and ensure proper allocation of costs between fiscal years.

For part d., the Michigan Department of Transportation (MDOT) revised and improved the detail in its year-end drain assessment methodology for year-end payables. The additional detail in the methodology will ensure consistent application of the calculations. In addition, the revised approach incorporated additional reviews and approvals of the calculations.

Anticipated Completion Date

- a.1. September 30, 2024
- a.2. Completed
- b.1. Completed
- b.2. Completed
- b.3. December 15, 2024
- c. October 31, 2024
- d. Completed

### Responsible Individuals

- a.1. Derek Childs, OFM
- a.2. Anna Lewis, OFM
- b.1. Scott Werner and Bradley LaBram, MDHHS
- b.2. Janelle Kohtz and Erin Pohl, MDHHS
- b.3. Mary McGrath, MDHHS
- c. Jennifer Gibson and Tim Martin, DTMB
- d. Hal Zweng, James Davis, and Ron McKee, MDOT

### **Finding 4**

#### **Access limitations for confidential information in SIGMA.**

#### Management Views

The Michigan Department of Corrections (MDOC) and OFM agree that internal control should be improved to limit access to confidential information to appropriate users of the information.

#### Planned Corrective Action

MDOC removed the attachments from the SIGMA document containing confidential information on November 9, 2023. MDOC also implemented regular communication with staff who enter and approve SIGMA documents that emphasizes the requirement that personally identifiable information, protected health information, or any other confidential information must be removed or redacted prior to attaching in SIGMA. This communication occurs during monthly staff meetings and during training for new staff.

#### Anticipated Completion Date

Completed

#### Responsible Individual(s)

Krista Ward and Tori Ellison, MDOC

### **Finding 5**

#### **Treasury system user access controls.**

#### Management Views

Treasury and OFM agree that user access controls over Treasury's information systems should be improved.

#### Planned Corrective Action

For parts a.1. and a.2., Treasury will perform user activity reviews of all users no greater than every 30 days. Treasury will identify users that have not accessed the applicable systems for a period greater than two months. The designated system administrator will request those users be deactivated. Once users have been deactivated, confirmation of deactivation and related reports will be stored on the shared drive. The manual user review will be reviewed and monitored by Treasury's Financial Services Division (FSD) management to ensure all inactive accounts are properly deactivated. In addition, Treasury will ensure all accounts are subject to this review.

For part b, Treasury contacted the vendor and determined that it is feasible for the vendor to automatically disable user accounts after 60 days of inactivity instead of 90. Treasury will work with the vendor to implement this change.

Anticipated Completion Date

- a.1. Completed
- a.2. Completed
- b. July 31, 2024

Responsible Individual(s)

- a.1. Jenny Ruttman and Joe Avery, Treasury
- a.2. Jenny Ruttman and Tyler Kemp, Treasury
- b. Jenny Ruttman and Amy Kelso, Treasury

**Finding 6**

**MiCARS internal control improvements.**

Management Views

State agencies and OFM agree the Michigan Cashiering and Receivable System (MiCARS) internal control should continue to be improved.

Planned Corrective Action

For the compensating controls over the invoice process for the Michigan Department of Agriculture and Rural Development (MDARD), the process and controls were emphasized to the applicable MDARD divisions in a quarterly communication and were fully implemented by all divisions in fiscal year 2024.

For the compensating controls related to the deposit correction process for the Department of Natural Resources (DNR), Department of Environment, Great Lakes, and Energy (EGLE), MDARD, and MDOT, the controls were communicated and implemented at the conclusion of fiscal year 2023. The process and controls will be sustained and will be fully operational during all of fiscal year 2024.

Anticipated Completion Date

Completed

Responsible Individual(s)

Andrea Mowry, MDOT

**Finding 7**

**Financial accounting practices related to capital assets.**

Management Views

MDOT, DNR, and OFM agree that internal control should be improved to help ensure the accuracy of the capital asset accounting information recorded in the SOMACFR.

Planned Corrective Action

For part a., as noted in the finding, this was related to a singular project, which was a unique funding situation. MDOT has discussed and reviewed the accounting entries planned for fiscal

year 2024 for the project to ensure the project will be correctly accounted for moving forward. Because the project will be complete in fiscal year 2024, the percentage complete will no longer need to be calculated. In the event that one of these types of funding scenarios occur again, MDOT finance will independently verify the calculation performed by the project manager.

For part b., DNR will be using a new SIGMA Business Intelligence (BI) agency report using the fixed asset accounting journal to review fixed asset construction in progress (CIP) on a quarterly basis. DNR will implement process improvements for updating in-service dates to ensure CIP amounts are reclassified timely to depreciable assets.

Anticipated Completion Date

- a. Completed
- b. September 30, 2024

Responsible Individual(s)

- a. Adam Feldpausch, MDOT
- b. Andrea Mowry, MDOT  
Dan Lord, DNR

**Finding 8**  
**Oversight of third party service organizations.**

Management Views

Treasury and OFM agree that oversight of third party service organizations (TPSOs) should continue to be enhanced. MDHHS disagrees with part a. of the finding. For additional details regarding MDHHS's disagreement, please see page 34 of the [Report on Internal Control, Compliance, and Other Matters](#).

Planned Corrective Action

For part a., for the subservice evaluations completed by Treasury's FSD, FSD will continue to work with the Security and Data Risk Management Division (SDRMD) to complete the System and Organization Controls (SOC) report reviews. FSD will meet with SDRMD to ensure a clear understanding of subservice reporting requirements and will coordinate reviews with SDRMD to ensure FSD clearly understands how to determine if a subservice organization is relevant to the department's control environment. If SDRMD and FSD determine a SOC report for the subservice organization is needed, FSD will work with the primary vendor to obtain and review this report, which will include coordination with SDRMD and review by SDRMD.

For the subservice evaluations completed by Treasury's Bureau of Investments (BOI), BOI will work with SDRMD and the Office of Internal Audit Services to improve the evaluations of the subservice organizations. The relevance of the subservice organizations, evaluations, and conclusions will be fully documented in BOI's SOC report reviews.

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

For part b., FSD created a log to document its daily review of monitoring activities, which includes reviewing settlements for any issues, running a declined payment report, and reviewing transactions for suspicious activity.

Anticipated Completion Date

- a. Treasury: August 30, 2024  
MDHHS: Not applicable
- b. Completed

Responsible Individuals

- a. Karen Stout and Jenny Ruttman, Treasury  
Pratin Trivedi, MDHHS
- b. Jenny Ruttman, Treasury

**Finding 9**

**Improvements needed in MPSERS’s internal control over accounting transactions.**

Management Views

DTMB Financial Services (FS) agrees and will comply with the recommendation. Upon notification by the OAG, FS immediately corrected the identified errors and updated the Michigan Public School Employees’ Retirement System (MPSERS) Annual Comprehensive Financial Report. As a result, these errors did not result in misstatements in the MPSERS Annual Comprehensive Financial Report. FS is assessing current controls in place and will implement additional accounting transaction controls to prevent misstatements from occurring.

Planned Corrective Action

DTMB FS will enhance processes and procedures to provide more details and explanations to mitigate risks for misstatements of accounts receivables. FS will create a subsidiary ledger to better account for, detect, and prevent misstatements of university unfunded actuarial accrued liability receivables.

Anticipated Completion Date

December 31, 2024

Responsible Individuals

Mike Foerster, DTMB

**Findings Related to Federal Awards**

**Finding 2023-001**

**Bridges Interface Controls**

Management Views

DTMB agrees with the finding.

Planned Corrective Action

DTMB applied a system fix on May 11, 2024, related to the coding issue to ensure the batch summary table control totals match the exceptions table.

Anticipated Completion Date

Completed

Responsible Individual(s)  
Heather Frick, DTMB  
Nathan Buckwalter, DTMB

**Finding 2023-002**  
**Bridges Security Management and Access Controls**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
For parts a., c., and d., MDHHS implemented the Database Security Application (DSA) on October 2, 2023, which includes documenting incompatible role exception requests and user access request approvals. The DSA also includes semi-annual review of privileged users and annual review for all users.

For parts b. and e., MDHHS will revise internal business processes to include an additional level of monitoring and review to ensure compliance with the existing directives related to monitoring and review requirements.

