

Office of the Auditor General

**State of Michigan
Single Audit Report**

Fiscal Year Ended September 30, 2024

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

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.

Single Audit Report

Report Number:
000-0100-25

State of Michigan

**Released:
June 2025**

Fiscal Year Ended September 30, 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
	1 material weakness	3 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
\$36.1 billion	15 programs	7 programs	1 program	\$973,257	11	48
Number of findings repeated from the prior audit					10	27
*5 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]:

Assistance Listing Number(s)	Name of Major Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
10.551 and 10.561	SNAP Cluster	Qualified	Undeterminable	2024-002 2024-003 (M) 2024-004 2024-005 (M) 2024-006
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children, including COVID-19	Unmodified	\$0	2024-018 2024-019
10.646	Summer Electronic Benefit Transfer Program for Children	Unmodified	\$0	2024-002 2024-003 (M) 2024-004 2024-008 2024-009 2024-010
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Unmodified	\$0	2024-020 2024-021
20.205	Highway Planning and Construction, including COVID-19	Unmodified	\$0	2024-022
21.027	Coronavirus State and Local Fiscal Recovery Funds, including COVID-19	Unmodified	\$0	2024-001 2024-008 2024-009 2024-023 2024-024 2024-025 2024-026 2024-027 2024-028
66.458	Clean Water State Revolving Fund	Unmodified	\$0	Not Applicable
66.468	Drinking Water State Revolving Fund	Unmodified	\$0	Not Applicable
84.002	Adult Education - Basic Grants to States	Unmodified	\$0	2024-001 2024-008 2024-009 2024-010 2024-029
84.032 G, L	Federal Family Education Loans - Guaranty Agency and Lender	Unmodified	\$0	Not Applicable
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Unmodified	\$0	2024-001 2024-030
84.181	Special Education-Grants for Infants and Families, including COVID-19	Unmodified	\$0	2024-008 2024-009 2024-010
84.287	Twenty-First Century Community Learning Centers	Unmodified	\$0	2024-008 2024-009 2024-010 2024-031
93.575 and 93.596	CCDF Cluster, including COVID-19	Qualified	\$586	2024-002 2024-003 (M) 2024-004 2024-008 2024-009 2024-010 2024-032 2024-033 2024-034 2024-035 (M) 2024-036

Assistance Listing Number(s)	Name of Major Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
93.775, 93.777, and 93.778	Medicaid Cluster, including COVID-19	Qualified	\$956,293 known plus an undeterminable amount	2024-002 2024-003 (M) 2024-004 2024-005 (M) 2024-006 2024-007 2024-011 2024-012 (M) 2024-013 2024-014 2024-015 2024-016 2024-017 2024-037 2024-038 2024-039 2024-040 2024-041 2024-042 2024-043
93.558	Temporary Assistance for Needy Families	Qualified	\$6,443 known plus an undeterminable amount	2024-002 2024-003 (M) 2024-004 2024-005 (M) 2024-011 2024-044 2024-045 2024-046 2024-047 2024-048
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Qualified	\$892	2024-001 2024-002 2024-003 (M) 2024-004 2024-007 2024-049 2024-050 (M) 2024-051 (M) 2024-052 (M) 2024-053 (M)
93.568	Low-Income Home Energy Assistance	Qualified	\$4,397	2024-002 2024-003 (M) 2024-004 2024-011 2024-054 2024-055 (M)
93.767	Children's Health Insurance Program, including COVID-19	Adverse	\$4,646 known plus an undeterminable amount	2024-002 2024-003 (M) 2024-004 2024-005 (M) 2024-007 2024-011 2024-012 (M) 2024-013 (M) 2024-014 2024-015 2024-016 2024-017
93.994	Maternal and Child Health Services Block Grant to the States	Unmodified	\$0	2024-011
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters), including COVID-19	Unmodified	\$0	2024-056 2024-057

Major Federal Programs Audited by Others

Assistance Listing Number(s)	Name of Major Federal Program or Cluster	Opinion	Questioned Costs	Audit Finding Number(s)
14.871 and 14.879	Housing Voucher Cluster, including COVID-19	Unmodified	\$0	Not Applicable
17.225	Unemployment Insurance, including COVID-19	Qualified	Undeterminable	2024-058 (M) 2024-059 (M) 2024-060 (M)

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Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

June 27, 2025

Jennifer L. 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, 2024.

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, 2024

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
U.S. Department of Agriculture							
SNAP Cluster:							
Supplemental Nutrition Assistance Program	10.551			\$ 3,056,715,056	\$	\$	\$ 3,056,715,056
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			185,547,962	28,785,370		214,333,332
Total SNAP Cluster				\$ 3,242,263,018	\$ 28,785,370	\$ 0	\$ 3,271,048,388
Child Nutrition Cluster:							
School Breakfast Program	10.553			\$ 49,621	\$ 176,464,210	\$	\$ 176,513,831
National School Lunch Program	10.555			126,676	490,675,086		490,801,762
National School Lunch Program (Note 6)	10.555			2,594	73,492,354		73,494,948
Total 10.555				\$ 129,270	\$ 564,167,440	\$ 0	\$ 564,296,710
Special Milk Program for Children	10.556			\$	\$ 129,559	\$	\$ 129,559
Summer Food Service Program for Children	10.559			1,072,487	29,638,529		30,711,016
Summer Food Service Program for Children (Note 6)	10.559				66,546		66,546
Total 10.559				\$ 1,072,487	\$ 29,705,075	\$ 0	\$ 30,777,562
Fresh Fruit and Vegetable Program	10.582			\$ 196,014	\$ 6,019,292	\$	\$ 6,215,306
Total Child Nutrition Cluster				\$ 1,447,392	\$ 776,485,576	\$ 0	\$ 777,932,968
Food Distribution Cluster:							
Commodity Supplemental Food Program	10.565			\$ 143,313	\$ 6,720,859	\$	\$ 6,864,172
Commodity Supplemental Food Program (Note 6)	10.565				26,837,013		26,837,013
Total 10.565				\$ 143,313	\$ 33,557,872	\$ 0	\$ 33,701,185
Emergency Food Assistance Program (Administrative Costs)	10.568			\$ 57,067	\$ 6,746,918	\$	\$ 6,803,985
Emergency Food Assistance Program (Food Commodities) (Note 6)	10.569				80,717,076		80,717,076
Total Food Distribution Cluster				\$ 200,380	\$ 121,021,866	\$ 0	\$ 121,222,246
Forest Service Schools and Roads Cluster:							
Schools and Roads - Grants to States	10.665			\$ 48,217	\$ 3,460,506	\$	\$ 3,508,723
Total Forest Service Schools and Roads Cluster				\$ 48,217	\$ 3,460,506	\$ 0	\$ 3,508,723
Plant and Animal Disease, Pest Control, and Animal Care	10.025			\$ 1,171,403	\$ 290,725	\$	\$ 1,462,128
Wildlife Services	10.028			27,840			27,840
Voluntary Public Access and Habitat Incentive Program	10.093			229,968			229,968
Market Protection and Promotion	10.163			1,245,366			1,245,366

This schedule continued on next page.

STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Agriculture (Continued)							
Specialty Crop Block Grant Program - Farm Bill	10.170			\$ 309,371	\$ 2,045,435	\$	\$ 2,354,806
COVID-19 - Specialty Crop Block Grant Program - Farm Bill	10.170			20,931	757,665		778,596
Total 10.170				\$ 330,302	\$ 2,803,100	\$ 0	\$ 3,133,402
COVID-19 - Pandemic Relief Activities: Farm and Food Worker Relief Grant Program	10.181			\$ 474	\$	\$	\$ 474
Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182			74,102	8,682,315		8,756,417
Local Food for Schools Cooperative Agreement Program	10.185				3,303,151		3,303,151
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187				2,611,199		2,611,199
Resilient Food System Infrastructure Program	10.190			707,825			707,825
Agriculture and Food Research Initiative (AFRI)	10.310	Corporation for a Skilled Workforce	2021-67037-34302	56,369			56,369
Food Safety Cooperative Agreements	10.479			229,976			229,976
COVID-19 - Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525			5,056	63,098		68,154
SNAP Fraud Framework Implementation Grant	10.535			89,365			89,365
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537			11,993			11,993
Child Nutrition-Technology Innovation Grant	10.541			199,054			199,054
COVID-19 - Pandemic EBT Food Benefits	10.542			46,834,108			46,834,108
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			147,442,551	47,667,194		195,109,745
COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			107,456			107,456
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Tufts University	103097-00001	8,968			8,968
Total 10.557				\$ 147,558,975	\$ 47,667,194	\$ 0	\$ 195,226,169
Child and Adult Care Food Program	10.558			\$ 1,181,540	\$ 71,996,189	\$	\$ 73,177,729
State Administrative Expenses for Child Nutrition	10.560			9,891,647	10		9,891,657
WIC Farmers' Market Nutrition Program (FMNP)	10.572			146,231	3,580		149,811
Team Nutrition Grants	10.574			294,861	435,834		730,695
Senior Farmers Market Nutrition Program	10.576			335,948			335,948
COVID-19 - Senior Farmers Market Nutrition Program	10.576			31,852			31,852
Total 10.576				\$ 367,800	\$ 0	\$ 0	\$ 367,800

This schedule continued on next page.

STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Agriculture (Continued)							
SNAP Partnership Grant	10.577			\$ 540,579	\$	\$	\$ 540,579
Child Nutrition Discretionary Grants Limited Availability	10.579			395	606,996		607,391
COVID-19 - Child Nutrition Discretionary Grants Limited Availability	10.579			57,504	2,023,144		2,080,648
Total 10.579				\$ 57,899	\$ 2,630,140	\$ 0	\$ 2,688,039
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580			\$ 486,797	\$	\$	\$ 486,797
Child Nutrition Direct Certification Performance Awards	10.589				47,106		47,106
COVID-19 - Farm to School State Formula Grant	10.645			199,396			199,396
Summer Electronic Benefit Transfer Program for Children	10.646			103,011,317			103,011,317
Pandemic EBT Administrative Costs	10.649			1,924,265			1,924,265
Cooperative Forestry Assistance	10.664			170,219	275,523		445,742
Wood Utilization Assistance	10.674			95,561			95,561
Urban and Community Forestry Program	10.675			291,757	311,488		603,245
Forest Legacy Program	10.676			26,515			26,515
Forest Stewardship Program	10.678			294,162	55,409		349,571
Forest Stewardship Program	10.678	National Fish & Wildlife Foundation	22-DG-11094200-214	5,498	186,431		191,929
Total 10.678				\$ 299,660	\$ 241,840	\$ 0	\$ 541,500
Forest Health Protection	10.680			\$ 331,982	\$	\$	\$ 331,982
Good Neighbor Authority	10.691			4,359,505			4,359,505
State & Private Forestry Hazardous Fuel Reduction Program	10.697			193,347			193,347
State & Private Forestry Cooperative Fire Assistance	10.698			1,771,829	438,030		2,209,859
Partnership Agreements	10.699			10,000			10,000
Infrastructure Investment and Jobs Act Restoration/Revegetation	10.717			651,261			651,261
Infrastructure Investment and Jobs Act Community Wildfire Defense Grants	10.720			76,237			76,237
Infrastructure Investment and Jobs Act Temporary Bridge Program	10.721				16,301		16,301
Inflation Reduction Act Urban & Community Forestry Program	10.727			206,604	108,768		315,372
Inflation Reduction Act - Forest Legacy Program	10.734			25,448			25,448
Rural Energy for America Program	10.868				6,307		6,307
Soil and Water Conservation	10.902				740,961		740,961
Environmental Quality Incentives Program	10.912				187,125		187,125
Agricultural Conservation Easement Program	10.931				4,572		4,572

This schedule continued on next page.

STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Agriculture (Continued)							
Regional Conservation Partnership Program	10.932			\$ 15,977	\$	\$	\$ 15,977
Wetland Mitigation Banking Program	10.933			55,002	229,439		284,441
Partnerships for Climate-Smart Commodities	10.937	Corn Marketing Program of Michigan	NR233A750004G003	14,335	96,712		111,047
Forest Service Drug Team	10.24-LE-11091000-004*			1,344			1,344
Total U.S. Department of Agriculture				\$ 3,569,430,098	\$ 1,072,944,025	\$ 0	\$ 4,642,374,123
U.S. Department of Commerce							
Economic Development Cluster:							
Economic Adjustment Assistance	11.307			\$ 175,024	\$ 1,438,900	\$	\$ 1,613,924
COVID-19 - Economic Adjustment Assistance	11.307			492,110	466,198		958,308
Total Economic Development Cluster				\$ 667,134	\$ 1,905,098	\$ 0	\$ 2,572,232
State Digital Equity Planning and Capacity Grant	11.032			\$ 576,824	\$	\$	\$ 576,824
Broadband Equity, Access, and Deployment Program	11.035			4,635,472			4,635,472
Interjurisdictional Fisheries Act of 1986 (Note 15)	11.407				16,518		16,518
Coastal Zone Management Administration Awards	11.419			1,977,299	796,190		2,773,489
Unallied Management Projects	11.454			50,877			50,877
Habitat Conservation	11.463	Great Lakes Fishery Commission	NA22NMF4630144		51,856		51,856
Office for Coastal Management	11.473			89,795			89,795
Office for Coastal Management	11.473	National Fish & Wildlife Foundation	NA22NOS4730114; NA23NOS4730330	12,702			12,702
Total 11.473				\$ 102,497	\$ 0	\$ 0	\$ 102,497
Total U.S. Department of Commerce				\$ 8,010,103	\$ 2,769,662	\$ 0	\$ 10,779,765
U.S. Department of Defense							
STARBASE Program	12.020			\$	\$ 1,739,956	\$	\$ 1,739,956
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			624,827			624,827
National Guard Military Operations and Maintenance (O&M) Projects (Note 13)	12.401			93,116,068	49,734	6,247,702	99,413,504
National Guard ChalleNGe Program	12.404			6,683,842			6,683,842
Economic Adjustment Assistance for State Governments	12.617			1,272	821,427		822,699
Total U.S. Department of Defense				\$ 100,426,009	\$ 2,611,117	\$ 6,247,702	\$ 109,284,828