Anticipated Completion Date  
a., c., and d. Completed  
b. and e. August 2024

Responsible Individual(s)  
a., c., and d. Deon Nelson, MDHHS  
b. and e. Veronica Maxson, MDHHS

**Finding 2023-003**  
**Bridges Change Management Process**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
MDHHS updated change control processes on May 18, 2023, requiring documentation of an alternate validation approval following each Bridges Integrated Automated Eligibility Determination System (Bridges) release that does not have field testers performing post implementation validation. For Bridges releases occurring after May 18, 2023, MDHHS sends a communication within three business days after each release that validates the changes to Bridges were applied as expected and this validation is documented and retained as part of the release close-out process. Each exception identified occurred prior to the implemented corrective action.

Anticipated Completion Date  
Completed

Responsible Individual(s)  
Holly Roderick, MDHHS



**Finding 2023-004**  
**Income Eligibility and Verification System**

**Management Views**

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

For part c., MDHHS disagrees that a process is not fully established to monitor the electronic notifications provided to county/district office caseworkers to ensure they utilized the Income Eligibility Verification System (IEVS) information to determine the recipients' eligibility. Although MDHHS did not implement the Bridges change to require an action comment before the county/district office caseworkers dispose of the electronic notifications until July 2023, MDHHS had policies and procedures in effect during fiscal year 2023 to help ensure monitoring of electronic notifications was taking place. Review of IEVS information is fully incorporated into the case read procedure governed by Bridges Administrative Manual 301 and detailed further in desk aids and reading guides. The Economic Stability Administration (ESA) provides regular direction and reminders of case read requirements via ESA Memos.

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

**Planned Corrective Action**

For parts a. and b., 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 implemented a technical solution during July 2023 for applicable interfaces to 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 (TANF) adoption subsidies.

For parts c., and e., MDHHS disagrees with the finding and does not intend to take further action.

**Anticipated Completion Date**

- a. and b. Ongoing
- c. Not applicable
- d. September 30, 2024
- e. Not applicable

**Responsible Individual(s)**

- a., b., and c. Veronica Maxson, MDHHS
- d. Kathonya Rice, MDHHS
- e. Logan Dreasky, MDHHS

**Finding 2023-005**  
**CHAMPS General Controls**

Management Views

Although MDHHS and DTMB delayed the implementation of the State of Michigan (SOM) tailored configurations, 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 implemented and continues to implement the manufacturer's recommendations regarding security configurations and performs regular database and operating system patching. Additionally, 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 will implement the SOM tailored configurations by July 31, 2024.

Anticipated Completion Date

July 31, 2024

Responsible Individual(s)

Nathan Buckwalter, DTMB

**Finding 2023-006**  
**MDE, Security Management and Access Controls**

Management Views

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

Planned Corrective Action

For part a., as part of the Michigan Nutrition Data (MiND) 2.0 Implementation Project, MDE will institute a mechanism to capture the person to whom the access has been delegated. MDE will review the policies and procedures with department staff that is responsible for security access controls for the Next Generation Grant, Application and Cash Management System (NexSys) to ensure proper access control policies are followed.

For part b., MDE will update policies and procedures to ensure review of all accounts on a semi-annual basis.

For parts c. and d., MDE will continue to work with DTMB to find more efficient ways to ensure all non-privileged users are recertified and improve the technical solution to deactivate users after 18 months of inactivity.

For part e., as part of the movement of the grants management unit at MDE to a different office, MDE is reviewing the policies around high-risk transactions and will update the policies to meet established standards.

Anticipated Completion Date

October 1, 2024

Responsible Individual(s)  
David Judd, MDE

**Finding 2023-007**  
**MDE, Change Management Process**

Management Views  
MDE agrees with the finding.

Planned Corrective Action  
MDE and DTMB will work to implement a regular review of DevOps tickets to ensure documentation is maintained at all stages of the process, that change order requests are closed, and the completion is documented in a timely manner.

Anticipated Completion Date  
October 1, 2024

Responsible Individual(s)  
Monica Butler, MDE  
Sean Strom, DTMB

**Finding 2023-008**  
**MDHHS, PACAP - Inappropriate PACAP Allocation**

Management Views  
MDHHS disagrees the exceptions identified should rise to the level of a significant deficiency and noncompliance. The comprehensive set of quality control processes continue to operate as designed to identify any errors greater than 5.0 percent of the total difference of the given statistical group from the previous quarter and none of the errors identified in the finding fell outside of this range.

For part a., the auditor's review included all related statistical records within each statistical group for the 15 sampled cost pools. This includes 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. After review of all fiscal year 2023 statistical data, 6 individual statistical records out of 6,548 were found to be in error. After recalculating the cost allocated amounts related to this error, we identified that approximately \$15,346 was overclaimed to the Low-Income Home Energy Assistance Program (LIHEAP) out of \$1,732,426,561 (0.0009 percent) of costs allocated in fiscal year 2023 by MDHHS. The other program areas identified were underclaimed.

For part b., MDHHS acknowledges the exclusion of a participant from two quarters (quarter three and quarter four) of the Family Independence Specialists/Eligibility Specialists Random Moment Time Study (RMTS) in the sample. Although the actual dollar value impact of excluding a participant is indeterminable, MDHHS concluded the impact would be immaterial because there are over 6,000 RMTS participants each quarter and RMTS results vary little from quarter to quarter from non-programmatic changes.

Planned Corrective Action

For part a., MDHHS will ensure the vendor's RMTS report is modified to resolve formatting issues related to trailing zeros in SIGMA codes. Additionally, the vendor and MDHHS staff will individually check to ensure accurate SIGMA codes for those with trailing zeros.

For part b., MDHHS will implement additional quality control processes when gathering the participant list for the RMTS. MDHHS will modify the reports used to gather the participant list to eliminate filtered restrictions for sub-unit codes to ensure all eligible participants are included in the time studies.

Anticipated Completion Date

MDHHS will implement additional quality control measures effective July 2024.

Responsible Individual(s)

Suzanne Kyes, MDHHS  
Matt McCool, MDHHS

**Finding 2023-009**

**Treasury - Recertification of Clearance Patterns**

Management Views

Treasury agrees with the finding. When the Cash Management Improvement Act (CMIA) program transferred to Treasury FSD in early 2022, there was a lack of well-documented procedures on how to complete program clearance pattern reviews. FSD created a procedure for the review process, but it is not complete.

Planned Corrective Action

Treasury FSD will continue to gain a better understanding of the clearance pattern review process and thoroughly document the procedures for future fiscal years to ensure compliance with federal regulations. FSD will research how the clearance patterns are determined for each program, identify which programs require clearance pattern review each year, ensure that the SIGMA BI queries are functioning properly for each program under review, and clarify how to interpret the BI query results.

Anticipated Completion Date

September 2024

Responsible Individual(s)

Melanie Alvord, Treasury  
Lauren Markwart, Treasury

**Finding 2023-010**

**MDE - FFATA Reporting**

Management Views

MDE and the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) agree with the finding.

### Planned Corrective Action

For part a., MDE and MiLEAP, going forward, will verify all grants will be tracked for the Federal Funding Accountability and Transparency Act (FFATA), reviewing all systems the grants are awarded from.

For part b.1., MDE and MiLEAP will continue to coordinate with the program offices to improve the FFATA reporting process in order to submit subaward information in accordance with FFATA and other applicable federal guidance. The corrective action will begin on October 1, 2024 with an anticipated completion date of October 31, 2025.

For part b.2., MDE and MiLEAP have completed FFATA reporting using the actual expenditures for the purpose of verifying subrecipients have not exceeded the awarded amounts. To meet the requirements as outlined in 2 *CFR* 170, MDE and MiLEAP will update the reporting process to include all key data elements, including the net dollar amount of federal funds awarded to the subawardee, including modifications.

Part b.3., MDE will work with all MDE program offices and MiLEAP to include the correct program descriptions in the FFATA reporting.

### Anticipated Completion Date

a. Completed

b.1. October 31, 2025

b.2. October 31, 2025

b.3. December 31, 2024

### Responsible Individual(s)

Spencer Simmons, MDE

Bethanie Kramer, MiLEAP

## **Finding 2023-011**

### **MDHHS - FFATA Reporting**

#### Management Views

MDHHS agrees with the finding.

#### Planned Corrective Action

MDHHS updated the grantee profile in the Electronic Grants Administration and Management System (EGrAMS) with information that is obtained from the grantee and was missing or incorrect at the time of required reporting. To ensure the query properly retrieved all required FFATA data elements, MDHHS corrected the accounting template that populates the funding source table for one of the subawards.

The MDHHS Federal Reporting Section will ensure all federal grant awards are recorded in SIGMA and included on the department's Grants Received Report. The Grants Received Report will be maintained on the department's SharePoint site for use by those within the department. All data elements required to comply with federal funding requirements, such as FFATA, will be included on the Grants Received Report. In the event data elements are missing from the report, the MDHHS Federal Reporting Section will follow up with the awarding agency, program area, or others to update the missing data elements within 30 days of receipt of the award. The Bureau of Grants and Purchasing will use the information from the Grants Received

Report to report the information in the FFATA Subaward Reporting System in accordance with FFATA requirements.

Anticipated Completion Date

September 30, 2024

Responsible Individual(s)

Jeanette Hensler, MDHHS  
Steve Bendele, MDHHS

**Finding 2023-012**

**Title I Grants to Local Educational Agencies, ALN 84.010 and Supporting Effective Instruction State Grants, ALN 84.367 - Participation of Private School Children**

Management Views

MDE agrees with the finding.

Planned Corrective Action

In spring 2023, the MDE Office of Educational Supports developed a new system of support and created a new Local Education Agency (LEA) application and documentation collection process in the MDE Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS) for fiscal year 2024. In September 2023, a new Equitable Services Ombudsman was hired to work collaboratively with leadership in the Office of Educational Supports to support LEAs and monitor the private school consultation process according to federal requirements. In January 2024, the LEA collection process in GEMS/MARS began for the Equitable Service Ombudsman to review LEAs consultation documents and provide ongoing technical assistance and support. MDE anticipates developing additional LEA resources and supports by June 30, 2025.

Anticipated Completion Date

June 30, 2025

Responsible Individual(s)

Michael Powell, MDE  
Chanel DeGuzman, MDE

**Finding 2023-013**

**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.

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. Once this is completed, MDHHS will develop mandatory training protocols for eligibility workers.

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 originally expected to have all cases corrected at the end of the public health emergency (PHE) unwind (July 2024), however, due to some of the mitigation strategies that the Centers for Medicare and Medicaid Services (CMS) developed to ensure children did not lose eligibility, not all cases had their coding updated when they were renewed. MDHHS expects that all existing cases will be updated by May 2025.

Anticipated Completion Date  
May 2025

Responsible Individual(s)  
Logan Dreasky, MDHHS  
Brant Cole, MDHHS  
Mariah Schaefer, MDHHS

**Finding 2023-014**  
**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 originally expected to have all cases corrected at the end of the PHE unwind (July 2024), however, due to some of the mitigation strategies that CMS developed to ensure children did not lose eligibility, not all cases had their coding updated when they were renewed. MDHHS expects that all existing cases will be updated by May 2025, as MDHHS completes renewals for existing cases.

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

Anticipated Completion Date  
May 2025

Responsible Individual(s)  
Brant Cole, MDHHS  
Logan Dreasky, MDHHS  
Erin Emerson, MDHHS

**Finding 2023-015**  
**CHAMPS 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 2024

Responsible Individual(s)

Jamy Hengesbach, MDHHS  
Mariah Schaefer, MDHHS

**Finding 2023-016**  
**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 and returned timely when contracts and waivers are renewed and extended. MDHHS expects that signatures will be obtained on the PSICT forms effective September 2024 for the fiscal year 2025 contract cycle. MDHHS continues to send an annual reminder to the managed care entities to report any change in ownership to MDHHS within 35 days.

In addition, MDHHS incorporated a review of provider agreements as part of their monitoring process conducted for all MI Choice Waiver Program (MI Choice) entities. MDHHS's review of fiscal year 2023 provider agreements for MI Choice entities will be completed by September 30, 2024, and will be ongoing. MDHHS also added language to MI Choice contracts that requires PSICT forms to be returned by September 1 each year and reminders will be sent during August 2024 to complete the tools and submit to MDHHS by this deadline.

Anticipated Completion Date

September 30, 2024



Responsible Individual(s)  
Elizabeth Gallagher, MDHHS  
Latina McCausey, MDHHS

**Finding 2023-017**  
**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 worked 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) and updates were deployed to production on September 27, 2023. MDHHS finalized updates in CHAMPS on October 1, 2023, to properly report overpayments.

MDHHS will work with the ASAP vendor to implement a system enhancement that identifies overpayments returned late and calculates the corresponding interest due to CMS.

Anticipated Completion Date  
September 30, 2024

Responsible Individual(s)  
Gina Fleury, MDHHS  
Carol O'Callaghan, MDHHS  
Darryl Walker, MDHHS

**Finding 2023-018**  
**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  
For the Prepaid Inpatient Health Plan (PIHP), MI Choice, and Dental Health Plan medical loss ratio (MLR) reporting, MDHHS will revise the instructions and the template; as well as instruct the contracted actuary to include this managed care entity required reporting as part of their MLR review. The MLR instructions for the Medicaid Health Plan Comprehensive Health Care Plan (CHCP) were updated during June 2023 and comparisons were required to be submitted to MDHHS as part of the MLR reporting process. MDHHS will work with the CHCPs, PIHPs, MI Choice, and Dental Health Plans to obtain the comparisons as part of the MLR reporting process.

Anticipated Completion Date  
September 30, 2024

Responsible Individual(s)  
Keith White, MDHHS

**Finding 2023-019**  
**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 have been completed and final reports outlining the results of the reviews were posted to the website during February and March 2024.

Anticipated Completion Date  
Completed

Responsible Individual(s)  
Brad Barron, MDHHS  
Jackie Sproat, MDHHS  
Matthew Seager, MDHHS

**Finding 2023-020**  
**SNAP Cluster, ALN 10.551 and 10.561 - System and Organization Controls**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
For part a., the Electronic Benefits Transfer (EBT) service provider releases all SOC reports via an administrative view on the provider website. MDHHS will maintain documentation of the date the reports are pulled from the EBT service provider site. Additionally, MDHHS will modify the review process so that the individual completing the evaluation is different from the individual approving the evaluation to ensure segregation of duties is maintained.

For parts b. and c., MDHHS will assess the current process and make improvements as needed to ensure subservice organizations are adequately evaluated. Based on the evaluation, MDHHS will perform reviews of sub-organization SOC reports where required.

Anticipated Completion Date  
September 30, 2024

Responsible Individual(s)  
Andrew Piper, DHHS  
Dani Wager, DHHS

**Finding 2023-021**  
**SNAP Cluster, ALN 10.551 and 10.561 - EBT Reconciliations**

Management Views

MDHHS disagrees that a material weakness and material noncompliance exist. MDHHS federal reporting conducts a daily reconciliation of federal draws and authorizations to retailers based on vendor EBT reports. In addition, MDHHS conducts a monthly reconciliation between Bridges, Bridges data warehouse, and vendor EBT reports using daily data to ensure the client information in Bridges and Bridges data warehouse is accurate. The monthly reconciliation process does not impact the federal draw because the daily reconciliation of the vendor EBT report is used for this purpose. MDHHS provided detailed and accurate descriptions of MDHHS daily and monthly EBT reconciliations to the designated federal awarding agency contacts at the United States Department of Agriculture Food and Nutrition Service Agency that are familiar with MDHHS processes and received confirmation that the current reconciliation processes in place are sufficient to comply with federal regulations.

Planned Corrective Action

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

Anticipated Completion Date

Not applicable

Responsible Individual(s)

Sara Gross, MDHHS

**Finding 2023-022**  
**Pandemic EBT Food Benefits, ALN 10.542 - Lack of Documentation for School Modality Data Reviews**

Management Views

MDHHS disagrees that not formally documenting the review details on the log rises to the level of a material weakness and material noncompliance.

MDHHS selects a sample of schools that submitted data and verifies the accuracy of Pandemic EBT (P-EBT) school modality data reported, documenting the schools reviewed within a log. Following the written business process, P-EBT staff first identify public information available to verify the school's modality data such as the school's calendar or news articles, and then reach out to school administration if public information is not available. If additional steps are required to reconcile the data, P-EBT staff document the support and results, sign off on the reconciliation, and forward to a supervisor for review. For this review period, no discrepancies were identified between what the school reported, and school websites. Since no discrepancies were noted, staff verbally communicated the review results to the manager and the log of sample items reviewed were kept within a shared drive.

Planned Corrective Action

MDHHS has no corrective action planned at this time as P-EBT benefit issuance ended as of May 11, 2023. No additional benefits will be issued in fiscal year 2024.