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
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(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
U.S. Department of Housing and Urban Development							
Section 8 Project-Based Cluster:							
Project-Based Rental Assistance (PBRA)	14.195			\$ 437,686,256	\$	\$	\$ 437,686,256
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856			214,686			214,686
Total Section 8 Project-Based Cluster				\$ 437,900,942	\$ 0	\$ 0	\$ 437,900,942
Housing Voucher Cluster:							
Section 8 Housing Choice Vouchers	14.871			\$ 284,617,314	\$	\$	\$ 284,617,314
COVID-19 - Section 8 Housing Choice Vouchers	14.871			8,119,492			8,119,492
Total 14.871				\$ 292,736,806	\$ 0	\$ 0	\$ 292,736,806
Mainstream Vouchers	14.879			\$ 1,536,818	\$	\$	\$ 1,536,818
Total Housing Voucher Cluster				\$ 294,273,624	\$ 0	\$ 0	\$ 294,273,624
Housing Counseling Assistance Program	14.169			\$ 73,952	\$ 621,375	\$	\$ 695,327
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			1,759,647	33,113,819		34,873,466
COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			239,620	893,732		1,133,352
Total 14.228				\$ 1,999,267	\$ 34,007,551	\$ 0	\$ 36,006,818
Emergency Solutions Grant Program	14.231			\$	\$ 8,906,045	\$	\$ 8,906,045
COVID-19 - Emergency Solutions Grant Program	14.231				4,580,809		4,580,809
Total 14.231				\$ 0	\$ 13,486,854	\$ 0	\$ 13,486,854
Home Investment Partnerships Program	14.239			\$ 13,159,625	\$	\$	\$ 13,159,625
COVID-19 - Home Investment Partnerships Program	14.239			585,244	4,484,746		5,069,990
Total 14.239				\$ 13,744,869	\$ 4,484,746	\$ 0	\$ 18,229,615
Housing Opportunities for Persons with AIDS	14.241			\$ 21,836	\$ 2,479,499	\$	\$ 2,501,335
Neighborhood Stabilization Program (Recovery Act Funded)	14.256				530,857		530,857
Tax Credit Assistance Program (Recovery Act Funded)	14.258			1,867,645			1,867,645
Continuum of Care Program	14.267			68,356	8,878,803		8,947,159
Housing Trust Fund	14.275			8,310,661			8,310,661
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	14.326				1,244,814		1,244,814
Performance Based Contract Administrator Program	14.327			15,170,097			15,170,097
Fair Housing Assistance Program	14.401			1,015,380			1,015,380

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Housing and Urban Development (Continued)							
Family Self-Sufficiency Program	14.896			\$ 1,479,974	\$	\$	\$ 1,479,974
Lead Hazard Reduction Grant Program	14.900			884,991			884,991
Total U.S. Department of Housing and Urban Development				\$ 776,811,594	\$ 65,734,499	\$ 0	\$ 842,546,093
U.S. Department of the Interior							
Fish and Wildlife Cluster:							
Sport Fish Restoration	15.605			\$ 12,427,107	\$	\$	\$ 12,427,107
Wildlife Restoration and Basic Hunter Education and Safety (Note 15)	15.611			21,548,694	27,671		21,576,365
Enhanced Hunter Education and Safety	15.626			242,274			242,274
Total Fish and Wildlife Cluster				\$ 34,218,075	\$ 27,671	\$ 0	\$ 34,245,746
Energy Community Revitalization Program (ECRP)	15.018			\$ 13,053,491	\$	\$	\$ 13,053,491
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608			139,742	80,920		220,662
Fish and Aquatic Conservation - Aquatic Invasive Species (Note 15)	15.608	University of Wisconsin Milwaukee	F23AP02697	100			100
Total 15.608				\$ 139,842	\$ 80,920	\$ 0	\$ 220,762
Cooperative Endangered Species Conservation Fund	15.615			\$ 52,966	\$ 1,154,564	\$	\$ 1,207,530
Clean Vessel Act	15.616			3,223	57,665		60,888
Sportfishing and Boating Safety Act	15.622			988,509			988,509
Multistate Conservation Grant	15.628				83,116		83,116
Coastal	15.630			31,000			31,000
State Wildlife Grants (Note 15)	15.634			1,805,354	329,733		2,135,087
Natural Resource Damage Assessment and Restoration	15.658			42,505			42,505
Great Lakes Restoration	15.662			1,120,473	494,983		1,615,456
Cooperative Landscape Conservation	15.669	National Fish & Wildlife Foundation	F22AC03364; NFWF77578		1,518,594		1,518,594
White-nose Syndrome National Response Implementation	15.684			32,228			32,228
U.S. Geological Survey Research and Data Collection	15.808			14,040			14,040
Historic Preservation Fund Grants-In-Aid	15.904			1,378,891	493,352		1,872,243
Outdoor Recreation Acquisition, Development and Planning	15.916			666,950	4,993,038		5,659,988
National Ground-Water Monitoring Network	15.980			13,073			13,073
Total U.S. Department of the Interior				\$ 53,560,620	\$ 9,233,636	\$ 0	\$ 62,794,256

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Justice							
Sexual Assault Services Formula Program	16.017			\$	\$	544,625	\$ 544,625
Justice Systems Response to Families	16.021			3,276	188,001		191,277
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034			20,534	124,112		144,646
Juvenile Justice and Delinquency Prevention	16.540			649,877	9,265		659,142
Missing Children's Assistance	16.543			763,238			763,238
National Criminal History Improvement Program (NCHIP)	16.554			1,534,176	33,459		1,567,635
Crime Victim Assistance	16.575			1,338,093	53,088,719		54,426,812
Crime Victim Compensation	16.576			(9,688)			(9,688)
Crime Victim Assistance/Discretionary Grants	16.582			50,725	256,076		306,801
Treatment Court Discretionary Grant Program	16.585				253,194		253,194
Violence Against Women Formula Grants	16.588			378,234	4,357,579		4,735,813
Residential Substance Abuse Treatment for State Prisoners	16.593			6,728	471,238		477,966
State Criminal Alien Assistance Program	16.606			1,590,800			1,590,800
Bulletproof Vest Partnership Program	16.607				5,265		5,265
Project Safe Neighborhoods	16.609	Black Family Development	2020-GP-BX-0014	9,065			9,065
Public Safety Partnership and Community Policing Grants	16.710			642,558			642,558
PREA Program: Strategic Support for PREA Implementation	16.735			27,076			27,076
Edward Byrne Memorial Justice Assistance Grant Program	16.738			2,844,326	4,591,215		7,435,541
DNA Backlog Reduction Program	16.741			2,444,359			2,444,359
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			221,432	20,946		242,378
Support for Adam Walsh Act Implementation Grant Program	16.750			393,060			393,060
Edward Byrne Memorial Competitive Grant Program	16.751			40,580			40,580
Congressionally Recommended Awards	16.753			707,152	777,255		1,484,407
Emergency Law Enforcement Assistance Grant	16.824				42,455		42,455
National Sexual Assault Kit Initiative	16.833			81,609	411,038		492,647
Domestic Trafficking Victim Program	16.834			285,283	70,352		355,635
Body Worn Camera Policy and Implementation	16.835			160,069			160,069
Indigent Defense	16.836			177,505			177,505
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838			194,457	2,378,175		2,572,632
STOP School Violence	16.839			190,145			190,145
Opioid Affected Youth Initiative	16.842			33,627	98,292		131,919
Equitable Sharing Program	16.922			155,153			155,153
Safe Trails Task Force	16.*			151,752			151,752
Violent Crimes Task Force	16.*			31,291			31,291
Detroit Major Crimes Task Force (DMCTF)	16.*			4,127			4,127
DEA - Tactical Diversion Task Force	16.*			92,100			92,100
Joint Terrorism Task Force	16.*			65,071			65,071
USMS Eastern District Sex Offender Sweeps	16.*			3,335			3,335

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Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Justice (Continued)							
Safe Streets Task Force	16.*			\$ 21,763	\$	\$	\$ 21,763
FBI Construction Project	16.*			182,814			182,814
USMS Eastern District Fugitive Apprehensive Task Force	16.2024-D39-JLEO*			239,115			239,115
ATF	16.24-DET-078-AFF*			110,223			110,223
OCDETF	16.GL-MIW-0184*			7,081			7,081
OCDETF	16.S-I-GL-007-09*			24,819			24,819
USMS Western District Fugitive Apprehensive Task Force	16.MMO-M-24-D40-0-000142*			115,129			115,129
Total U.S. Department of Justice				\$ 15,982,069	\$ 67,721,261	\$ 0	\$ 83,703,330
U.S. Department of Labor							
Employment Service Cluster:							
Employment Service/Wagner-Peyser Funded Activities	17.207			\$ 6,674,974	\$ 13,481,037	\$	\$ 20,156,011
Jobs for Veterans State Grants	17.801			4,860,292	236,539		5,096,831
Total Employment Service Cluster				\$ 11,535,266	\$ 13,717,576	\$ 0	\$ 25,252,842
WIOA Cluster:							
WIOA Adult Program	17.258			\$ 1,892,923	\$ 40,221,087	\$	\$ 42,114,010
WIOA Youth Activities	17.259			2,021,464	36,805,690		38,827,154
WIOA Dislocated Worker Formula Grants	17.278			3,530,600	19,824,878		23,355,478
Total WIOA Cluster				\$ 7,444,987	\$ 96,851,655	\$ 0	\$ 104,296,642
Labor Force Statistics	17.002			\$ 2,175,873	\$	\$	\$ 2,175,873
Compensation and Working Conditions	17.005			258,881			258,881
Unemployment Insurance	17.225			924,745,029	7,095,720		931,840,749
COVID-19 - Unemployment Insurance	17.225			81,610,555			81,610,555
ARRA - Unemployment Insurance	17.225			(163,539)			(163,539)
Total 17.225				\$ 1,006,192,045	\$ 7,095,720	\$ 0	\$ 1,013,287,765
Senior Community Service Employment Program	17.235			\$ 30,582	\$ 1,913,137	\$	\$ 1,943,719
Trade Adjustment Assistance	17.245			1,051,997	2,524,342		3,576,339
H-1B Job Training Grants	17.268			155,571	516,599		672,170
Reentry Employment Opportunities	17.270			539,758	247,417		787,175
Work Opportunity Tax Credit Program (WOTC)	17.271			618,060			618,060
Temporary Labor Certification for Foreign Workers	17.273			51,730			51,730
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			56,751	1,305,440		1,362,191
Registered Apprenticeship	17.285			2,237,904	11,406,795		13,644,699

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For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Labor (Continued)							
Community Project Funding/Congressionally Directed Spending	17.289			\$ 15,905	\$	\$	\$ 15,905
Occupational Safety and Health State Program	17.503			11,189,700			11,189,700
Consultation Agreements	17.504			1,652,800			1,652,800
Total U.S. Department of Labor				\$ 1,045,207,810	\$ 135,578,681	\$ 0	\$ 1,180,786,491
U.S. Department of Transportation							
FMCSA Cluster:							
Motor Carrier Safety Assistance	20.218			\$ 13,157,488	\$ 2,615,679	\$	\$ 15,773,167
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			454,263			454,263
Total FMCSA Cluster				\$ 13,611,751	\$ 2,615,679	\$ 0	\$ 16,227,430
Federal Transit Cluster:							
Federal Transit Capital Investment Grants	20.500			\$	\$ (12,682)	\$	\$ (12,682)
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526				18,735,213		18,735,213
Total Federal Transit Cluster				\$ 0	\$ 18,722,531	\$ 0	\$ 18,722,531
Transit Services Programs Cluster:							
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			\$	\$ 6,057,314	\$	\$ 6,057,314
COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513				(2,715)		(2,715)
Total Transit Services Programs Cluster				\$ 0	\$ 6,054,599	\$ 0	\$ 6,054,599
Highway Safety Cluster:							
State and Community Highway Safety	20.600			\$ 5,122,811	\$ 3,969,754	\$	\$ 9,092,565
National Priority Safety Programs	20.616			10,906,203	3,794,374		14,700,577
Total Highway Safety Cluster				\$ 16,029,014	\$ 7,764,128	\$ 0	\$ 23,793,142
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs (Note 7)							
COVID-19 - Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs (Note 7)	20.106			2,272,306			2,272,306
Total 20.106				\$ 36,871,662	\$ 0	\$ 0	\$ 36,871,662
Highway Research and Development Program (Note 15)	20.200			\$ 3,055,247	\$ 129,188	\$	\$ 3,184,435

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For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Transportation (Continued)							
Highway Planning and Construction (Note 15)	20.205			\$ 1,498,724,403	\$ 26,530,904	\$	\$ 1,525,255,307
COVID-19 - Highway Planning and Construction	20.205			44,544,535	5,103		44,549,638
Total 20.205				\$ 1,543,268,938	\$ 26,536,007	\$ 0	\$ 1,569,804,945
Highway Training and Education	20.215			\$	\$ 208,324	\$	\$ 208,324
Recreational Trails Program	20.219			3,638,090			3,638,090
Federal Lands Access Program	20.224			848,069			848,069
Commercial Driver's License Program Implementation Grant	20.232			492,874			492,874
Consolidated Rail Infrastructure and Safety Improvements	20.325			429,527			429,527
Federal-State Partnership for Intercity Passenger Rail	20.326			6,262,149			6,262,149
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505				5,880,259		5,880,259
Formula Grants for Rural Areas and Tribal Transit Program	20.509			2,298,750	30,571,275		32,870,025
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509			469,066	11,351,173		11,820,239
Total 20.509				\$ 2,767,816	\$ 41,922,448	\$ 0	\$ 44,690,264
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528			\$ 236,377	\$	\$	\$ 236,377
Public Transportation Innovation	20.530			159,322			159,322
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			45,125			45,125
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			252,260			252,260
Pipeline Safety Program State Base Grant	20.700			1,897,915			1,897,915
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			281,482	156,321		437,803
PHMSA Pipeline Safety Program One Call Grant	20.721			48,126			48,126
PHMSA Pipeline Safety Underground Natural Gas Storage Grant	20.725			94,513			94,513
National Infrastructure Investments	20.933			2,726,801	25,910		2,752,711
Nationally Significant Freight and Highway Projects	20.934			2,792			2,792
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program	20.941			996,351			996,351
Total U.S. Department of Transportation				\$ 1,634,016,201	\$ 110,015,394	\$ 0	\$ 1,744,031,595