Anticipated Completion Date

Not applicable

Responsible Individual(s)  
Kathy Cornell, MDHHS

**Finding 2023-023**  
**Pandemic EBT Food Benefits, ALN 10.542 - Accuracy of Financial Reports**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action  
The Food and Nutrition Service has ended the P-EBT program and there will be no additional expenses after February 2024. However, for the last report submitted during May 2024, MDHHS implemented a report review process prior to certification to ensure the P-EBT financial report information is accurate.

Anticipated Completion Date  
Completed

Responsible Individual(s)  
Bethany Cabanaw, MDHHS

**Finding 2023-024**  
**Fish and Wildlife Cluster, ALN 15.605, 15.611, and 15.626 - Inappropriate Telecommunication Expenditures**

Management Views  
DNR agrees with the finding.

Planned Corrective Action  
DNR sent an email communication on May 7, 2024, to the Department Budget Control Team as a reminder to use the monthly DTMB telecom billing detail to verify all employees coded to fish and wildlife activities are valid. The monitoring of these charges will continue to occur as part of the interim quarterly assessments.

Anticipated Completion Date  
Completed

Responsible Individual(s)  
Jennifer Houle, DNR

**Finding 2023-025**  
**Fish and Wildlife Cluster, ALN 15.605, 15.611, and 15.626 - Inaccurate Inventory of Equipment**

Management Views  
DNR agrees with the finding.

Planned Corrective Action

DNR sent an email communication on May 7, 2024, to the Department Budget Control Team as a reminder to all divisions that the division inventory liaison will ensure that all capitalized equipment assets or special memo assets acquired have been tagged and recorded in the department inventory system. On a quarterly basis, the “Purchased Equipment Report” in BI will be used to identify purchases of equipment and verify that they have been recorded in the inventory system.

Anticipated Completion Date

Completed

Responsible Individual(s)

Jennifer Houle, DNR

**Finding 2023-026**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Grant Reimbursement Approval Procedures**

Management Views

EGLE agrees with the finding.

Planned Corrective Action

EGLE’s Water Resources Division’s Administration staff reviewed the existing process with staff conducting the administrative review to ensure the technical review will be completed in advance of making any payment. If Administration staff have received a request for payment without the technical review, Administration staff will forward all documents received to the project manager to obtain the technical review. Once the technical review has been completed, Administration staff will conduct the administrative review and process the payment request. Additionally, EGLE subsequently reviewed the reimbursement request noted in the finding to ensure that the cumulative totals requested have been for projects that are consistent with the grant award.

Anticipated Completion Date

Completed

Responsible Individual(s)

Phil Argiroff, EGLE

Amy Hicks, EGLE

**Finding 2023-027**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Insufficient Respite Payment Controls**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS began performing weekly reconciliations of the Medical Services Administration Manual Payment System (MSAPay) payment details and Home Help beneficiary applications during February 2024, to ensure only approved outstanding applications are paid.

In addition, MDHHS implemented additional steps in the MSAPay approval process during May 2024 to prevent duplicate payments, including a review process to verify the beneficiary did not receive previous payments related to the respite grant, prior to creating a new payment voucher.

Anticipated Completion Date

Completed

Responsible Individual(s)

Crystal Kline, MDHHS  
Jessica Bowen, MDHHS  
Elaina Brown, MDHHS

**Finding 2023-028**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Lack of Required Contract Provisions**

Management Views

DTMB agrees with the finding.

Planned Corrective Action

The DTMB Design and Construction Division (DCD) provided a copy of the federal provisions to the vendor on May 1, 2024. DCD modified the contract to include the provisions on May 20, 2024. Furthermore, DCD is systematically reviewing all active contracts of this type, and completing contract modifications as necessary, to ensure all contracts include all applicable federal provisions as a proactive measure in the event federal funding is used in the future.

Anticipated Completion Date

June 28, 2024

Responsible Individual(s)

Kristi Zakrzewski, DTMB

**Finding 2023-029**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Suspension and Debarment Process**

Management Views

MDE agrees with the finding.

Planned Corrective Action

MDE and MiLEAP will update all grant agreements to include specific suspension and debarment language to comply with 2 *CFR* 200.214.

Anticipated Completion Date

October 1, 2024

Responsible Individual(s)

Spencer Simmons, MDE

Juan Suasto, MDE

Richard Lower, MiLEAP

**Finding 2023-030**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Workfront Security Management and Access Controls**

Management Views

DTMB agrees with the finding.

Planned Corrective Action

For part a., DTMB has implemented processes and documentation to track user access requests to support approval of the system role for all Workfront users.

For part b., DTMB has updated processes to ensure it maintains documentation to support the review of all privileged Workfront accounts on a semiannual basis.

Anticipated Completion Date

Completed

Responsible Individual(s)

Jennifer Edmonds, DTMB

**Finding 2023-031**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Workfront Change Management Process**

Management Views

DTMB agrees with the finding.

Planned Corrective Action

DTMB has created an enhancement tracker to track key documentation throughout the change management process. This will ensure that DTMB maintains documentation of testing results at all stages and authorization and completion of all change order requests. DTMB has also enhanced documentation for meetings between program management and development teams.

Anticipated Completion Date

Completed

Responsible Individual(s)

Jennifer Edmonds, DTMB

**Finding 2023-032**

**Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Subaward Information**

Management Views

MDHHS and MDE agree with the finding.

Planned Corrective Action

For part a., MDHHS updated the grantee profile in EGrAMS with the correct unique entity identifier (UEI). In addition, the MDHHS Federal Reporting Section will ensure all federal grant awards are recorded in SIGMA and included on the department's Grants Received Report. The Grants Received Report will be maintained on the department's SharePoint site for use by those within the department. All data elements required to comply with federal funding requirements, such as 2 CFR 200, will be included on the Grants Received Report. In the event data elements are missing from the report, the MDHHS Federal Reporting Section will follow up with the awarding agency, program area, or others to update the missing data elements within 30 days of receipt of the award. The Bureau of Grants and Purchasing will use the information from the Grants Received Report to communicate information to the subrecipients in accordance with 2 CFR 200.

For part b., the grant award notification (GAN) recipient information is pulled directly from the Education Entity Master, including the UEI and the Federal Award Identification Number (FAIN). The GAN template is included as part of the grant requirement gathering process. Beginning with the 2024 fiscal year, MDE will require all grant awards using MDE Coronavirus State and Local Fiscal Recovery Funds to use this MDE GAN notification process. For those subrecipients whose grants continue past fiscal year 2023, MDE will evaluate any exceptions and determine whether subsequent communication can be made to the subrecipients to provide the correct subaward information.

Anticipated Completion Date

- a. September 30, 2024
- b. October 1, 2024

Responsible Individual(s)

- a. Jeanette Hensler and Steve Bendele, MDHHS
- b. Spencer Simmons, MDE  
Richard Lower, MiLEAP

**Finding 2023-033**

**Title I Grants to Local Educational Agencies, ALN 84.010 - Supplement Not Supplant Monitoring Procedures**

Management Views

MDE agrees with the finding.

Planned Corrective Action

For fiscal year 2024, MDE's Office of Educational Supports resumed its full federal programs monitoring of LEAs to ensure they have a written methodology to demonstrate compliance with Title I, Part A supplement not supplant requirements. From February 2024 through May 2024, MDE conducted 29 on-site monitoring reviews with LEAs across the State and will continue



completing the remaining on-site monitoring reviews, including close out activities, with the remaining LEAs.

Anticipated Completion Date

June 30, 2025

Responsible Individual(s)

Michael Powell, MDE

Shoua Vang, MDE

**Finding 2023-034**

**CCDF Cluster, ALN 93.575, and 93.596 - Child Care Stabilization Grant**

Management Views

MiLEAP agrees with the finding. The Child Care and Development Fund (CCDF) Cluster transferred to MiLEAP by Executive Order No. 2023-6 on December 1, 2023 and is no longer part of MDE.

Planned Corrective Action

There is no additional child care stabilization grant funding expected for fiscal year 2024 or in future years. However, should federal or state funding become available, MiLEAP will review and update its procedures to include additional monitoring activities to ensure providers submit adequate documentation to support grant funds were used on authorized activities.

Anticipated Completion Date

Not applicable

Responsible Individual(s)

Lisa Brewer-Walraven, MiLEAP

**Finding 2023-035**

**CCDF Cluster, ALN 93.575 and 93.596 - Client Eligibility**

Management Views

MiLEAP and MDHHS agree with the finding.

Planned Corrective Action

MDHHS Public Assistance Operations (PAO), within ESA, will continue assisting the local office staff and Business Service Center (BSC) staff by providing guidance on updated policies and processes. ESA will inform the local office staff and BSC staff of policy changes or noted trends during PAO's Bridges Bits and Bytes communications sessions.