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(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
U.S. Department of the Treasury							
COVID-19 - Coronavirus Relief Fund	21.019			\$ (297,442)	\$ (1,740)	\$	\$ (299,182)
COVID-19 - Emergency Rental Assistance Program	21.023			5,881,821	10,519,921		16,401,742
COVID-19 - Homeowner Assistance Fund	21.026			56,630,024			56,630,024
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027			338,797,159	627,375,821		966,172,980
COVID-19 - Coronavirus Capital Projects Fund	21.029			937,562	39,351,387		40,288,949
State Small Business Credit Initiative Technical Assistance Grant Program	21.031			153,469	1,608,209		1,761,678
Total U.S. Department of the Treasury				\$ 402,102,593	\$ 678,853,598	\$ 0	\$ 1,080,956,191
Equal Employment Opportunity Commission							
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002			\$ 521,890	\$	\$	\$ 521,890
Total Equal Employment Opportunity Commission				\$ 521,890	\$ 0	\$ 0	\$ 521,890
General Services Administration							
Donation of Federal Surplus Personal Property (Notes 6 and 8)	39.003			\$	\$ 73,457	\$	\$ 73,457
Total General Services Administration				\$ 0	\$ 73,457	\$ 0	\$ 73,457
National Endowment for the Arts							
Promotion of the Arts Partnership Agreements	45.025			\$	\$ 997,525	\$	\$ 997,525
Total National Endowment for the Arts				\$ 0	\$ 997,525	\$ 0	\$ 997,525
Institute of Museum and Library Services							
Museums for America	45.301			\$ 2,697	\$	\$	\$ 2,697
Grants to States	45.310			4,433,079	288,324		4,721,403
Total Institute of Museum and Library Services				\$ 4,435,776	\$ 288,324	\$ 0	\$ 4,724,100
Small Business Administration							
State Trade Expansion	59.061			\$	\$ 870,291	\$	\$ 870,291
Total Small Business Administration				\$ 0	\$ 870,291	\$ 0	\$ 870,291

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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
U.S. Department of Veterans Affairs							
Grants to States for Construction of State Home Facilities	64.005			\$ 1,655,464	\$	\$	\$ 1,655,464
Veterans State Domiciliary Care	64.014			42,261			42,261
Veterans State Nursing Home Care	64.015			41,182,738			41,182,738
Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program	64.055			690,412			690,412
Veterans Information and Assistance	64.115			550,336			550,336
Total U.S. Department of Veterans Affairs				\$ 44,121,211	\$ 0	\$ 0	\$ 44,121,211
U.S. Environmental Protection Agency							
Air Pollution Control Program Support (Note 13)	66.001			\$ 5,077,779	\$	\$ 68,030	\$ 5,145,809
State and Tribal Indoor Radon Grants	66.032			317,424	78,000		395,424
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			1,022,988	1,110		1,024,098
Diesel Emissions Reduction Act (DERA) State Grants	66.040				497,358		497,358
Climate Pollution Reduction Grants	66.046			600,754	25,885		626,639
Multipurpose Grants to States and Tribes	66.204			13,849			13,849
Environmental Justice Government-to-Government (EJG2G) Program	66.312			12,500	61,720		74,220
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			40,743			40,743
State Public Water System Supervision	66.432			6,456,278	150,000		6,606,278
State Underground Water Source Protection	66.433			150,009			150,009
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442			54,861	1,411,536		1,466,397
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444			518,344	137,404		655,748
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447			846	498,720		499,566
Water Quality Management Planning	66.454			360,510	526,015		886,525
Clean Water State Revolving Fund	66.458			2,239,251	57,578,077		59,817,328
Nonpoint Source Implementation Grants	66.460				1,731,107		1,731,107
Regional Wetland Program Development Grants	66.461			113,152	40,878		154,030
Drinking Water State Revolving Fund	66.468			10,911,775	43,691,989		54,603,764

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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
U.S. Environmental Protection Agency (Continued)							
Geographic Programs - Great Lakes Restoration Initiative (Note 15)	66.469			\$ 5,673,865	\$ 2,389,479	\$	\$ 8,063,344
Geographic Programs - Great Lakes Restoration Initiative	66.469	Central Michigan University	GL00E02956	283			283
Geographic Programs - Great Lakes Restoration Initiative	66.469	Michigan State University	00E02802		126,956		126,956
Total 66.469				\$ 5,674,148	\$ 2,516,435	\$ 0	\$ 8,190,583
Beach Monitoring and Notification Program Implementation							
Grants	66.472			\$ 29,851	\$ 245,755	\$	\$ 275,606
Performance Partnership Grants	66.605			11,969,748	25,000		11,994,748
Pollution Prevention Grants Program	66.708			956	5,998		6,954
Hazardous Waste Management State Program Support (Note 13)	66.801			2,635,634		149,388	2,785,022
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			3,334,781	103,603		3,438,384
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804			590,973			590,973
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			788,126			788,126
State and Tribal Response Program Grants	66.817			1,688,925			1,688,925
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818			1,219,271			1,219,271
State Programs for Control of Coal Combustion Residuals	66.820			18,594			18,594
Solid Waste Infrastructure for Recycling Infrastructure Grants	66.920			164,696			164,696
Total U.S. Environmental Protection Agency				\$ 56,006,766	\$ 109,326,590	\$ 217,418	\$ 165,550,774
U.S. Department of Energy							
State Energy Program	81.041			\$ 4,230,421	\$ 878,257	\$	\$ 5,108,678
Weatherization Assistance for Low-Income Persons	81.042			2,687,965	14,753,888		17,441,853
COVID-19 - Weatherization Assistance for Low-Income Persons	81.042			2,383,631	10,039,969		12,423,600
Total 81.042				\$ 5,071,596	\$ 24,793,857	\$ 0	\$ 29,865,453
Fossil Energy Research and Development	81.089			\$ 12,244	\$	\$	\$ 12,244
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128			5,068	212,473		217,541
State Heating Oil and Propane Program	81.138			6,446			6,446
Grid Infrastructure Deployment and Resilience	81.254			29,684			29,684
Total U.S. Department of Energy				\$ 9,355,459	\$ 25,884,587	\$ 0	\$ 35,240,046

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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
U.S. Department of Education							
Student Financial Assistance Cluster:							
Federal Supplemental Educational Opportunity Grants	84.007			\$ 27,185	\$	\$	\$ 27,185
Federal Pell Grant Program	84.063			52,190			52,190
Total Student Financial Assistance Cluster				\$ 79,375	\$ 0	\$ 0	\$ 79,375
Special Education Cluster (IDEA):							
Special Education Grants to States	84.027A			\$ 20,684,713	\$ 458,032,098	\$	\$ 478,716,811
COVID-19 - Special Education Grants to States	84.027X				8,588,865		8,588,865
Total 84.027				\$ 20,684,713	\$ 466,620,963	\$ 0	\$ 487,305,676
Special Education Preschool Grants	84.173A			\$ 919,753	\$ 13,383,458	\$	\$ 14,303,211
COVID-19 - Special Education Preschool Grants	84.173X				712,653		712,653
Total 84.173				\$ 919,753	\$ 14,096,111	\$ 0	\$ 15,015,864
Total Special Education Cluster (IDEA)				\$ 21,604,466	\$ 480,717,074	\$ 0	\$ 502,321,540
Adult Education - Basic Grants to States	84.002A			\$ 2,305,525	\$ 12,832,508	\$	\$ 15,138,033
Title I Grants to Local Educational Agencies	84.010A			6,186,517	511,309,674		517,496,191
Migrant Education State Grant Program	84.011A			542,111	5,607,729		6,149,840
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A			1,096,505			1,096,505
Federal Family Education Loans - Guaranty Agency (Notes 9 and 10)	84.032G			42,054,056			42,054,056
Federal Family Education Loans - Guaranty Agency (Notes 6, 9, and 10)	84.032G			380,204,334			380,204,334
Total 84.032G				\$ 422,258,390	\$ 0	\$ 0	\$ 422,258,390
Federal Family Education Loans - Lender (Notes 9 and 11)	84.032L			\$ 2,240,063	\$	\$	\$ 2,240,063
Federal Family Education Loans - Lender (Notes 6, 9, and 11)	84.032L			148,066,922			148,066,922
Total 84.032L				\$ 150,306,985	\$ 0	\$ 0	\$ 150,306,985
Total 84.032				\$ 572,565,375	\$ 0	\$ 0	\$ 572,565,375
Career and Technical Education -- Basic Grants to States	84.048A			\$ 5,374,665	\$ 45,092,646	\$	\$ 50,467,311
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126A			132,129,825			132,129,825
Migrant Education Coordination Program	84.144F			57,408			57,408
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177B			1,078,223			1,078,223

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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
U.S. Department of Education (Continued)							
Special Education-Grants for Infants and Families	84.181A			\$ 1,219,062	\$ 13,950,304	\$	\$ 15,169,366
COVID-19 - Special Education-Grants for Infants and Families	84.181X			161,537	1,491,332		1,652,869
Total 84.181				\$ 1,380,599	\$ 15,441,636	\$ 0	\$ 16,822,235
School Safety National Activities	84.184F			\$ 1,444	\$ 91,768	\$	\$ 93,212
School Safety National Activities	84.184X			959,094			959,094
Total 84.184				\$ 960,538	\$ 91,768	\$ 0	\$ 1,052,306
Education for Homeless Children and Youth	84.196A			\$ 527,201	\$ 2,243,027	\$	\$ 2,770,228
Charter Schools	84.282A			3,609,284			3,609,284
Twenty-First Century Community Learning Centers	84.287C			1,125,752	32,221,425		33,347,177
Special Education - State Personnel Development	84.323A				1,435,708		1,435,708
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S			610,192	2,502,459		3,112,651
Credit Enhancement for Charter School Facilities	84.354A			6,547,889			6,547,889
Rural Education	84.358B			87,444	1,518,714		1,606,158
English Language Acquisition State Grants	84.365A			584,970	12,250,082		12,835,052
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A			4,613,982	58,235,093		62,849,075
Grants for State Assessments and Related Activities	84.369A			8,910,316			8,910,316
Comprehensive Literacy Development	84.371C			56,224	2,852,682		2,908,906
Statewide Longitudinal Data Systems	84.372A			722,534	64,006		786,540
Disability Innovation Fund (DIF)	84.421C			707,193	2,855,088		3,562,281
Student Support and Academic Enrichment Program	84.424A			1,100,059	36,823,876		37,923,935
Student Support and Academic Enrichment Program	84.424F			12,480	17,524		30,004
Total 84.424				\$ 1,112,539	\$ 36,841,400	\$ 0	\$ 37,953,939
COVID-19 - Education Stabilization Fund	84.425C			\$	\$ 2,832,760	\$	\$ 2,832,760
COVID-19 - Education Stabilization Fund	84.425D			1,809,175	107,131,527		108,940,702
COVID-19 - Education Stabilization Fund	84.425G			163,413	4,503,239		4,666,652
COVID-19 - Education Stabilization Fund	84.425R			282,491			282,491
COVID-19 - Education Stabilization Fund	84.425U			2,350,935	1,312,414,299		1,314,765,234
COVID-19 - Education Stabilization Fund	84.425V			33,086,867	1,019,261		34,106,128
COVID-19 - Education Stabilization Fund	84.425W			14,001	11,656,438		11,670,439
Total 84.425				\$ 37,706,882	\$ 1,439,557,524	\$ 0	\$ 1,477,264,406
Total U.S. Department of Education				\$ 812,283,534	\$ 2,663,670,243	\$ 0	\$ 3,475,953,777

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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 Archives and Records Administration							
National Historical Publications and Records Grants	89.003			\$ 48,063	\$	\$	\$ 48,063
Total National Archives and Records Administration				\$ 48,063	\$ 0	\$ 0	\$ 48,063
U.S. Election Assistance Commission							
HAVA Election Security Grants	90.404			\$ 1,878,255	\$ 83,254	\$	\$ 1,961,509
Total U.S. Election Assistance Commission				\$ 1,878,255	\$ 83,254	\$ 0	\$ 1,961,509
U.S. Department of Health and Human Services							
Aging Cluster:							
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044			\$ 545,268	\$ 9,772,537	\$	\$ 10,317,805
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044			44,137	5,082,217		5,126,354
Total 93.044				\$ 589,405	\$ 14,854,754	\$ 0	\$ 15,444,159
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			\$ 1,247,221	\$ 21,962,132	\$	\$ 23,209,353
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			2,940	5,622,855		5,625,795
Total 93.045				\$ 1,250,161	\$ 27,584,987	\$ 0	\$ 28,835,148
Nutrition Services Incentive Program	93.053			\$	\$ 5,142,155	\$	\$ 5,142,155
Total Aging Cluster				\$ 1,839,566	\$ 47,581,896	\$ 0	\$ 49,421,462
CCDF Cluster:							
Child Care and Development Block Grant (Notes 12 and 17)	93.575			\$ 326,522,924	\$ 11,434,004	\$	\$ 337,956,928
COVID-19 - Child Care and Development Block Grant (Note 17)	93.575			49,730,280	27,790,824		77,521,104
Total 93.575				\$ 376,253,204	\$ 39,224,828	\$ 0	\$ 415,478,032
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Note 17)	93.596			\$ 80,628,938	\$	\$	\$ 80,628,938
Total CCDF Cluster				\$ 456,882,142	\$ 39,224,828	\$ 0	\$ 496,106,970
Head Start Cluster:							
Head Start	93.600			\$ 208,941	\$	\$	\$ 208,941
Total Head Start Cluster				\$ 208,941	\$ 0	\$ 0	\$ 208,941

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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
U.S. Department of Health and Human Services (Continued)							
Medicaid Cluster:							
State Medicaid Fraud Control Units	93.775			\$ 5,309,005	\$	\$	\$ 5,309,005
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			12,954,240			12,954,240
Medical Assistance Program	93.778			18,775,456,298	75,049,963		18,850,506,261
COVID-19 - Medical Assistance Program	93.778			46,055,572			46,055,572
Total 93.778				\$ 18,821,511,870	\$ 75,049,963	\$ 0	\$ 18,896,561,833
Total Medicaid Cluster				\$ 18,839,775,115	\$ 75,049,963	\$ 0	\$ 18,914,825,078
COVID-19 - Medical Reserve Corps Small Grant Program	93.008			\$ 103,634	\$ 111,320	\$	\$ 214,954
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041				151,037		151,037
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042			15,066	568,778		583,844
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042				60,597		60,597
Total 93.042				\$ 15,066	\$ 629,375	\$ 0	\$ 644,441
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043			\$	\$ 517,059	\$	\$ 517,059
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043				387,388		387,388
Total 93.043				\$ 0	\$ 904,447	\$ 0	\$ 904,447
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			\$ (53,938)	\$	\$	\$ (53,938)
National Family Caregiver Support, Title III, Part E	93.052			249,906	3,735,360		3,985,266
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052			622	1,324,770		1,325,392
Total 93.052				\$ 250,528	\$ 5,060,130	\$ 0	\$ 5,310,658
Public Health Emergency Preparedness	93.069			\$ 8,359,895	\$ 8,809,459	\$	\$ 17,169,354
Environmental Public Health and Emergency Response	93.070			3,765,100	101,143		3,866,243
Medicare Enrollment Assistance Program	93.071			26,968	925,577		952,545
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			773,065			773,065