ESA and MDE implemented a checklist on May 9, 2023, for local office staff to ensure documentation supports eligibility determinations. MDHHS will continue to use the finalized checklist at eligibility determination. 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. These practices will continue to be carried out by MDHHS and MiLEAP moving forward, including the continuation of monthly meetings to discuss Child Development and Care errors.

Anticipated Completion Date

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

Responsible Individual(s)

Mariah Schaefer, MDHHS

Gayle Vail, MDHHS

Lisa Brewer-Walraven, MiLEAP

**Finding 2023-036**

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

Management Views

The Department of Licensing and Regulatory Affairs (LARA) and MiLEAP agree with the finding. The Child Care and Development Fund (CCDF) Cluster transferred from MDE to MiLEAP, and the child care licensing responsibilities transferred from LARA to MiLEAP per Executive Order No. 2023-6 on December 1, 2023.

Planned Corrective Action

LARA and MiLEAP have been working to expand child care capacity across the State to meet the growing demand for care, which significantly increases the workload of licensing consultants. Also, more duties have been placed on licensing consultants to meet federal health and safety standards and monitoring requirements. Federal standards require the ratio of licensing consultants to child care providers and facilities is maintained at a level sufficient to enable the State to conduct effective inspections on a timely basis. To adhere to these federal ratio standards, health and safety standards, and timeliness of annual inspections, best practices recommend limiting each consultant's caseload to a goal of 50 to 60 licensed facilities. The fiscal year 2025 executive budget recommendation includes an additional 30 Full-Time Equivalent positions as a significant step toward reaching case load best practices.

After the audit period, the Child Care Licensing Bureau completed inspections of all facilities that were due by September 30, 2023, where the applicable health and safety requirements were reviewed. Additionally, LARA and MiLEAP launched the Child Care Hub Information Records Portal (CCHIRP) information technology system in September 2023. CCHIRP allows consultants to access information in a mobile format during onsite inspections, make real time updates to records, and confirm all applicable information with the provider while onsite. The new system supports a streamlined licensing process and additional efficiency for inspectors to perform inspections timely.

Anticipated Completion Date

October 1, 2025

Responsible Individual(s)

Emily Laidlaw, MiLEAP

**Finding 2023-037**  
**CCDF Cluster, ALN 93.575 and 93.596 - Subaward Information**

Management Views

MiLEAP agrees with the finding.

Planned Corrective Action

MiLEAP will develop procedures for reviewing award documents, which will include verifying a unique entity identifier and federal award project description are included on each award.

Anticipated Completion Date

October 1, 2024

Responsible Individual(s)

Lisa Brewer Walraven, MiLEAP

**Finding 2023-038**  
**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 prior report review process to ensure impacted records that do not get corrected with the CHAMPS retrigger are addressed. MDHHS continues to work with DTMB on the underlying issues in Bridges causing synchronization problems between Bridges and CHAMPS, as well as developing mitigation strategies to temporarily address the overpayment concerns while the more permanent system solutions are developed. MDHHS expects all remaining synchronization issues to be resolved once the remaining larger system changes are implemented in March 2025.

Anticipated Completion Date

March 31, 2025

Responsible Individual(s)

Jamy Hengesbach, MDHHS

**Finding 2023-039**  
**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Ineligible HHP Payments**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS presented the audit findings and planned corrective action to local office workers, managers, and staff at an Adult Services statewide meeting during March 2024. During the meeting, MDHHS reviewed recoupment policies and procedures and the importance of reviewing work for accuracy.

MDHHS issued an Adult Services Notification to managers and directors during April 2024 informing them of the recent recoupment audit findings and reminding local office management of the expectation to review hospitalization reports to ensure timely and accurate action is taken.

Anticipated Completion Date  
Completed

Responsible Individual(s)  
Elaina Brown-Mingo, MDHHS  
Michelle Martin, MDHHS

**Finding 2023-040**  
**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 for overlaps between fee-for-service and capitation payments is due to retroactive removal of Medicaid eligibility within Bridges. An upgraded interface fix is being implemented that will address several issues. This upgraded interface will remove the existing limitations to mitigate the occurrence of retroactive disenrollment. The interface fix is scheduled for March 2025 implementation.

Anticipated Completion Date  
March 31, 2025

Responsible Individual(s)  
Latina McCausey, MDHHS  
Alexis Bond, MDHHS

**Finding 2023-041**  
**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - ADP Security Program**

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

For part b., although MDHHS agrees that system security plans were not updated timely for the systems cited and the authority to operate expired for both systems, 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. The 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.

For one system cited, MDHHS is required to audit the system as part of the 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 data stored in those systems. The other system cited did not have any significant changes and implemented controls are still working as expected.

Planned Corrective Action

For part a., MDHHS will perform annual reviewing and testing of the business continuity plan (BCP). MDHHS has completed annual review and testing of the BCP as of April 22, 2024.

For part b., MDHHS and DTMB will complete the necessary updates to the system security plans, including updating the risk assessments, and anticipate completion for both systems by December 31, 2024. MDHHS and DTMB anticipate that authority to operate renewals will be attained for both systems by December 31, 2024.

Anticipated Completion Date

December 31, 2024

Responsible Individual(s)

Jim Bowen, MDHHS  
Nathan Buckwalter, DTMB  
Heather Frick, DTMB  
Karen Scott, MDHHS  
Keelie Honsowitz, MDHHS

**Finding 2023-042**

**Public Health Emergency Preparedness, ALN 93.069 - Risk Assessment and During-the-Award Monitoring**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS hired a financial analyst during May 2024 to assist with subrecipient monitoring. MDHHS evaluated the subrecipient monitoring plan and revised as needed. Although MDHHS conducts quarterly reviews of Financial Status Reports and requests supporting documentation based on reviews, MDHHS will annually consider if any additional monitoring activities are necessary based on the annual risk assessment results.

Anticipated Completion Date

Completed

Responsible Individual(s)

Jay Fiedler, MDHHS  
Brianna Briggs, MDHHS

**Finding 2023-043**

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS received approval for an exception allowing them to disable inactive accounts after 120 days instead of 60 days, which was implemented May 8, 2024. The exception was requested and granted because the Michigan Care Improvement Registry (MCIR) users include non-SOM users that do not log in as frequently. MDHHS will develop and implement a manual process to deactivate users from the MDHHS sites in MCIR that have not been accessed in 120 days.

Anticipated Completion Date

September 30, 2024

Responsible Individual(s)

Abigail Cheney, MDHHS

Ryan Malosh, MDHHS

Beatrice Salada, MDHHS

**Finding 2023-044**

**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 did not resume for all Vaccines for Children (VFC) providers until the July 1, 2022 through June 30, 2023 review cycle because the Centers for Disease Control and Prevention (CDC) allowed jurisdictions to temporarily suspend these visits during the COVID-19 pandemic that ended during May 2023. MDHHS previously reached out to the CDC for clarification on conducting site visits and was informed that site visit activities could be suspended based on COVID-19 activity in MDHHS's jurisdiction and capacity within MDHHS's organization. The site visits identified in the finding were included in the backlog of suspended site visits that MDHHS continued to work through during the audit period.

Planned Corrective Action

MDHHS sent reminders of the VFC program requirements and program guidelines to MDHHS field representatives and local health department (LHD) site reviewers, including those overseeing VFC providers in need of compliance site visits. In order to remain compliant with program requirements, the MDHHS VFC team issued expectation dates for completing site visits and monitored site visit progress. MDHHS communicated this information via monthly Vaccine Management Calls, training sessions, and email notifications. MDHHS sent each LHD a letter which contained a list of VFC providers that remained non-compliant after June 30, 2023, with a short extension to complete needed site visits by August 24, 2023. All overdue site visits were completed as of December 31, 2023.

Anticipated Completion Date

Completed

Responsible Individual(s)  
Heather Barnes, MDHHS  
Heidi Loynes, MDHHS  
Ryan Malosh, MDHHS

**Finding 2023-045**

**Temporary Assistance for Needy Families, ALN 93.558 - MiSACWIS Security Management and Access Controls**

Management Views  
MDHHS agrees with the finding.

Planned Corrective Action

For parts a. and c., MDHHS will continue to provide training for local office security coordinators (LOSCs) via quarterly webinars to emphasize the appropriate procedures for granting access, reviewing, and comparing access. All new information related to security access is presented to the LOSCs during the webinars and one-on-one assistance is available as needed for additional support.