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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
U.S. Department of Health and Human Services (Continued)							
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			\$ 82,812	\$	\$	\$ 82,812
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	Regents of the University of Michigan	SUBK00012957	35,000			35,000
Guardianship Assistance	93.090			3,803,077			3,803,077
COVID-19 - Guardianship Assistance	93.090			21,494			21,494
Total 93.090				\$ 3,824,571	\$ 0	\$ 0	\$ 3,824,571
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			\$ 386,937	\$ 983,419	\$	\$ 1,370,356
Food and Drug Administration Research	93.103			3,039,705	129,099		3,168,804
Food and Drug Administration Research	93.103	Association of Food and Drug Officials	G-2210-03593; G-2302-03913	10,326			10,326
Total 93.103				\$ 3,050,031	\$ 129,099	\$ 0	\$ 3,179,130
Maternal and Child Health Federal Consolidated Programs	93.110			\$ 836,122	\$ 1,997,264	\$	\$ 2,833,386
Maternal and Child Health Federal Consolidated Programs	93.110	Association of Public Health Laboratories, Inc.	56300-600-158-22-18	28,904			28,904
Maternal and Child Health Federal Consolidated Programs (Note 15)	93.110	Wayne State University	WSU18013		35,500		35,500
Total 93.110				\$ 865,026	\$ 2,032,764	\$ 0	\$ 2,897,790
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			\$ 1,030,539	\$ 255,553	\$	\$ 1,286,092
Project Grants and Cooperative Agreements for Tuberculosis Control Programs (Note 6)	93.116			7,506			7,506
Total 93.116				\$ 1,038,045	\$ 255,553	\$ 0	\$ 1,293,598
Emergency Medical Services for Children	93.127			\$ 124,375	\$	\$	\$ 124,375
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			319,920			319,920
Injury Prevention and Control Research and State and Community Based Programs	93.136			3,757,817	2,876,217		6,634,034
Community Programs to Improve Minority Health	93.137			85			85
Projects for Assistance in Transition from Homelessness (PATH)	93.150			163,520	1,945,945		2,109,465
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153			155,392	1,005,997		1,161,389

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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
U.S. Department of Health and Human Services (Continued)							
Grants to States for Loan Repayment	93.165			\$ (15,250)	\$	\$	\$ (15,250)
COVID-19 - Grants to States for Loan Repayment	93.165			1,045,918			1,045,918
Total 93.165				\$ 1,030,668	\$ 0	\$ 0	\$ 1,030,668
Disabilities Prevention	93.184			\$ 257,441	\$ 327,227	\$	\$ 584,668
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197			492,195	9,982		502,177
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	49,751			49,751
Total 93.197				\$ 541,946	\$ 9,982	\$ 0	\$ 551,928
Family Planning Services	93.217			\$ 1,739,567	\$ 5,635,399	\$	\$ 7,374,966
COVID-19 - Family Planning Services	93.217				70,613		70,613
Total 93.217				\$ 1,739,567	\$ 5,706,012	\$ 0	\$ 7,445,579
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235			\$ 439,503	\$ 1,284,702	\$	\$ 1,724,205
Grants to States to Support Oral Health Workforce Activities	93.236			180,391	47,237		227,628
State Capacity Building	93.240			384,866			384,866
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			1,875,766	4,609,241		6,485,007
COVID-19 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			3,072,888	87,355		3,160,243
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Black Family Development	REV23-99255	18,460			18,460
Total 93.243				\$ 4,967,114	\$ 4,696,596	\$ 0	\$ 9,663,710
Early Hearing Detection and Intervention	93.251			\$ 169,155	\$ 56,595	\$	\$ 225,750
Occupational Safety and Health Program	93.262	Michigan State University	RC105035-MDHHS	19,969			19,969
Immunization Cooperative Agreements	93.268			6,119,018	4,867,008		10,986,026
Immunization Cooperative Agreements (Note 6)	93.268			119,945,959			119,945,959
COVID-19 - Immunization Cooperative Agreements	93.268			16,188,348	26,807,145		42,995,493
Total 93.268				\$ 142,253,325	\$ 31,674,153	\$ 0	\$ 173,927,478

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U.S. Department of Health and Human Services (Continued)							
Viral Hepatitis Prevention and Control	93.270			\$ 488,925	\$ 124,000	\$	\$ 612,925
Trans-NIH Research Support (Note 15)	93.310	Michigan State University	RC108889MDHHS	50,459			50,459
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314			173,128			173,128
Emerging Infections Programs	93.317			50,684			50,684
CDC Partnership: Strengthening Public Health Laboratories	93.322	Association of Public Health Laboratories, Inc.	56401-250-451-22-02	25,251			25,251
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			7,338,972	73,068		7,412,040
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			83,170,450	70,687,604		153,858,054
Total 93.323				\$ 90,509,422	\$ 70,760,672	\$ 0	\$ 161,270,094
State Health Insurance Assistance Program	93.324			\$ 127,584	\$ 1,501,209	\$	\$ 1,628,793
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	93.334			7,070	38,819		45,889
Behavioral Risk Factor Surveillance System	93.336			47,747	834,359		882,106
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	Regents of the University of Michigan	SUBK00010638	11,569			11,569
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			154,218	89,461		243,679
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			3,170,058	18,327,596		21,497,654
Total 93.354				\$ 3,324,276	\$ 18,417,057	\$ 0	\$ 21,741,333
ACL Independent Living State Grants	93.369			\$ 360,755	\$ 2,985,042	\$	\$ 3,345,797
Title: Multiple Approaches to Support Young Breast Cancer Survivors and Metastatic Breast Cancer Patients	93.376			302,348	161,484		463,832
National and State Tobacco Control Program	93.387			1,629,279	869,405		2,498,684
National and State Tobacco Control Program (Note 6)	93.387			1,232			1,232
Total 93.387				\$ 1,630,511	\$ 869,405	\$ 0	\$ 2,499,916
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391			\$ 6,693,478	\$ 623,413	\$	\$ 7,316,891

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U.S. Department of Health and Human Services (Continued)							
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421			\$ 50,000	\$	\$	\$ 50,000
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	148,459	141,701		290,160
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	789,862			789,862
Total 93.421				\$ 988,321	\$ 141,701	\$ 0	\$ 1,130,022
The National Cardiovascular Health Program	93.426			\$ 1,446,146	\$ 624,291	\$	\$ 2,070,437
Every Student Succeeds Act/Preschool Development Grants	93.434			1,288,887	3,066,115		4,355,002
Every Student Succeeds Act/Preschool Development Grants	93.434	North Carolina Department of Health and Human Services	43520	25,640			25,640
Total 93.434				\$ 1,314,527	\$ 3,066,115	\$ 0	\$ 4,380,642
The Innovative Cardiovascular Health Program	93.435			\$ (6,656)	\$ (6,555)	\$	\$ (13,211)
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436			615,000	165,273		780,273
State Physical Activity and Nutrition (SPAN)	93.439			497,401	375,279		872,680
ACL Assistive Technology	93.464			29,616	981,305		1,010,921
Title IV-E Prevention Program	93.472			17,110,218	498,316		17,608,534
COVID-19 - Family Violence Prevention and Services/Sexual Assault/Rape Crisis Services and Supports	93.497				1,629,633		1,629,633
COVID-19 - Low Income Household Water Assistance Program	93.499				5,510,403		5,510,403
Public Health Training Centers Program	93.516			267,888	715,845		983,733
MaryLee Allen Promoting Safe and Stable Families Program (Note 12)	93.556			8,858,126	420,394		9,278,520
COVID-19 - MaryLee Allen Promoting Safe and Stable Families Program	93.556			932,124	2,587,988		3,520,112
Total 93.556				\$ 9,790,250	\$ 3,008,382	\$ 0	\$ 12,798,632
Temporary Assistance for Needy Families (Note 12)	93.558			\$ 662,953,048	\$ 86,268,461	\$	\$ 749,221,509
Child Support Services	93.563			35,330,623	134,132,430		169,463,053
Child Support Services Research	93.564			79,266	145,874		225,140
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566			8,247,676	37,321,321		45,568,997

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Health and Human Services (Continued)							
Low-Income Home Energy Assistance (Note 12)	93.568			\$ 174,494,924	\$ 15,159,515	\$	\$ 189,654,439
Community Services Block Grant	93.569			2,087,166	27,086,691		29,173,857
COVID-19 - Community Services Block Grant	93.569				(9,575)		(9,575)
Total 93.569				\$ 2,087,166	\$ 27,077,116	\$ 0	\$ 29,164,282
Refugee and Entrant Assistance Wilson/Fish Program	93.583			\$ 204,378	\$ 873,713	\$	\$ 1,078,091
State Court Improvement Program	93.586			784,231			784,231
Community-Based Child Abuse Prevention Grants	93.590			518,041	941,668		1,459,709
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590			590,151	2,042,959		2,633,110
Total 93.590				\$ 1,108,192	\$ 2,984,627	\$ 0	\$ 4,092,819
Grants to States for Access and Visitation Programs	93.597			\$ 282,907	\$	\$	\$ 282,907
Chafee Education and Training Vouchers Program (ETV)	93.599			986,398			986,398
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599			100,000			100,000
Total 93.599				\$ 1,086,398	\$ 0	\$ 0	\$ 1,086,398
Adoption and Legal Guardianship Incentive Payments Program	93.603			\$ 169,119	\$	\$	\$ 169,119
Developmental Disabilities Basic Support and Advocacy Grants	93.630			1,589,234	1,136,418		2,725,652
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630				2,235		2,235
Total 93.630				\$ 1,589,234	\$ 1,138,653	\$ 0	\$ 2,727,887
		National Association of Councils on					
Developmental Disabilities Projects of National Significance	93.631	Developmental Disabilities	820121	\$ 3,323	\$	\$	\$ 3,323
Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model							
Demonstrations for Dually Eligible Individuals	93.634			801	515,697		516,498
Children's Justice Grants to States	93.643			373,448	160,000		533,448
Stephanie Tubbs Jones Child Welfare Services Program	93.645			8,443,074	4,591		8,447,665
Foster Care Title IV-E	93.658			96,491,954	7,083,645		103,575,599
COVID-19 - Foster Care Title IV-E	93.658			175,954			175,954
Total 93.658				\$ 96,667,908	\$ 7,083,645	\$ 0	\$ 103,751,553
Adoption Assistance	93.659			\$ 134,613,904	\$ 1,132,632	\$	\$ 135,746,536
COVID-19 - Adoption Assistance	93.659			646,759			646,759
Total 93.659				\$ 135,260,663	\$ 1,132,632	\$ 0	\$ 136,393,295

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Health and Human Services (Continued)							
Social Services Block Grant (Note 12)	93.667			\$ 123,054,322	\$ 2,001,467	\$	\$ 125,055,789
Child Abuse and Neglect State Grants	93.669			1,705,538	881,344		2,586,882
COVID-19 - Child Abuse and Neglect State Grants	93.669			675,764	293,686		969,450
Total 93.669				\$ 2,381,302	\$ 1,175,030	\$ 0	\$ 3,556,332
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			\$ 223,387	\$ 3,556,649	\$	\$ 3,780,036
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671				4,497,639		4,497,639
Total 93.671				\$ 223,387	\$ 8,054,288	\$ 0	\$ 8,277,675
John H. Chafee Foster Care Program for Successful Transition to Adulthood (Note 12)	93.674			\$ 4,172,364	\$	\$	\$ 4,172,364
COVID-19 - Elder Abuse Prevention Interventions Program	93.747			2,548,218			2,548,218
Children's Health Insurance Program	93.767			469,106,400	6,315,005		475,421,405
COVID-19 - Children's Health Insurance Program	93.767			1,502,825			1,502,825
Total 93.767				\$ 470,609,225	\$ 6,315,005	\$ 0	\$ 476,924,230
Opioid STR	93.788			\$ 17,640,045	\$ 24,510,591	\$	\$ 42,150,636
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796			7,738,737			7,738,737
Organized Approaches to Increase Colorectal Cancer Screening	93.800			408,596	207,658		616,254
Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	93.810			559,133			559,133
Child Health and Human Development Extramural Research	93.865	University of Utah	10063547-03-MDHS	29,732			29,732
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			2,137,822	6,475,992		8,613,814
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870				747,157		747,157
Total 93.870				\$ 2,137,822	\$ 7,223,149	\$ 0	\$ 9,360,971
National Bioterrorism Hospital Preparedness Program	93.889			\$ 1,811,082	\$ 3,690,547	\$	\$ 5,501,629
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			3,716,877	1,735,311		5,452,188
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912			14,643			14,643
HIV Care Formula Grants	93.917			13,416,585	5,069,588		18,486,173

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Health and Human Services (Continued)							
Special Projects of National Significance	93.928	National Alliance of State and Territorial AIDS Directors	20-SA-3215-2287	\$ 106,837	\$	\$	\$ 106,837
HIV Prevention Activities Health Department Based	93.940			3,848,251	4,440,583		8,288,834
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			1,291,077	46,953		1,338,030
Assistance Programs for Chronic Disease Prevention and Control	93.945			207,214	35,120		242,334
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			733,772	416,301		1,150,073
Block Grants for Community Mental Health Services	93.958			2,494,062	22,106,651		24,600,713
COVID-19 - Block Grants for Community Mental Health Services	93.958			1,111,742	6,830,987		7,942,729
Total 93.958				\$ 3,605,804	\$ 28,937,638	\$ 0	\$ 32,543,442
Block Grants for Prevention and Treatment of Substance Abuse	93.959			\$ 2,406,951	\$ 51,104,328	\$	\$ 53,511,279
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959			945,212	33,135,595		34,080,807
Total 93.959				\$ 3,352,163	\$ 84,239,923	\$ 0	\$ 87,592,086
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967			\$ 1,342,866	\$ 129,350	\$	\$ 1,472,216
COVID-19 - Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967			2,189,203	6,660,251		8,849,454
Total 93.967				\$ 3,532,069	\$ 6,789,601	\$ 0	\$ 10,321,670
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			\$ 1,716,455	\$ 698,797	\$	\$ 2,415,252
COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			5,488,398	872,374		6,360,772
Total 93.977				\$ 7,204,853	\$ 1,571,171	\$ 0	\$ 8,776,024
Cooperative Agreements for Diabetes Control Programs	93.988			\$ 717,809	\$ 245,698	\$	\$ 963,507
Preventive Health and Health Services Block Grant	93.991			3,167,437	2,724,036		5,891,473
Maternal and Child Health Services Block Grant to the States (Note 12)	93.994			9,467,086	9,787,432		19,254,518
Vital Statistics - CDC - NCHS Contract	93.200-2012-50823*			765,645			765,645
Vital Statistics - CDC - National Death Index Contract	93.200-2015-M-62296*			85,446			85,446
FDA Tobacco Retail Inspection Contract	93.75F40121C00029*			1,253,662			1,253,662
Total U.S. Department of Health and Human Services				\$ 21,432,557,050	\$ 857,821,486	\$ 0	\$ 22,290,378,536