For part b., MDHHS currently has a process in place to review the user narrative describing the incompatible role exceptions within the DSA Michigan Statewide Automated Child Welfare Information System (MiSACWIS) request as part of the approval process. MDHHS will continue to work on adding an incompatible role form in the DSA MiSACWIS request with automated routing for appropriate approval.

Anticipated Completion Date

- a. and c. Corrective action is ongoing.
- b. MDHHS has not yet determined an anticipated completion date because implementation is dependent on funding, approval, and prioritization of other proposed system changes.

Responsible Individual(s)  
Alana Lowe, MDHHS  
Deon Nelson, MDHHS

**Finding 2023-046**

**Temporary Assistance for Needy Families, ALN 93.558 - MARS User Access**

Management Views

The Department of Labor and Economic Opportunity (LEO) agrees with the finding. The Management of Awards to Recipients System (MARS) is an older legacy system that does not automatically deactivate user accounts after 60 days of inactivity. The LEO Finance unit continues to experience challenges related to staffing shortages and competing priorities. Accordingly, the LEO Internal Controls unit will assist the LEO Finance unit in the interim with implementing corrective action until this legacy application is replaced, and new procedures are implemented.

Planned Corrective Action

LEO has received a Technical Review Board exception from SOM Technical Standard 1340.00.020.01 (Access Control Standard). The exception allows MARS inactive accounts to

remain open for up to 90 days - an interval at which Michigan Works! Agency administrators make quarterly approvals (sometimes their only activity on the system). The exception was granted on April 12, 2024, and is valid through October 9, 2024, but may be extended. LEO staff has begun manually pulling an inactive users report monthly and manually deactivating accounts that were not accessed during the previous 90-day period.

LEO is currently working on a request for proposal to replace MARS and anticipates that the new system will be able to automatically deactivate user accounts in accordance with the SOM Technical Standard. The LEO Finance unit has updated its procedures to reflect its interim process and will further revise them once the MARS replacement system goes live.

Anticipated Completion Date

September 30, 2026

Responsible Individual(s)

Lora MacKay, LEO  
Allen Williams, LEO

**Finding 2023-047**

**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 to local offices and Eligibility Specialists. ESA leadership will reach out to managers of individual Eligibility Specialists regarding issues identified with the Family Automated Screening Tool and Family Self-Sufficiency Plan completion and verification of school enrollment and provide additional guidance as needed.

Anticipated Completion Date

August 31, 2024

Responsible Individual(s)

Brian Sanborn, MDHHS  
Kenton Schulze, MDHHS

**Finding 2023-048**

**Temporary Assistance for Needy Families, ALN 93.558 - Inappropriate TANF-Funded Adoption Subsidy Rate**

Management Views

MDHHS disagrees with the finding. Although the appropriate negotiated rate was not used to calculate the initial payment, MDHHS disagrees that a deficiency exists.



MDHHS ensures that the appropriate negotiated rate is used during an annual review process that occurs each year and is based on the child's birth month. The annual report process includes a thorough payment history review for each adoption assistance case to ensure payments are issued accurately. This involves verifying cases are paid at the correct rate and identifying any overpayments that occurred for adoption assistance agreements that were entered into between January 21, 2014 through June 18, 2015, prior to the MiSACWIS system update to automate the clothing allowance offset. The overpayment noted in the finding was identified by the auditor during the month prior to MDHHS's annual review process, which was scheduled for April 2024, and the negotiated rate for the month the child turned 13 was manually corrected and recouped by MDHHS in March 2024. MDHHS believes this is a timing issue and disagrees that a deficiency exists.

Planned Corrective Action

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

Anticipated Completion Date

Not applicable

Responsible Individual(s)

Kathonya Rice, MDHHS

**Finding 2023-049**

**Temporary Assistance for Needy Families, ALN 93.558 - Risk Assessment and During-the-Award Monitoring**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS monitors financial and programmatic reports submitted by the grantee and communicates with the grantee on a consistent basis. MDHHS will evaluate the risk assessment results to determine if additional monitoring is needed. MDHHS will also develop a program template to document monitoring activities, including follow-up action related to deficiencies noted during monitoring.

Anticipated Completion Date

July 31, 2024

Responsible Individual(s)

Jessica Altenbernt, MDHHS

Amber Troupe, MDHHS

**Finding 2023-050**

**Temporary Assistance for Needy Families, ALN 93.558 - Child Support Non-Cooperation**

Management Views

MDHHS disagrees with 4 of 5 exceptions identified. The MDHHS Bridges technical team reviewed each cited case and determined that Bridges was functioning as intended for four cases identified because each case was in a non-ongoing mode at the time the automated

interface occurred. A case is placed into this status if the client circumstances have changed for any MDHHS program within Bridges and the case requires a redetermination. TANF policy cannot mandate Bridges to change the non-ongoing mode because each impacted program is required to be certified prior to changing the status. MDHHS policy does not mandate a specific length of time that a case can be in a non-ongoing status. The results of the redetermination can impact the client's non-cooperation status and therefore the client should not be sanctioned until the certification by all programs is complete.

For two of the cases, the client was appropriately sanctioned after the case review was complete and for the other two cases, the client was determined to be in compliance once the case was removed from the non-going status mode.

Planned Corrective Action

The MDHHS Bridges technical team will follow the Departmental Work Intake Process to prioritize the identification of potential system modifications that may be needed to help ensure that Bridges is appropriately applying the one-month sanction period for child support non-cooperation. After identifying potential solutions, the MDHHS Bridges technical team will report their findings to MDHHS ESA policy staff and determine the best solution for remediation.

Anticipated Completion Date

August 31, 2024

Responsible Individual(s)

Kenton Schulze, MDHHS

Brian Sanborn, MDHHS

**Finding 2023-051**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566 - Salesforce Security Management and Access Controls**

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Office of Global Michigan will update established procedures and tracking logs to ensure compliance with SOM Technical Standard 1340.00.020.01. The LEO Internal Controls unit is in the process of establishing a grants compliance team that will perform validation of the ongoing reviews.

Anticipated Completion Date

December 31, 2024

Responsible Individual(s)

Ben Cabinaw, LEO

Allen Williams, LEO

**Finding 2023-052**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566 - Assistance to Ineligible Refugees**

Management Views

LEO and MDHHS agree with the finding.

Planned Corrective Action

For part a., MDHHS will issue a memo to BSCs and local offices and provide training to local office staff regarding the requirements to maintain sufficient documentation to support Refugee and Entrant Assistance State/Replacement Designee Administered Programs eligibility.

For part b., MDHHS corrected the reporting defect and properly adjusted the accounting records. MDHHS already had a process in place to identify the reporting defect and make necessary accounting adjustments. MDHHS will ensure that accounting adjustments are prioritized for any future reporting defects.

Anticipated Completion Date

- a. September 30, 2024
- b. Completed

Responsible Individual(s)

- a. Mariah Schaefer, MDHHS
- b. Trish Bouck, MDHHS

**Finding 2023-053**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566 - Timeliness of Cash Draws**

Management Views

LEO agrees with the finding.

Planned Corrective Action

LEO has filled a staff vacancy which previously contributed to late draws. Also, LEO will implement additional staff training and management oversight to ensure reimbursement requests are made timely and in accordance with CMIA.

Anticipated Completion Date

September 30, 2024

Responsible Individual(s)

Lora MacKay, LEO

**Finding 2023-054**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566 - FFATA Reporting**

Management Views

LEO agrees with the finding.

Planned Corrective Action

LEO FSD will implement a policy and procedure and will assign the tasks outlined in the policy and procedure to staff to ensure that FFATA reporting is completed on a monthly basis.

Anticipated Completion Date

June 30, 2024

Responsible Individual(s)

Dawn Lake, LEO  
Lora MacKay, LEO

**Finding 2023-055**

**Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566 - Subrecipient Audits and Subaward Information**

Management Views

LEO agrees with the finding.

Planned Corrective Action

For part a., the LEO Internal Controls unit has hired a compliance monitoring manager, who will implement a process to identify and document subrecipients that require a single audit. The manager's team will be responsible for conducting subrecipient monitoring activities for LEO agencies that lack staffing resources to conduct them; and will provide guidance and oversight to newly established agency monitoring units.

For part b., the grant cover sheets contained the correct FAIN at the time the agreement was established, but changed as they were amended and/or transcended multiple fiscal years. Going forward, the LEO Office of Global Michigan will ensure that accurate subaward information is provided to subrecipients by working with the LEO Procurement unit and Finance unit on updating procedures to ensure that amendments include updated cover sheets with the current FAINs as federal grants are updated with additional annual funding.