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STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Corporation for National and Community Service							
AmeriCorps State Commissions Support Grant	94.003			\$ 330,615	\$	\$	\$ 330,615
AmeriCorps State and National	94.006			148,883	12,204,091		12,352,974
AmeriCorps Commission Investment Fund	94.008			136,873	75,743		212,616
AmeriCorps September 11th National Day of Service and Remembrance Grants	94.012			12,150	39,640		51,790
AmeriCorps Volunteers In Service to America	94.013			200	32,000		32,200
AmeriCorps Seniors Senior Demonstration Program (FGP)	94.017			93,709	129,733		223,442
AmeriCorps Volunteer Generation Fund	94.021			312,726	401,036		713,762
Total U.S. Corporation for National and Community Service				\$ 1,035,156	\$ 12,882,243	\$ 0	\$ 13,917,399
Executive Office of the President							
High Intensity Drug Trafficking Areas Program	95.001			\$ 1,160,937	\$	\$	\$ 1,160,937
Total Executive Office of the President				\$ 1,160,937	\$ 0	\$ 0	\$ 1,160,937
Social Security Administration							
Disability Insurance/SSI Cluster:							
Social Security Disability Insurance	96.001			\$ 102,818,268	\$	\$	\$ 102,818,268
Total Disability Insurance/SSI Cluster				\$ 102,818,268	\$ 0	\$ 0	\$ 102,818,268
Social Security Administration - Birth Record Contract	96.00-14-61006*			\$ 441,342	\$	\$	\$ 441,342
Social Security Administration - Death Record Contract	96.SS00-09-60016*			593,923			593,923
Total Social Security Administration				\$ 103,853,533	\$ 0	\$ 0	\$ 103,853,533
U.S. Department of Homeland Security							
Non-Profit Security Program	97.008			\$ 88,868	\$ 2,559,598	\$	\$ 2,648,466
Boating Safety Financial Assistance	97.012			5,821,713	1,198,411		7,020,124
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			340,383			340,383
Disaster Unemployment Assistance	97.034			47,283			47,283
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 16)	97.036			295,293	3,499,785		3,795,078
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note 16)	97.036			94,673,571	26,763,967		121,437,538
Total 97.036				\$ 94,968,864	\$ 30,263,752	\$ 0	\$ 125,232,616

This schedule continued on next page.

STATE OF MICHIGAN
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024
(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
U.S. Department of Homeland Security (Continued)							
Hazard Mitigation Grant	97.039			\$ 426,326	\$ 4,648,503	\$	\$ 5,074,829
National Dam Safety Program	97.041			160,259			160,259
Emergency Management Performance Grants	97.042			7,075,753	1,696,436		8,772,189
Cooperating Technical Partners	97.045			15,489			15,489
BRIC: Building Resilient Infrastructure and Communities	97.047			44,598	339,603		384,201
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			(9,172)			(9,172)
Emergency Operations Center	97.052				159,523		159,523
Port Security Grant Program	97.056			405,373			405,373
Homeland Security Grant Program	97.067			1,990,796	10,845,625		12,836,421
Homeland Security Grant Program	97.067	Macomb County	R2-2020-82-0011	12,457			12,457
Homeland Security Grant Program	97.067	Monroe County	EMW-2021-SS-0011	4,527			4,527
Total 97.067				\$ 2,007,780	\$ 10,845,625	\$ 0	\$ 12,853,405
Disaster Assistance Projects	97.088			\$ 4,413,733	\$	\$	\$ 4,413,733
Homeland Security Biowatch Program	97.091			1,646,503			1,646,503
Financial Assistance for Targeted Violence and Terrorism Prevention	97.132			377,226			377,226
HSI - Task Force Officer	97.*			33,333			33,333
Total U.S. Department of Homeland Security				\$ 117,864,312	\$ 51,711,451	\$ 0	\$ 169,575,763
Other Federal Assistance							
COVID-19 - Housing Stability Counseling Program	99.U19			\$ 44,150	\$	\$	\$ 44,150
Total Other Federal Assistance				\$ 44,150	\$ 0	\$ 0	\$ 44,150
Total Financial Assistance				\$ 29,542,484,642	\$ 5,687,884,878	\$ 6,465,120	\$ 35,236,834,640
Total Non-Cash Assistance				\$ 648,228,547	\$ 181,186,446	\$ 0	\$ 829,414,993
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 30,190,713,189	\$ 5,869,071,324	\$ 6,465,120	\$ 36,066,249,633

* 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 2024. 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 2024 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, 2024. In addition, some of the programs noted below also include other State agencies' expenditures, which are reported as of September 30, 2024.

Assistance Listing Number (ALN)	Federal Program Title	MSHDA Expenditures as of June 30, 2024	Other State Agencies' Expenditures as of September 30, 2024	Total (as Reported on the SEFA)
14.169	Housing Counseling Assistance Program	\$ 695,327	\$ 0	\$ 695,327
14.195	Project-Based Rental Assistance (PBRA)	\$ 437,686,256	\$ 0	\$ 437,686,256
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	\$ 935,817	\$ 33,937,649	\$ 34,873,466
14.231	Emergency Solutions Grant Program	\$ 8,906,045	\$ 0	\$ 8,906,045

Table continued on next page.

Assistance Listing Number (ALN)	Federal Program Title	MSHDA Expenditures as of June 30, 2024	Other State Agencies' Expenditures as of September 30, 2024	Total (as Reported on the SEFA)
14.231	COVID-19 - Emergency Solutions Grant Program	\$ 4,580,809	\$ 0	\$ 4,580,809
14.239	Home Investment Partnerships Program	\$ 13,159,625	\$ 0	\$ 13,159,625
14.239	COVID-19 - Home Investment Partnerships Program	\$ 5,069,990	\$ 0	\$ 5,069,990
14.256	Neighborhood Stabilization Program (Recovery Act Funded)	\$ 530,857	\$ 0	\$ 530,857
14.258	Tax Credit Assistance Program (Recovery Act Funded)	\$ 1,867,645	\$ 0	\$ 1,867,645
14.267	Continuum of Care Program	\$ 2,867,910	\$ 6,079,249	\$ 8,947,159
14.275	Housing Trust Fund	\$ 8,310,661	\$ 0	\$ 8,310,661
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	\$ 1,244,814	\$ 0	\$ 1,244,814
14.327	Performance Based Contract Administrator Program	\$ 15,170,097	\$ 0	\$ 15,170,097
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	\$ 214,686	\$ 0	\$ 214,686
14.871	Section 8 Housing Choice Vouchers	\$ 284,617,314	\$ 0	\$ 284,617,314
14.871	COVID-19 - Section 8 Housing Choice Vouchers	\$ 8,119,492	\$ 0	\$ 8,119,492
14.879	Mainstream Vouchers	\$ 1,536,818	\$ 0	\$ 1,536,818
14.896	Family Self-Sufficiency Program	\$ 1,479,974	\$ 0	\$ 1,479,974
21.019	COVID-19 - Coronavirus Relief Fund	\$ (253,557)	\$ (45,625)	\$ (299,182)
21.023	COVID-19 - Emergency Rental Assistance Program	\$ 16,401,742	\$ 0	\$ 16,401,742
21.026	COVID-19 - Homeowner Assistance Fund	\$ 56,630,024	\$ 0	\$ 56,630,024
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	\$ 31,864,802	\$ 934,308,178	\$ 966,172,980
99.U19	COVID-19 - Housing Stability Counseling Program	\$ 44,150	\$ 0	\$ 44,150

- 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, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs
Federal expenditures of \$233,029,925 for the Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs (ALN 20.106) channeled to primary airports for fiscal year 2024 are not included in the SEFA. Included in this amount are Coronavirus Aid, Relief, and Economic Security (CARES) Act expenditures totaling \$14,433,685, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) expenditures totaling \$425,780, and American Rescue Plan Act of 2021 expenditures totaling \$93,990,039. 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 26.9% 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 2024 were \$38,998.

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, 2024, 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 \$234,441,737. In addition, as of September 30, 2024, \$112,516,315 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 2024.

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. USDOE has confirmed that this includes fiscal year 2024.

The FFEL Program - Guaranty Agency activity for fiscal year 2024 was:

Federal Program Title	ALN	Federal Expenditures
Federal Family Education Loans - Guaranty Agency	84.032G	
Beginning of fiscal year balance - Loans from prior years		\$ 380,204,334
Loan loss reinsured by USDOE		35,873,287
Account maintenance fees		5,706,787
Loan recoveries - Net of amounts returned to USDOE		38,611
Loans repurchased and rehabilitated		435,371
Total Federal Family Education Loans - Guaranty Agency		<u>\$ 422,258,390</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 2024 was:

Federal Program Title	ALN	Federal Expenditures
Federal Family Education Loans - Lender	84.032L	
Beginning of fiscal year balance - Loans from prior years		\$ 148,066,922
Interest subsidy payments		285,227
Special allowance payments		1,954,836
Total Federal Family Education Loans - Lender		<u>\$ 150,306,985</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)	\$ 1,690,240
Low-Income Home Energy Assistance (ALN 93.568)	\$ 32,955,930
Social Services Block Grant (ALN 93.667)	\$ 168,338,424
John H. Chafee Foster Care Program for Successful Transition to Adulthood (ALN 93.674)	\$ 6,654,606
Maternal and Child Health Services Block Grant to the States (ALN 93.994)	\$ 55,746,561

- 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 \$1,251,179 and Medicaid revenue totaling \$8,030,981 in fiscal year 2024. 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
Interjurisdictional Fisheries Act of 1986	11.407	\$ 16,518
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608	100
Wildlife Restoration and Basic Hunter Education and Safety	15.611	1,955,953
State Wildlife Grants	15.634	475,000
Highway Research and Development Program	20.200	3,184,435
Highway Planning and Construction	20.205	6,315,399
Geographic Programs - Great Lakes Restoration Initiative	66.469	9,586
Maternal and Child Health Federal Consolidated Programs	93.110	35,500
Trans-NIH Research Support	93.310	50,459
Total R&D Expenditures		<u>\$ 12,042,950</u>

Note 16 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

The expenditures reported for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program (ALN 97.036) include \$45,151,303 incurred in fiscal years 2022 through 2023 that were obligated by the Federal Emergency Management Agency (FEMA) in fiscal year 2024. The SEFA does not include \$3,866,305 of expenditures incurred in fiscal year 2024 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 17 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	\$ 329,656,928
CCDF CARES Act	2,842,855
Child Care Mandatory and Matching Funds of the CCDF	80,628,938
CCDF American Rescue Plan Supplemental	74,678,249
TANF	<u>8,300,000</u>
Total CCDF Cluster Expenditures	<u>\$ 496,106,970</u>

INDEPENDENT AUDITOR'S REPORT

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, 2024. 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.

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 Coronavirus State and Local Fiscal Recovery Funds and the CCDF Cluster, which was based on our audit work.

Assistance Listing Number(s)	Program or Cluster	Percent Audited by Other Auditors	Total Expenditures
14.871 and 14.879	Housing Voucher Cluster, including COVID-19	100%	\$ 294,273,624
17.225	Unemployment Insurance, including COVID-19	100%	\$1,013,287,765
21.027	Coronavirus State and Local Fiscal Recovery Funds, including COVID-19	3%	\$ 966,172,980
93.575 and 93.596	CCDF Cluster, including COVID-19	9%	\$ 496,106,970

We did not audit the State of Michigan's compliance with the compliance requirements listed below applicable to the Federal Family Education Loans - Guaranty Agency, ALN 84.032G, and Federal Family Education Loans - Lender, ALN 84.032L. Third-party servicers performed the compliance requirements for the State of Michigan and have obtained examinations performed under the *Guide for Financial Statement Audits and Compliance Attestation Engagements of Lender Servicers Administering Federal Family Education Loan Program Loans* (September 2020), issued by the U.S. Department of Education. Our report does not include the results of the other accountants' examinations of the third-party servicers' compliance with such requirements.

Assistance Listing Number(s)	Third-Party Servicer	Compliance Requirements	Period Covered by Examination(s)
84.032G	Pennsylvania Higher Education Assistance Agency	Special Tests and Provisions (Current Records; Federal Share of Borrower Payments; Implementation of Dear Colleague Letter GEN-21-03 "Expansion of Collections Pause to Defaulted FFEL Program Loans Managed by Guaranty Agencies"; Credit Bureau Reporting)	07/01/2023 - 06/30/2024 07/01/2024 - 09/30/2024
84.032L	Nelnet, Inc.	Reporting and Special Tests and Provisions (Individual Record Review; Interest Benefits; Special Allowance Payments; Loan Sales, Purchases, and Transfers; Enrollment Reports; Payment Processing; Due Diligence by Lenders in the Collection of Delinquent Loans; Timely Claim Filings by Lenders or Servicers; Curing Due-Diligence and Timely Filing Violations)	01/01/2023 - 12/31/2023 01/01/2024 - 12/31/2024

Adverse Opinion on Children's Health Insurance Program

In our opinion, because of the significance of the matters identified in the table in the *Matters Giving Rise to Adverse Opinion on Children's Health Insurance Program* 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 Children's Health Insurance Program for the fiscal year ended September 30, 2024.

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, 2024.

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, 2024.

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 Title 2, U.S. *Code of Federal Regulations* Part 200,

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 Opinion on Children's Health Insurance Program

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	93.767	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	2024-005 2024-012 2024-013

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

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	Special Tests and Provisions - ADP System for SNAP	2024-005
U.S. Department of Labor	17.225	Unemployment Insurance, including COVID-19	Allowable Costs/Cost Principles and Eligibility	2024-058
U.S. Department of Health and Human Services	93.575 and 93.596	CCDF Cluster, including COVID-19	Reporting	2024-035

Federal Awarding Agency	Assistance Listing Number(s)	Program or Cluster	Compliance Requirements	Finding Number(s)
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	2024-005 2024-012
U.S. Department of Health and Human Services	93.558	Temporary Assistance for Needy Families	Special Tests and Provisions - Income Eligibility and Verification System	2024-005
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	2024-050 2024-051 2024-052 2024-053
U.S. Department of Health and Human Services	93.568	Low-Income Home Energy Assistance	Eligibility	2024-055

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

Other Matters – Federal Expenditures Not Included in the Compliance Audit

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 \$1.0 billion in federal awards that are not included in the schedule of expenditures of federal awards for the fiscal year ended September 30, 2024. Our audit, described below, did not include the operations of these universities because they obtained separate audits in accordance with the audit requirements of the Uniform Guidance.