Anticipated Completion Date

December 31, 2024

Responsible Individual(s)

a. Allen Williams, LEO  
b. Ben Cabinaw, LEO

**Finding 2023-056**

**Low-Income Home Energy Assistance, ALN 93.568 - Client Benefits in Excess of Fiscal Year Cap**

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS will continue to provide guidance to the local MDHHS offices and BSCs related to the processing of State Emergency Relief (SER) applications. MDHHS developed job aids and

trainings that were distributed to local MDHHS offices and BSCs and added to the LIHEAP SharePoint site for reference during May 2024.

Anticipated Completion Date

Completed

Responsible Individual(s)

Nicole Denson-Sogbaka, MDHHS  
Kent Schulze, MDHHS  
Julie McLaughlin, MDHHS  
Nick Sakon, MDHHS  
Erich Holzhausen, MDHHS

**Finding 2023-057**

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS implemented quarterly case reads beginning in fiscal year 2023, and during April 2023, MDHHS began monthly meetings with BSCs to discuss common errors, answer questions, provide guidance, and on a quarterly basis discuss the results of the SER case reads.

In addition, based on the results of the quarterly case reads, MDHHS updated SER policy on October 1, 2023 to require additional verification sources.

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

Anticipated Completion Date

Ongoing

Responsible Individual(s)

Nicole Denson-Sogbaka, MDHHS  
Kent Schulze, MDHHS  
Julie McLaughlin, MDHHS  
Nick Sakon, MDHHS  
Erich Holzhausen, MDHHS

**Findings Identified by Other Auditors**

**Finding 2023-058**

**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, 2023, Corrective Action Plan, Finding 2023-001.

**Finding 2023-059**

**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, 2023, Corrective Action Plan, Finding 2023-002.

**Finding 2023-060**

**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, 2023, Corrective Action Plan, Finding 2023-003.

# GLOSSARY

## LIST OF ABBREVIATIONS

<b>ACF</b>	Administration for Children and Families.	<b>ELC</b>	Epidemiology and Laboratory Capacity for Infectious Diseases.
<b>ADP</b>	automated data processing.	<b>ERA</b>	eligible recipient agency.
<b>AIS</b>	Aging Information System.	<b>ESV</b>	Electronic Service Verifications.
<b>ALN</b>	Assistance Listing Number.	<b>FAA</b>	Federal Aviation Administration.
<b>ARRA</b>	American Recovery and Reinvestment Act of 2009.	<b>FAC</b>	Federal Audit Clearinghouse.
<b>ASM</b>	Adult Services Manual.	<b>FAIN</b>	Federal Award Identification Number.
<b>ATO</b>	authority to operate.	<b>FEMA</b>	Federal Emergency Management Agency.
<b>BCP</b>	business continuity plan.	<b>FFATA</b>	Federal Funding Accountability and Transparency Act.
<b>Bridges</b>	Bridges Integrated Automated Eligibility Determination System.	<b>FFEL</b>	Federal Family Education Loans.
<b>CARES</b>	Coronavirus Aid, Relief, and Economic Security.	<b>FFS</b>	fee-for-service.
<b>CCDF</b>	Child Care and Development Fund.	<b>FIP</b>	Family Independence Program.
<b>CDBG</b>	Community Development Block Grant.	<b>FIRST</b>	Financial Information Reporting System Technology.
<b>CDC</b>	Centers for Disease Control and Prevention.	<b>FISCAM</b>	Federal Information System Controls Audit Manual.
<b>CFR</b>	<i>Code of Federal Regulations.</i>	<b>FMG</b>	Financial Management Guide.
<b>CHAMPS</b>	Community Health Automated Medicaid Processing System.	<b>FNS</b>	Food and Nutrition Service.
<b>CHIP</b>	Children's Health Insurance Program.	<b>FSRS</b>	FFATA Subaward Reporting System.
<b>CMIA</b>	Cash Management Improvement Act.	<b>GAO</b>	U.S. Government Accountability Office.
<b>CMS</b>	Centers for Medicare and Medicaid Services.	<b>GEMS/MARS</b>	Grant Electronic Monitoring System/Michigan Administrative Review System.
<b>COVID-19</b>	coronavirus disease of 2019.	<b>HAF</b>	Homeowner Assistance Fund.
<b>CRRSAA</b>	Coronavirus Response and Relief Supplemental Appropriations Act of 2021.	<b>HHP</b>	Home Help Program.
<b>CSLFRF</b>	Coronavirus State and Local Fiscal Recovery Funds.	<b>HHS</b>	U.S. Department of Health and Human Services.
<b>DMVA</b>	Department of Military and Veterans Affairs.	<b>HUD</b>	U.S. Department of Housing and Urban Development.
<b>DNR</b>	Department of Natural Resources.	<b>ICE</b>	Internal Control Evaluation.
<b>DTMB</b>	Department of Technology, Management, and Budget.	<b>ID</b>	identification.
<b>EBT</b>	electronic benefits transfer.	<b>IDEA</b>	Individuals with Disabilities Education Act.
<b>EGLE</b>	Department of Environment, Great Lakes, and Energy.	<b>IEVS</b>	Income Eligibility and Verification System.
		<b>IT</b>	information technology.



<b>LARA</b>	Department of Licensing and Regulatory Affairs.
<b>LEA</b>	local educational agency.
<b>LEO</b>	Department of Labor and Economic Opportunity.
<b>LIHEAP</b>	Low-Income Home Energy Assistance Program.
<b>LTC</b>	long-term care.
<b>MAGI</b>	modified adjusted gross income.
<b>MARIS</b>	Medicaid Audit Recovery and Investigation System.
<b>MARS</b>	Management of Awards to Recipients System.
<b>MATT 2.0</b>	MSHDA Activity Tracking Tool.
<b>MCIR</b>	Michigan Care Improvement Registry.
<b>MCO</b>	managed care organization.
<b>MDE</b>	Michigan Department of Education.
<b>MDHHS</b>	Michigan Department of Health and Human Services.
<b>MDOT</b>	Michigan Department of Transportation.
<b>MEGS+</b>	Michigan Electronic Grants System Plus.
<b>MHP</b>	Medicaid Health Plan.
<b>MI Choice</b>	MI Choice Waiver Program.
<b>MiCSES</b>	Michigan Child Support Enforcement System.
<b>MiLEAP</b>	Michigan Department of Lifelong Education, Advancement, and Potential.
<b>MiND</b>	Michigan Nutrition Data.
<b>MiSACWIS</b>	Michigan Statewide Automated Child Welfare Information System.
<b>MLR</b>	medical loss ratio.
<b>MSF</b>	Michigan Strategic Fund.
<b>MSHDA</b>	Michigan State Housing Development Authority.
<b>MSP</b>	Michigan Department of State Police.
<b>NexSys</b>	Next Generation Grant, Application and Cash Management System.

<b>O&amp;M</b>	Operations and Maintenance.
<b>OMB</b>	U.S. Office of Management and Budget.
<b>PACAP</b>	Public Assistance Cost Allocation Plan.
<b>PAHP</b>	Prepaid Ambulatory Health Plan.
<b>PBM</b>	Pharmacy Benefits Manager.
<b>P-EBT</b>	Pandemic Electronic Benefits Transfer.
<b>PIHP</b>	Prepaid Inpatient Health Plan.
<b>POAMS</b>	Plans of Actions and Milestones.
<b>PTMS</b>	Public Transportation Management System.
<b>R&amp;D</b>	research and development.
<b>REAP</b>	Refugee and Entrant Assistance State/Replacement Designee Administered Programs.
<b>SEFA</b>	schedule of expenditures of federal awards.
<b>SEISG</b>	Supporting Effective Instruction State Grants.
<b>SER</b>	State Emergency Relief.
<b>SIGMA</b>	Statewide Integrated Governmental Management Applications.
<b>SNAP</b>	Supplemental Nutrition Assistance Program.
<b>SOC</b>	System and Organization Controls.
<b>SOM</b>	State of Michigan.
<b>SSBG</b>	Social Services Block Grant.
<b>TANF</b>	Temporary Assistance for Needy Families.
<b>TEFAP</b>	The Emergency Food Assistance Program.
<b>Treasury</b>	Michigan Department of Treasury.
<b>TSA</b>	Treasury State Agreement.
<b>UEI</b>	unique entity identifier.
<b>UIA</b>	Unemployment Insurance Agency.
<b>USC</b>	<i>United States Code.</i>
<b>USDOE</b>	U.S. Department of Education.
<b>VFC</b>	Vaccines for Children.

## GLOSSARY OF TERMS

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<b>access controls</b>	Controls that protect data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
<b>adverse opinion</b>	A type of modified opinion in which the auditor states that the audited entity did not comply, in all material respects, with the cited compliance requirements that are applicable to each major federal program.
<b>American Recovery and Reinvestment Act of 2009 (ARRA)</b>	An economic stimulus package enacted by the 111th United States Congress in February 2009.
<b>Assistance Listing Number (ALN)</b>	A five-digit code, formerly known as a <i>Catalog of Federal Domestic Assistance (CFDA)</i> number, assigned to a federal assistance program.
<b>Assistance Listings</b>	Descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards.
<b>auditor's comments to management views</b>	Comments the OAG includes in a single audit to comply with <i>Government Auditing Standards</i> . Auditors are required to evaluate the validity of the audited entity's management views when they are inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the management views, they should explain in the report their reasons for disagreement.
<b>availability</b>	Timely and reliable access to data and information systems.
<b>Bridges Integrated Automated Eligibility Determination System (Bridges)</b>	An automated, integrated service delivery system for Michigan's cash assistance, medical assistance, food assistance, child care assistance, and emergency assistance programs.
<b>cluster</b>	A grouping of closely related federal programs that have similar compliance requirements. Although the programs within a cluster are administered as separate programs, a cluster of programs is treated as a single program for the purpose of meeting the audit requirements of the Uniform Guidance.
<b>Code of Federal Regulations (CFR)</b>	The codification of the general and permanent rules published by the departments and agencies of the federal government.

<b>confidentiality</b>	Protection of data from unauthorized disclosure.
<b>configuration</b>	The way a system is set up. Configuration can refer to either hardware or software or the combination of both.
<b>COVID-19</b>	The disease caused by a new coronavirus called SARS-CoV-2. It is a potentially severe illness often characterized by fever, coughing, and shortness of breath. The World Health Organization learned of the virus in December 2019.
<b>database management system (DBMS)</b>	Software that uses a standard method of cataloging, retrieving, and running queries on data. The DBMS manages incoming data, organizes the data, and provides ways for the data to be modified or extracted by users or other programs.
<b>deficiency in internal control over federal program compliance</b>	The design or operation of a control over compliance that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.
<b>deficiency in internal control over financial reporting</b>	The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
<b>Federal Information System Controls Audit Manual (FISCAM)</b>	A methodology published by the U.S. Government Accountability Office (GAO) for performing information system control audits of federal and other governmental entities in accordance with <i>Government Auditing Standards</i> .
<b>financial audit</b>	An audit that is designed to provide reasonable assurance about whether the basic financial statements and/or financial schedules of an audited entity are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
<b>general controls</b>	The structure, policies, and procedures that apply to an entity's overall computer operations. These controls include an entitywide security program, access controls, application development and change controls, segregation of duties, system software controls, and service continuity controls.
<b>in-relation-to opinion</b>	An opinion expressed by the auditor on supplementary information based on auditing procedures applied in the audit of the basic financial statements and certain additional procedures and considering materiality of the basic financial statements as a whole.
<b>integrity</b>	Accuracy, completeness, and timeliness of data in an information system.

<b>internal control</b>	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
<b>known questioned costs</b>	Questioned costs that are specifically identified by the auditor.
<b>low-risk auditee</b>	As provided for in the Uniform Guidance, an auditee that may qualify for reduced federal audit coverage if it receives an annual single audit and it meets other criteria related to prior audit results.
<b>material misstatement</b>	A misstatement in the basic financial statements causing the statements to not present fairly the financial position or the changes in financial position, and, where applicable, cash flows thereof, in accordance with the applicable financial reporting framework.
<b>material noncompliance</b>	Violations of laws, regulations, contracts, and grants that could have a direct and material effect on major federal programs or on basic financial statement and/or financial schedule amounts.
<b>material weakness in internal control over federal program compliance</b>	A deficiency, or a combination of deficiencies, in internal control over compliance such that a reasonable possibility exists material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.
<b>material weakness in internal control over financial reporting</b>	A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected, on a timely basis.
<b>modified opinion</b>	A qualified opinion, an adverse opinion, or a disclaimer of opinion.
<b>other noncompliance</b>	Violations of contracts or grant agreements that are not material to the basic financial statements but should be communicated to management in accordance with <i>Government Auditing Standards</i> . Other noncompliance also includes violations of laws, regulations, contracts, or grant agreements; fraud; or other internal control deficiencies that may be communicated to management in accordance with <i>Government Auditing Standards</i> .
<b>pass-through entity</b>	A nonfederal entity that provides a federal award to a subrecipient to carry out a federal program.
<b>privileged account</b>	An account that has access to all commands and files on an operating system or database management system.

<b>qualified opinion</b>	A type of modified opinion in which the auditor identifies a scope limitation or material noncompliance with one or more of the cited compliance requirements that are applicable to each major federal program.
<b>questioned cost</b>	<p>A cost that is questioned by the auditor because of an audit finding: (1) which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including for funds used to match federal funds; (2) where the costs, at the time of the audit, are not supported by adequate documentation; or (3) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.</p> <p>Questioned costs are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular A-123 appendix C.</p>
<b>security</b>	Safeguarding an entity's data from unauthorized access or modification to ensure its availability, confidentiality, and integrity.
<b>segregation of duties</b>	Separation of the management or execution of certain duties or areas of responsibility to prevent or reduce opportunities for unauthorized modification or misuse of data or service; also known as separation of duties.
<b>significant deficiency in internal control over federal program compliance</b>	A deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
<b>significant deficiency in internal control over financial reporting</b>	A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
<b>single audit</b>	A financial audit, performed in accordance with the Single Audit Act Amendments of 1996 and the Uniform Guidance, which is designed to meet the needs of all federal grantor agencies and other financial report users. In addition to performing the audit in accordance with the requirements of auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, a single audit requires the assessment of compliance with requirements that could have a direct and material effect on a major federal program and the consideration of internal control over compliance in accordance with the Uniform Guidance.

**Statewide Integrated  
Governmental  
Management  
Applications (SIGMA)**

The State's enterprise resource planning business process and software implementation that support budgeting, accounting, purchasing, human resource management, and other financial management activities.

**subrecipient**

A nonfederal entity that receives a subaward from a pass-through entity to carry out part of a federal program but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

**System and  
Organization Controls  
(SOC) report**

Designed to help organizations that provide services to user entities build trust and confidence in their delivery processes and controls through a report by an independent certified public accountant (CPA). Each type of SOC report is designed to meet specific user needs:

- SOC 1 (Report on Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting) - Intended for user entities and the CPAs auditing their financial statements in evaluating the effect of the service organization's controls on the user entities' financial statements.
- SOC 2 (Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy) - Intended for a broad range of users that need information and assurance about a service organization's controls relevant to any combination of the five predefined control principles.

There are two types of SOC 1 and SOC 2 reports:

- Type 1 - Reports on the fairness of management's description of a service organization's system and the suitability of the design of the controls to achieve the related control objectives included in the description, as of a specified date.
- Type 2 - Includes the information in a type 1 report and also addresses the operating effectiveness of the controls to achieve the related control objectives included in the description, throughout a specified period.
- SOC 3 (Trust Services Report for a Service Organization) - Intended for those needing assurance about a service organization's controls that affect the security, availability, or processing integrity of the systems a service organization employs to process user entities' information, or the confidentiality or privacy of that information, but do not have the need for or the knowledge necessary to make effective use of a SOC 2 report.

- SOC for Cybersecurity - Intended to communicate relevant information about the effectiveness of an organization's cybersecurity risk management programs.

**Uniform Guidance**

Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Uniform Guidance, which was officially implemented in December 2014 by the Council on Financial Assistance Reform, establishes uniform cost principles and audit requirements for federal awards to nonfederal entities and administrative requirements for all federal grants and cooperative agreements. The Uniform Guidance supersedes guidance from earlier OMB circulars.

**unmodified opinion**

The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes:

- a. The basic financial statements or financial schedules are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
- b. The audited entity complied, in all material respects, with the cited compliance requirements that are applicable to each major federal program.

**U.S. Office of Management and Budget (OMB)**

A cabinet-level office that assists the President in overseeing the preparation of the federal budget and in supervising its administration in executive branch agencies.







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