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:

2024-033	2024-039	2024-040	2024-041	2024-042	2024-043	2024-045
2024-046						

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:

2024-003	2024-005	2024-012	2024-013	2024-035	2024-050	2024-051
2024-052	2024-053	2024-055				

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:

2024-001	2024-002	2024-004	2024-006	2024-007	2024-008	2024-009
2024-010	2024-011	2024-013	2024-014	2024-015	2024-016	2024-017
2024-018	2024-019	2024-020	2024-021	2024-022	2024-023	2024-024
2024-025	2024-026	2024-027	2024-028	2024-029	2024-030	2024-031
2024-032	2024-033	2024-034	2024-036	2024-037	2024-038	2024-039
2024-040	2024-041	2024-042	2024-043	2024-044	2024-045	2024-046
2024-047	2024-048	2024-049	2024-054	2024-056	2024-057	

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, 2024 and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated April 25, 2025, 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, 2025

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 federal programs:	
Material weaknesses* identified?	Yes
Significant deficiencies* identified?	Yes
Any matter required to be disclosed as an audit finding 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	Qualified
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children, including COVID-19	Unmodified
10.646	Summer Electronic Benefit Transfer Program for Children	Unmodified
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Unmodified
20.205	Highway Planning and Construction, including COVID-19	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds, including COVID-19	Unmodified
66.458	Clean Water State Revolving Fund	Unmodified
66.468	Drinking Water State Revolving Fund	Unmodified
84.002	Adult Education - Basic Grants to States	Unmodified
84.032 G, L	Federal Family Education Loans - Guaranty Agency and Lender	Unmodified
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Unmodified
84.181	Special Education-Grants for Infants and Families, including COVID-19	Unmodified
84.287	Twenty-First Century Community Learning Centers	Unmodified
93.575 and 93.596	CCDF Cluster, including COVID-19	Qualified
93.775, 93.777, and 93.778	Medicaid Cluster, including COVID-19	Qualified
93.558	Temporary Assistance for Needy Families	Qualified
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Qualified
93.568	Low-Income Home Energy Assistance	Qualified
93.767	Children's Health Insurance Program, including COVID-19	Adverse
93.994	Maternal and Child Health Services Block Grant to the States	Unmodified
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters), including COVID-19	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
14.871 and 14.879 17.225	Housing Voucher Cluster, including COVID-19 Unemployment Insurance, including COVID-19	Unmodified Qualified

Dollar threshold used to distinguish between type A and type B programs: \$54,099,374

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. When 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 193.

* 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* (071-0010-25), located at:

<<https://audgen.michigan.gov/wp-content/uploads/2025/06/r171001025-851563.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 2024-001

SIGMA High-Risk Activity Monitoring

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Department of Labor and Economic Opportunity

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Adult Education - Basic Grants to States: ALN 84.002
Federal Award Identification Number (FAIN) and Year	V002A210023 07/01/2021 - 09/30/2022 V002A220023 07/01/2022 - 09/30/2023 V002A230023 07/01/2023 - 09/30/2024 V002A240023 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$15,138,033
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Department of Labor and Economic Opportunity

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Rehabilitation Services Vocational Rehabilitation Grants to States: ALN 84.126
Federal Award Identification Number (FAIN) and Year	H126A230099 10/01/2022 - 09/30/2024 H126A230100 10/01/2022 - 09/30/2024 H126A240099 10/01/2023 - 09/30/2025 H126A240100 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$132,129,825
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Period of Performance and Procurement and Suspension and Debarment
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Department of Labor and Economic Opportunity

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
Federal Award Identification Number (FAIN) and Year	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025 2405MIRCMA 10/01/2023 - 09/30/2025 2405MIRSSS 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Department of Labor and Economic Opportunity

Condition

The Department of Labor and Economic Opportunity (LEO) did not sufficiently monitor its high-risk activity reports to ensure users performed only authorized override actions in the Statewide Integrated Governmental Management Applications* (SIGMA). We noted LEO did not document its review of or include all override transactions in 1 of 3 sampled reports.

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.

State of Michigan Administrative Guide to State Government policy 1340.00 states security* controls must be implemented to protect State of Michigan information from unauthorized

* See glossary at end of report for definition.

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 agencies to monitor privileged system functions to help mitigate the risk from insider threats and detect misuse.

Cause

LEO informed us its process was not always sufficient to ensure document retention of its review of high-risk activity reports. Also, LEO indicated an error in its query criteria resulted in the missing override transaction.

Effect

Individuals may have made inappropriate override actions in SIGMA that were not detected in a timely manner. As a result, an increased risk exists LEO did not identify inappropriate or high-risk activity associated with SIGMA transactions.

Known Questioned Costs

None.

Recommendation

We recommend LEO sufficiently monitor its high-risk activity reports to ensure users performed only authorized override actions in SIGMA.

Management Views

LEO agrees with the finding.

FINDING 2024-002

Bridges Interface Controls

Federal Agency	U.S. Department of Agriculture	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	SNAP Cluster: ALN 10.551 and 10.561	
Federal Award Identification Number (FAIN) and Year	EBT - 2023	10/01/2022 - 09/30/2023
	EBT - 2024	10/01/2023 - 09/30/2024
	242MI100S2514	10/01/2023 - 09/30/2024
	242MI100S2519	10/01/2023 - 09/30/2024
	242MI100S2520	10/01/2023 - 09/30/2024
	242MI100S8026	10/01/2023 - 09/30/2024
	242MI100S8036	10/01/2023 - 09/30/2024
	242MI100S9018	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$3,271,048,388	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP and EBT Reconciliation	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	

* See glossary at end of report for definition.

Repeat Finding	2023-001
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Summer Electronic Benefit Transfer Program for Children: ALN 10.646
Federal Award Identification Number (FAIN) and Year	242MI100N1175 10/01/2023 - 09/30/2024 242MI100N1803 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$103,011,317
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 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 2401MICCDD 10/01/2023 - 09/30/2026 2401MICCDF 10/01/2023 - 09/30/2026 2401MICCDM 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970
Total COVID-19 Expenditures	\$77,521,104
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; Period of Performance; and Special Tests and Provisions - Health and Safety Requirements and Fraud Detection and Repayment
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-001
State Agencies	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

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

Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-001	
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF 2401MITANF	10/01/2022 - Until Expended 10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	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	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-001	
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
Federal Award Identification Number (FAIN) and Year	2105MIRSSS 2205MIRSSS 2305MIRCMA 2305MIRSSS 2405MIRCMA 2405MIRSSS	10/01/2020 - 09/30/2024 10/01/2021 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2025 10/01/2023 - 09/30/2025 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-001	
State Agencies	Department of Labor and Economic Opportunity; Michigan Department of Health and Human Services; and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Low-Income Home Energy Assistance: ALN 93.568
Federal Award Identification Number (FAIN) and Year	2301MILIEA 10/01/2022 - 09/30/2024 2301MILIEE 10/01/2022 - 09/30/2024 2301MILIEI 10/01/2022 - 09/30/2024 2401MILIEA 10/01/2023 - 09/30/2025 2401MILIEI 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$189,654,439
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-001
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-001
State Agencies	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 2 of the 8 interfaces sampled. For these 2 interfaces, we sampled 28 daily and monthly files and noted 7 (25%) files did not reconcile.

* See glossary at end of report for definition.

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 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 interface controls 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.

Cause

DTMB informed us because of a coding issue, record counts were either not logged or 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 not being 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 disagrees with the condition and the effect of the OAG's finding. The OAG sampled 85 total files across 8 interfaces. Of these, 7 appeared to present issues. For 5 of the sampled files, detailed exception results no longer existed. DTMB maintains summary tables for 10 years and purges detailed exception records at the beginning of each calendar year for anything older than 12 months. This purge process was communicated to the OAG during the fiscal year 2022 audit, and sampling was performed prior to purging for the fiscal year 2023 audit. When informed that the sample included files for which the detailed exception records had been purged, the OAG requested DTMB run a simulation processing of the original interface file in a testing environment to recreate detailed exception records. DTMB's technical teams informed the OAG that rerunning in the current test environment would likely differ from the original results due to code changes that occurred in the test environment subsequent to when the original interface files were run in production. The OAG requested DTMB to proceed with rerunning the files in the current test environment. As a result, the OAG identified 5 instances where the detailed exception records from the simulation in the test environment did not exactly match the summary table from the original production interface results.

For the 2 remaining files out of 85 (2.4 percent) that were cited, it should be clarified that the reconciliation being discussed is not data that was lost or misplaced between systems, but reconciliation of 2 exceptions correctly logged and correctly not counted in a summary report

* See glossary at end of report for definition.

because they were alerts during processing, not errors that would be forwarded for review. These results do not present a significant deficiency in the ability of MDHHS to review the detailed exceptions. Also, these 2 records are insignificant when compared to the 11.6 million records processed in the 85 sampled files (0.000001 percent). Therefore, the current controls are reasonable to ensure that data processed from the source system to the receiving system is processed accurately, completely, and timely.

Auditor's Comments to Management Views*

Contrary to DTMB's views, it would not be appropriate to combine the results of all the subsampled interface files to determine if the auditee appropriately reconciled the 8 sampled interfaces because the frequency of interfaces occurs at different intervals. Doing so would minimize the errors noted in less frequent interface intervals when compared with more frequent interface intervals. Also, the significance of an interface is not dependent on the frequency of the interface's interval but the purpose for the interface regardless of the frequency interval.

Federal regulations 2 *CFR* 200.334 and 45 *CFR* 75.361 require the auditee to retain records pertinent to a federal award for a period of three years from the submission date of the respective financial report as reported to the awarding agency. The sampled interfaces included subsampled dates throughout the audit period which falls within the required three-year retention period. Therefore, DTMB should have maintained sufficient documentation or maintained it in a manner to allow for replication of the purged files to support controls operated effectively throughout the audit period.

DTMB was not able to provide documentation to support the 2 files cited in its response were alerts and not reconciling errors. Also, DTMB did not provide documentation it timely reviewed the interface exceptions. In addition, we determined the errors occurred on multiple daily and monthly files. Contrary to DTMB's views, interface controls are established at a specific data file level and not based on the total number of records or errors identified over a series of data file transfers. Therefore, the percentage of records in error does not prove the interface controls reasonably ensure data transferred from a source system to a receiving system is processed accurately, completely, and timely.

Therefore, the finding stands as written.

FINDING 2024-003

Bridges Security Management and Access Controls*

Federal Agency	U.S. Department of Agriculture	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	SNAP Cluster: ALN 10.551 and 10.561	
Federal Award Identification Number (FAIN) and Year	EBT - 2023	10/01/2022 - 09/30/2023
	EBT - 2024	10/01/2023 - 09/30/2024
	242MI100S2514	10/01/2023 - 09/30/2024
	242MI100S2519	10/01/2023 - 09/30/2024
	242MI100S2520	10/01/2023 - 09/30/2024
	242MI100S8026	10/01/2023 - 09/30/2024
	242MI100S8036	10/01/2023 - 09/30/2024
	242MI100S9018	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$3,271,048,388	
Total COVID-19 Expenditures	\$0	

* See glossary at end of report for definition.

Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP and EBT Reconciliation
Type of Finding	Material Weakness
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-002
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Summer Electronic Benefit Transfer Program for Children: ALN 10.646
Federal Award Identification Number (FAIN) and Year	242MI100N1175 10/01/2023 - 09/30/2024 242MI100N1803 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$103,011,317
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Material Weakness
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 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 2401MICCDD 10/01/2023 - 09/30/2026 2401MICCDF 10/01/2023 - 09/30/2026 2401MICCDM 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970
Total COVID-19 Expenditures	\$77,521,104
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; Period of Performance; and Special Tests and Provisions - Health and Safety Requirements and Fraud Detection and Repayment
Type of Finding	Material Weakness
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-002
State Agencies	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

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

Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Material Weakness	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-002	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF 2401MITANF	10/01/2022 - Until Expended 10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	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	
Type of Finding	Material Weakness	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-002	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
Federal Award Identification Number (FAIN) and Year	2105MIRSSS 2205MIRSSS 2305MIRCMA 2305MIRSSS 2405MIRCMA 2405MIRSSS	10/01/2020 - 09/30/2024 10/01/2021 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2025 10/01/2023 - 09/30/2025 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility	
Type of Finding	Material Weakness	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-002	
State Agencies	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Low-Income Home Energy Assistance: ALN 93.568
Federal Award Identification Number (FAIN) and Year	2301MILIEA 10/01/2022 - 09/30/2024 2301MILIEE 10/01/2022 - 09/30/2024 2301MILIEI 10/01/2022 - 09/30/2024 2401MILIEA 10/01/2023 - 09/30/2025 2401MILIEI 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$189,654,439
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Eligibility
Type of Finding	Material Weakness
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-002
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Material Weakness
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-002
State Agency	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 properly approve 20 (50%) of 40 sampled Bridges incompatible role exception requests prior to granting the exception requests.
- b. MDHHS did not maintain documentation for 17 (21%) of 80 sampled local office security monitoring reports. Also, MDHHS did not complete timely reviews for 1 (2%) of 63 sampled security monitoring reports.
- c. MDHHS did not properly approve 3 (8%) of 40 sampled Bridges application security agreements prior to granting access to Bridges.
- d. MDHHS did not review its semiannual recertification of 2 of 5 sampled existing Bridges privileged user accounts. Also, MDHHS did not document or properly review its annual recertification of 5 (14%) of 35 sampled Bridges non-privileged user accounts.

- e. MDHHS did not maintain documentation for 6 (30%) of 20 sampled local office high-risk Bridges transaction monitoring 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.

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 MDHHS cannot ensure the security of the Bridges application and data used to help determine eligibility and benefit levels for the SNAP Cluster, Summer Electronic Benefit Transfer Program for Children, 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.

* See glossary at end of report for definition.

Management Views
MDHHS agrees with the finding.

FINDING 2024-004
Bridges Change Management Process

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	SNAP Cluster: ALN 10.551 and 10.561
Federal Award Identification Number (FAIN) and Year	EBT - 2023 10/01/2022 - 09/30/2023 EBT - 2024 10/01/2023 - 09/30/2024 242MI100S2514 10/01/2023 - 09/30/2024 242MI100S2519 10/01/2023 - 09/30/2024 242MI100S2520 10/01/2023 - 09/30/2024 242MI100S8026 10/01/2023 - 09/30/2024 242MI100S8036 10/01/2023 - 09/30/2024 242MI100S9018 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$3,271,048,388
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP and EBT Reconciliation
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-003
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Summer Electronic Benefit Transfer Program for Children: ALN 10.646
Federal Award Identification Number (FAIN) and Year	242MI100N1175 10/01/2023 - 09/30/2024 242MI100N1803 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$103,011,317
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 2201MICCDD 10/01/2021 - 09/30/2024 2201MICCDF 10/01/2021 - 09/30/2024 2301MICCDD 10/01/2022 - 09/30/2025

FAIN and Year (Continued)	2301MICCDF	10/01/2022 - 09/30/2025
	2401MICCDD	10/01/2023 - 09/30/2026
	2401MICCDF	10/01/2023 - 09/30/2026
	2401MICCDM	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970	
Total COVID-19 Expenditures	\$77,521,104	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; Period of Performance; and Special Tests and Provisions - Health and Safety Requirements and Fraud Detection and Repayment	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-003	
State Agencies	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	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM	10/01/2023 - 09/30/2024
	2405MI5MAP	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-003	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF	10/01/2022 - Until Expended
	2401MITANF	10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	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	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-003	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
Federal Award Identification Number (FAIN) and Year	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025 2405MIRCMA 10/01/2023 - 09/30/2025 2405MIRSSS 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-003
State Agencies	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Low-Income Home Energy Assistance: ALN 93.568
Federal Award Identification Number (FAIN) and Year	2301MILIEA 10/01/2022 - 09/30/2024 2301MILIEE 10/01/2022 - 09/30/2024 2301MILIEI 10/01/2022 - 09/30/2024 2401MILIEA 10/01/2023 - 09/30/2025 2401MILIEI 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$189,654,439
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-003
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0

Repeat Finding	2023-003
State Agency	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 2 (5%) of 40 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 post release validation 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 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 2024-005

Income Eligibility and Verification System

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	SNAP Cluster: ALN 10.551 and 10.561

* See glossary at end of report for definition.

Federal Award Identification Number (FAIN) and Year	EBT - 2023	10/01/2022 - 09/30/2023
	EBT - 2024	10/01/2023 - 09/30/2024
	242MI100S2514	10/01/2023 - 09/30/2024
	242MI100S2519	10/01/2023 - 09/30/2024
	242MI100S2520	10/01/2023 - 09/30/2024
	242MI100S8026	10/01/2023 - 09/30/2024
	242MI100S8036	10/01/2023 - 09/30/2024
	242MI100S9018	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$3,271,048,388	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Special Tests and Provisions - ADP System for SNAP	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	Undeterminable	
Repeat Finding	2023-004	
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM	10/01/2023 - 09/30/2024
	2405MI5MAP	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	Undeterminable	
Repeat Finding	2023-004	
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF	10/01/2022 - Until Expended
	2401MITANF	10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Special Tests and Provisions - Income Eligibility and Verification System	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	Undeterminable	
Repeat Finding	2023-004	
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	

Federal Award Identification Number (FAIN) and Year	2305MI3002 2305MI5021 2405MI5021	10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230	
Total COVID-19 Expenditures	\$1,502,825	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	Undeterminable	
Repeat Finding	2023-004	
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget	

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 and DTMB did not request and obtain IEVS information for all recipients. In addition, MDHHS did not ensure 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 13 (17%) of 76 cases.
- b. For 7 (50%) of 14 IEVS interfaces, MDHHS did not take timely action on IEVS information in 14 (18%) of 76 cases reviewed, of which 11 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 1 (9%) of 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.
- 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.
- f. MDHHS and DTMB did not process the Internal Revenue Service (IRS) Wage and Pension Match records for all applicants and recipients.
- g. MDHHS and DTMB did not timely receive and process the Social Security Administration deceased records for all applicants and recipients for three months of 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 the state agency to 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 IRS 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 2024. 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.

For part f., MDHHS and DTMB's internal control was not sufficient to ensure they processed the file transfers because of a misunderstanding of the nature of the data contained in the file transfers.

For part g., MDHHS informed us staff turnover contributed to a delay in renewing the federal subscription. Also, MDHHS and DTMB indicated they expected the receive file to contain only three months of data; instead, they received a complete base file and, because of the file size, they cannot currently process the file.

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 and DTMB 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., d., f., and g. 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. MDHHS had policies and procedures in effect during fiscal year 2024 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.

Auditor's Comments to Management Views

Regarding part c., 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 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 2024-006 **ADP Security Program**

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	SNAP Cluster: ALN 10.551 and 10.561
Federal Award Identification Number (FAIN) and Year	EBT - 2023 10/01/2022 - 09/30/2023
	EBT - 2024 10/01/2023 - 09/30/2024
	242MI100S2514 10/01/2023 - 09/30/2024
	242MI100S2519 10/01/2023 - 09/30/2024
	242MI100S2520 10/01/2023 - 09/30/2024
	242MI100S8026 10/01/2023 - 09/30/2024
	242MI100S8036 10/01/2023 - 09/30/2024
	242MI100S9018 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$3,271,048,388
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - ADP System for SNAP
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0

Repeat Finding	Not Applicable
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 10/01/2023 - 09/30/2024 2405MI5MAP 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078
Total COVID-19 Expenditures	\$46,055,572
Compliance Requirement(s)	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
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-041
State Agencies	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 their federal programs. We reviewed 5 significant systems and noted:

- a. MDHHS and DTMB did not conduct annual testing of the disaster recovery plan (DRP) for 1 system during fiscal year 2024.
- b. MDHHS and DTMB did not complete all necessary updates to the system security plan for 4 systems during fiscal year 2024, including not updating the risk assessment which resulted in the expiration of the authority to operate and/or missing control assessments for the systems.

Criteria

Federal regulations 7 *CFR* 272.10 and 45 *CFR* 95.621 make state agencies responsible for security of information systems used to administer federal programs. In part, the regulations require 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 regulations 2 *CFR* 200.303 and 45 *CFR* 75.303 require 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 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 and DTMB cannot demonstrate they have implemented effective controls to ensure the confidentiality, integrity, and availability of their information systems and cannot ensure they comply 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 DRPs could result in delays in restoring critical systems and business processes. Outdated or incomplete 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 federal programs.

Management Views

Although MDHHS and DTMB agree annual testing was not conducted for one system and not all necessary updates to the system security plan were completed during the audit period for 4 systems, MDHHS and DTMB disagree effective controls were not implemented to ensure confidentiality, integrity, and availability of its ADP information systems. MDHHS and DTMB also disagree the security of critical systems was at risk by failing to mitigate potential vulnerabilities as described in the effect statement of the finding.

MDHHS and DTMB have compensating controls in place to ensure confidentiality, integrity, and availability of its ADP information systems in addition to mitigating potential vulnerabilities. MDHHS and DTMB monitor remediation of Plans of Actions and Milestones (POAMS) for all information systems even after expiration of authority to operate.

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 system required to be audited as part of the Affordable Care Act, along with two other systems cited, are reviewed biennially through the Internal Control Evaluation process where control evidence is updated to demonstrate the effectiveness of controls. Each 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 four systems cited did not have updated risk assessments, 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 2024-007**CHAMPS Eligibility Interface Errors**

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 10/01/2023 - 09/30/2024 2405MI5MAP 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078
Total COVID-19 Expenditures	\$46,055,572
Compliance Requirement(s)	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)
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-015
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
Federal Award Identification Number (FAIN) and Year	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025 2405MIRCMA 10/01/2023 - 09/30/2025 2405MIRSSS 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-015
State Agencies	Department of Labor and Economic Opportunity and Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825

Compliance Requirement(s)	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)
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-015
State Agency	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 the Community Health Automated Medicaid Processing System (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 7 (47%) 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 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 not being 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 2024-008
MDE, IT General Controls

Federal Agency	U.S. Department of Agriculture	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Summer Electronic Benefit Transfer Program for Children: ALN 10.646	
Federal Award Identification Number (FAIN) and Year	242MI100N1175 242MI100N1803	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$103,011,317	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Eligibility	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agencies	Michigan Department of Health and Human Services; Michigan Department of Education; and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of the Treasury	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	SLFRP0127	03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980	
Total COVID-19 Expenditures	\$966,172,980	
Compliance Requirement(s)	Subrecipient Monitoring	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agencies	Michigan Department of Education and Department of Technology, Management, and Budget	

Federal Agency	U.S. Department of Education	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Adult Education - Basic Grants to States: ALN 84.002	
Federal Award Identification Number (FAIN) and Year	V002A210023 V002A220023 V002A230023 V002A240023	07/01/2021 - 09/30/2022 07/01/2022 - 09/30/2023 07/01/2023 - 09/30/2024 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$15,138,033	
Total COVID-19 Expenditures	\$0	

Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Department of Labor and Economic Opportunity and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Special Education-Grants for Infants and Families: ALN 84.181 and 84.181 (COVID-19)
Federal Award Identification Number (FAIN) and Year	H181X210012 - 21A 07/01/2021 - 09/30/2022 H181A220012 07/01/2022 - 09/30/2023 H181A230012 07/01/2023 - 09/30/2024 H181A240012 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$16,822,235
Total COVID-19 Expenditures	\$1,652,869
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Period of Performance; and Procurement and Suspension and Debarment
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	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 Education; and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Twenty-First Century Community Learning Centers: ALN 84.287
Federal Award Identification Number (FAIN) and Year	S287C220022 07/01/2022 - 09/30/2023 S287C230022 07/01/2023 - 09/30/2024 S287C240022 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$33,347,177
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring, and Special Tests and Provisions - Participation of Private School Children
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	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 Education; and Department of Technology, Management, and Budget

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 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 2401MICCDD 10/01/2023 - 09/30/2026 2401MICCDF 10/01/2023 - 09/30/2026 2401MICCDM 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970
Total COVID-19 Expenditures	\$77,521,104
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	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 Education; and Department of Technology, Management, and Budget

Background

The Michigan Department of Education (MDE) uses Michigan Nutrition Data (MiND) to review the local educational agencies' eligibility verification process for school children participating in the Summer Electronic Benefit Transfer Program for Children. In addition, MDE uses the Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS) to monitor its Coronavirus State and Local Fiscal Recovery Funds' subrecipients*.

LEO uses the Next Generation Grant, Application and Cash Management System (NexSys) to approve grant applications and budgets, monitor subrecipients, and authorize payment requests for services covered by the Adult Education - Basic Grants to States.

The Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) uses GEMS/MARS to monitor its Twenty-First Century Community Learning Centers subrecipients. In addition, MiLEAP uses NexSys to approve grant applications and/or budgets, monitor subrecipients, and/or authorize payment requests for services covered by Special Education-Grants for Infants and Families, Twenty-First Century Community Learning Centers, and the CCDF Cluster.

MDE and DTMB are jointly responsible for maintenance and operation of MiND, GEMS/MARS, and NexSys.

Condition

DTMB did not fully implement effective general controls* over MiND, GEMS/MARS, and NexSys operating system servers. We noted:

- a. DTMB did not remove access for a user who had departed from State employment.

* See glossary at end of report for definition.

- b. DTMB did not review privileged accounts on a semiannual basis for the operating system servers.

After bringing these matters to management's attention, DTMB corrected the issues noted.

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 accounts should be removed within three business days when no longer required or when users are terminated or transferred. The Standard also requires accounts should be reviewed for compliance with account management requirements semiannually for privileged accounts.

Cause

DTMB informed us the reassignment of the removal and recertification processes to another employee resulted in its lack of removing and reviewing the privileged accounts.

Effect

Without effective general controls, individuals may obtain unauthorized or inappropriate access or make inappropriate changes to MiND, GEMS/MARS, and NexSys operating system servers.

Known Questioned Costs

None.

Recommendation

We recommend DTMB fully implement effective general controls over MiND, GEMS/MARS, and NexSys operating system servers.

Management Views

DTMB agrees with the finding.

FINDING 2024-009

MDE, Security Management and Access Controls

Federal Agency	U.S. Department of Agriculture	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Summer Electronic Benefit Transfer Program for Children: ALN 10.646	
Federal Award Identification Number (FAIN) and Year	242MI100N1175 242MI100N1803	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$103,011,317	
Total COVID-19 Expenditures	\$0	

Compliance Requirement(s)	Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Michigan Department of Health and Human Services and Michigan Department of Education

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-006
State Agency	Michigan Department of Education

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Adult Education - Basic Grants to States: ALN 84.002
Federal Award Identification Number (FAIN) and Year	V002A210023 07/01/2021 - 09/30/2022 V002A220023 07/01/2022 - 09/30/2023 V002A230023 07/01/2023 - 09/30/2024 V002A240023 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$15,138,033
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Department of Labor and Economic Opportunity and Michigan Department of Education

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Special Education-Grants for Infants and Families: ALN 84.181 and 84.181 (COVID-19)
Federal Award Identification Number (FAIN) and Year	H181X210012 - 21A 07/01/2021 - 09/30/2022 H181A220012 07/01/2022 - 09/30/2023 H181A230012 07/01/2023 - 09/30/2024 H181A240012 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$16,822,235
Total COVID-19 Expenditures	\$1,652,869

Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Period of Performance; and Procurement and Suspension and Debarment
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	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

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Twenty-First Century Community Learning Centers: ALN 84.287
Federal Award Identification Number (FAIN) and Year	S287C220022 07/01/2022 - 09/30/2023 S287C230022 01/01/2023 - 09/30/2024 S287C240022 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$33,347,177
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring, and Special Tests and Provisions - Participation of Private School Children
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	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

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 2201MICDD 10/01/2021 - 09/30/2024 2201MICCDF 10/01/2021 - 09/30/2024 2301MICDD 10/01/2022 - 09/30/2025 2301MICCDF 10/01/2022 - 09/30/2025 2401MICDD 10/01/2023 - 09/30/2026 2401MICCDF 10/01/2023 - 09/30/2026 2401MICCDM 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970
Total COVID-19 Expenditures	\$77,521,104
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-006
State Agencies	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 establish effective security management and access controls over GEMS/MARS, MiND, and NexSys. We noted:

- a. MDE did not maintain documentation to support the appropriate individual approved the system role for 9 (38%) of 24 sampled MiND users.
- b. 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 GEMS/MARS and MiND.
 - (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
GEMS/MARS	60	38 (63%)
MiND	60	39 (65%)
NexSys	60	45 (75%)

- c. MDE did not disable inactive MiND and NexSys users who had not accessed the applications in over 18 months as of September 30, 2024 as noted below:

System	As of September 30, 2024	
	Number of Active User Accounts	Number (Percent) of User Accounts Not Accessed in Over 18 Months
MiND	1,779	306 (17%)
NexSys	8,731	2,390 (27%)

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 annually for non-privileged 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.

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 GEMS/MARS, MiND, and NexSys.

Management Views

MDE agrees with the finding.

FINDING 2024-010

MDE, Change Management Process

Federal Agency	U.S. Department of Agriculture	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Summer Electronic Benefit Transfer Program for Children: ALN 10.646	
Federal Award Identification Number (FAIN) and Year	242MI100N1175	10/01/2023 - 09/30/2024
	242MI100N1803	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$103,011,317	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Eligibility	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agencies	Michigan Department of Health and Human Services and Michigan Department of Education	

Federal Agency	U.S. Department of Education	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Adult Education - Basic Grants to States: ALN 84.002	

Federal Award Identification Number (FAIN) and Year	V002A210023 V002A220023 V002A230023 V002A240023	07/01/2021 - 09/30/2022 07/01/2022 - 09/30/2023 07/01/2023 - 09/30/2024 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$15,138,033	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Subrecipient Monitoring	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agencies	Department of Labor and Economic Opportunity and Michigan Department of Education	

Federal Agency	U.S. Department of Education	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Special Education-Grants for Infants and Families: ALN 84.181 and 84.181 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	H181X210012 - 21A H181A220012 H181A230012 H181A240012	07/01/2021 - 09/30/2022 07/01/2022 - 09/30/2023 07/01/2023 - 09/30/2024 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$16,822,235	
Total COVID-19 Expenditures	\$1,652,869	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; Period of Performance; and Procurement and Suspension and Debarment	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agencies	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	

Federal Agency	U.S. Department of Education	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Twenty-First Century Community Learning Centers: ALN 84.287	
Federal Award Identification Number (FAIN) and Year	S287C220022 S287C230022 S287C240022	07/01/2022 - 09/30/2023 01/01/2023 - 09/30/2024 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$33,347,177	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring, and Special Tests and Provisions - Participation of Private School Children	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	

Repeat Finding	Not Applicable
State Agencies	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
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 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 2401MICCDD 10/01/2023 - 09/30/2026 2401MICCDF 10/01/2023 - 09/30/2026 2401MICCDM 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970
Total COVID-19 Expenditures	\$77,521,104
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-007
State Agencies	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 16 MiND and 12 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.	1 (6%)	3 (25%)
MDE did not close and document the completion of the change order request.	0 (0%)	4 (33%)

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 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 2024-011

MDHHS, Reporting - FFATA Reporting

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM	10/01/2023 - 09/30/2024
	2405MI5MAP	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Reporting	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-011	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF	10/01/2022 - Until Expended
	2401MITANF	10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Reporting	

Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-011
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Low-Income Home Energy Assistance: ALN 93.568
Federal Award Identification Number (FAIN) and Year	2301MILIEA 10/01/2022 - 09/30/2024 2301MILIEE 10/01/2022 - 09/30/2024 2301MILIEI 10/01/2022 - 09/30/2024 2401MILIEA 10/01/2023 - 09/30/2025 2401MILIEI 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$189,654,439
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Reporting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-011
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Reporting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-011
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Maternal and Child Health Services Block Grant to the States: ALN 93.994
Federal Award Identification Number (FAIN) and Year	B0452932 10/1/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$19,254,518
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Reporting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure it reported or timely reported all subaward information as required by the Federal Funding Accountability and Transparency Act (FFATA) of 2006. Our results are summarized by Assistance Listing Number (ALN) 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	1	23	0	0
93.558	9	0	6	0	0
93.568	5	0	5	0	0
93.767	3	0	3	0	0
93.994	15	0	12	0	0
Total	57	1	49	0	0

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	\$47,474,024	\$200,000	\$47,052,976	\$ 0	\$ 0
93.558	23,877,857	0	23,382,492	0	0
93.568	4,847,531	0	4,847,531	0	0
93.767	2,027,044	0	2,027,044	0	0
93.994	3,356,377	0	2,421,245	0	0
Total	\$81,582,833	\$200,000	\$79,731,288	\$ 0	\$ 0

We noted MDHHS did not report any subaward information for 1 (2%) of 57 sampled subawards. Of the 56 subawards in the FFATA Subaward Reporting System (FSRS), MDHHS did not timely submit subaward information for 49 (88%) sampled subawards.

Criteria

Federal regulation 2 *CFR* 170 implemented the FFATA requirements for reporting subaward information and requires MDHHS 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

MDHHS informed us the subrecipients did not have registered or activated unique entity identifier (UEI) accounts, which prevented timely submission. Other contributing factors include inaccurate Electronic Grants Administration and Management System account code and funding source fields, which impacted the query used to obtain certain FFATA data elements.

Effect

MDHHS grant information was not available 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 timely reports all subaward information as required by FFATA.

Management Views

MDHHS agrees with the finding.

FINDING 2024-012**Medicaid Cluster, ALN 93.775, 93.777, and 93.778 and Children's Health Insurance Program, ALN 93.767 - Beneficiary Eligibility**

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 10/01/2023 - 09/30/2024 2405MI5MAP 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078
Total COVID-19 Expenditures	\$46,055,572
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Material Weakness and Material Noncompliance
Known Questioned Costs by FAIN	2405MI5MAP - \$2,051
Repeat Finding	2023-013
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Material Weakness and Material Noncompliance
Known Questioned Costs by FAIN	Total Questioned Costs: \$4,646 2305MI5021 - \$1,448 2405MI5021 - \$3,198
Repeat Finding	2023-013
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure or demonstrate compliance with federal laws and regulations relating to beneficiary eligibility for 7 (12%) of 60 Medicaid and 33 (55%) of 60 CHIP cases. Our review disclosed:

- a. MDHHS did not determine beneficiary eligibility in accordance with eligibility requirements for 2 (3%) of 60 Medicaid and 10 (17%) of 60 CHIP cases reviewed.
- b. MDHHS did not maintain case file documentation supporting the beneficiary eligibility determination; examples of documentation include MAGI-based income verification results, other income support, and signed applications for 4 (7%) of 60 Medicaid and 23 (38%) of 60 CHIP cases reviewed.
- c. MDHHS did not determine beneficiary eligibility within the required time frame for 1 (2%) of 60 Medicaid 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 regulations 42 *CFR* 435.914 and 42 *CFR* 457.965 require 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 regulation 42 *CFR* 435.912(c) requires 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.

MDHHS Bridges Administrative Manual 300, The Case Record, indicates a case record includes documents and information related to a given case arranged in a series of packets and contained in a folder identified by a case name, grantee ID, or case number. A case record consists of both paper case records and electronic case files (ECF). The paper case record and ECF contain all forms, documents, and other evidence relevant to the group's current and past eligibility. Unless captured in Bridges the case record must document the facts essential to the eligibility determination and actions taken by the local office regarding the case.

Cause

MDHHS's internal control and monitoring activities were not sufficient to ensure MDHHS maintained or appropriately considered the required documentation in beneficiaries' case records to support eligibility determinations. Also, MDHHS's internal control did not ensure county/district office caseworkers timely reviewed beneficiaries' case records.

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 12% Medicaid and 55% CHIP 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.

- \$6,697 - federal share.

- \$2,299 - 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 identified exceptions for parts a. and c. of the finding. However, MDHHS disagrees that 3 Medicaid cases and 20 Children's Health Insurance Program (CHIP) cases with MAGI determinations cited in part b. did not have case file documentation supporting the beneficiary eligibility determination. The Centers for Medicare and Medicaid Services (CMS) has determined that a reasonable compatibility indicator can be used for CMS audit purposes to determine if the attested income information was electronically verified for MAGI cases and MDHHS disagrees that documentation was not maintained to support the eligibility determination.

The SOM MilIntegrate system communicates with various State and federal electronic trusted data sources and sends the information from these sources, along with the beneficiaries' attested income, to the SOM MAGI Rules Engine where the MAGI eligibility determination is made. As part of the MAGI eligibility determination, a reasonable compatibility test is completed to determine if beneficiary/applicant attested income is within a specified percentage of the electronic trusted data sources or if the attested and verified income are below the threshold for the applicable program. The results of the MAGI eligibility determination are sent back to MilIntegrate using an Account Transfer (AT) packet that contains the results. MilIntegrate then communicates the results to the SOM MAGI Viewer and Bridges using an AT packet and Bridges stores the AT packet number only that can be used to view the details of the AT packet within the SOM MAGI Viewer. The version of the AT packet within the MAGI Viewer also contains a reasonable compatibility indicator that documents the outcome of the reasonable compatibility test and supports the SOM MAGI Rules Engine eligibility decision.

MDHHS stores the AT packet information, including facts essential to the eligibility determination, within MilIntegrate and the MAGI Viewer instead of Bridges to help protect and secure the federal income tax data and unemployment data used for the determination. The AT packet for each individual determination can be retrieved from the MAGI Viewer using the AT packet number stored in each beneficiary's case file within Bridges. MDHHS is not aware of any federal regulations that preclude MDHHS from storing this information in a separate system to help secure the data and restrict access as required by federal and state law.

Auditor's Comments to Management Views

Regarding the MAGI beneficiary eligibility documentation cited in part b., the CMS's Payment Error Rate Measurement (PERM) Manual indicates if states use electronic verification to verify eligibility elements there should be an indicator in the eligibility system, i.e., Bridges, showing the State verified the element, including the result of the verification. Also, federal regulations 42 *CFR* 935.914 and 42 *CFR* 457.965 require MDHHS to maintain facts in the case file to support the eligibility determination. The AT packet number does not include the reasonable compatibility indicator. Therefore, it does not provide sufficient detail within the case file,

defined by MDHHS as records captured in Bridges, to demonstrate MDHHS verified the income or the caseworker confirmed the result of the verification.

Therefore, the finding stands as written.

FINDING 2024-013

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

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 10/01/2023 - 09/30/2024 2405MI5MAP 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078
Total COVID-19 Expenditures	\$46,055,572
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-014
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Material Weakness for compliance requirements noted above and Material Noncompliance for Cash Management
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-014
State Agency	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 \$25.6 million of CHIP medical payments to the Medicaid Cluster throughout fiscal year 2024.

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 prescribing specific methods of drawing down federal funds for selected large programs.

Cause

MDHHS implemented a system change to correct eligibility classifications in Bridges for new cases in April 2021. Based on mitigation strategies developed by the Centers for Medicare and Medicaid Services (CMS) to ensure children did not lose eligibility, MDHHS was not able to update existing cases during the public health emergency (PHE). All new cases are being correctly routed, but MDHHS is continuing to update existing cases following the end of the PHE because of a higher number of renewal and limited staff resources.

Effect

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

For the CHIP cash management compliance requirement noted, we consider this to be a material weakness and material noncompliance because the \$25.6 million CHIP expenditures identified by MDHHS as inappropriately charged to and reimbursed by the Medicaid Cluster represented 5% of total CHIP expenditures.

Known Questioned Costs

None.

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 2024-014

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

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

Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Allowable Costs/Cost Principles and Special Tests and Provisions - Provider Eligibility	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-016	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2305MI3002 2305MI5021 2405MI5021	10/01/2022 - 09/30/2024 10/01/2022 - 09/30/2024 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230	
Total COVID-19 Expenditures	\$1,502,825	
Compliance Requirement(s)	Allowable Costs/Cost Principles and Special Tests and Provisions - Provider Eligibility	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-016	
State Agency	Michigan Department of Health and Human Services	

Condition

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, Integrated Care Organization (ICO) entities, a home help provider, 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, ICO entities, home help providers, 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

For the PIHP entities, MI Choice entities, MHP entities, Dental Health Plan entities, ICO entities, and PBM, 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 and, therefore, may not timely become aware new disclosures are required. In addition, MDHHS staff relies on the entities to inform them when ownership changes occur. For the home help provider, MDHHS indicated it did not have a signed provider agreement on file due to an isolated staff oversight. 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, ICO entities, home help providers, 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 2024-015

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	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	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-017	
State Agency	Michigan Department of Health and Human Services	

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

Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
	2405MI5021	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230	
Total COVID-19 Expenditures	\$1,502,825	
Compliance Requirement(s)	Allowable Costs/Cost Principles, Cash Management, and Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-017	
State Agency	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 reports (CMS-64 and CMS-21 reports).

We noted:

- a. MDHHS did not have adequate processes in place to ensure receivables recorded in CHAMPS were accurately reflected on the CMS-64 and CMS-21 reports, resulting in late reporting for items recorded in the second and fourth quarters of fiscal year 2024.
- b. MDHHS did not have an adequate 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.
- c. 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 calculated using the correct federal medical assistance percentage (FMAP) rate for 1 (4%) of 27 Medicaid overpayments and 1 (20%) of 5 CHIP overpayments.

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 and CMS-21 reports. 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

For part a., MDHHS informed us staff oversight resulted in MDHHS's late reporting.

For part b., MDHHS believes it has an adequate process in place to identify overpayments returned late and calculate corresponding interest, but the process was not formally documented.

For part c., MDHHS indicated system issues contributed to the application of the incorrect FMAP rate.

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 and CMS-21 reports.

Management Views

MDHHS agrees with the finding.

FINDING 2024-016

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM	10/01/2023 - 09/30/2024
	2405MI5MAP	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Allowable Costs/Cost Principles and Special Tests and Provisions - Medical Loss Ratio	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-018	
State Agency	Michigan Department of Health and Human Services	

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2305MI3002	10/01/2022 - 09/30/2024
	2305MI5021	10/01/2022 - 09/30/2024
	2405MI5021	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230	
Total COVID-19 Expenditures	\$1,502,825	
Compliance Requirement(s)	Allowable Costs/Cost Principles and Special Tests and Provisions - Medical Loss Ratio	
Type of Finding	Significant Deficiency	

Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-018
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure 5 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 set sufficient expectations with all managed care entities that a separately attached comparison is mandatory and did not reject MLR submissions for entities who failed to attach a comparison 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 2024-017

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM	10/01/2023 - 09/30/2024
	2405MI5MAP	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	

Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Managed Care Financial Audit
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-019
State Agency	Michigan Department of Health and Human Services

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Children's Health Insurance Program: ALN 93.767 and 93.767 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2305MI3002 10/01/2022 - 09/30/2024 2305MI5021 10/01/2022 - 09/30/2024 2405MI5021 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$476,924,230
Total COVID-19 Expenditures	\$1,502,825
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Managed Care Financial Audit
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-019
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure an independent audit of its managed care entities encounter and financial data was completed and submitted for all significant components necessary to meet audit requirements. Also, MDHHS did not ensure the audits were posted to its website at least once every three years. This included 15 managed care organizations (MCOs), 10 PIHP entities, and 21 Prepaid Ambulatory Health Plan (PAHP) entities in fiscal year 2024.

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, the comprehensive medical record review exceeded the audit activity time frames outlined within the scope of the contract, and not all audit activities were completed during fiscal year 2024.

Effect

Failure to ensure the accuracy of data could affect the development of capitation rates 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 for all significant components necessary to meet audit requirements, 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 2024-018

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557, Activities Allowed or Unallowed and Allowable Costs/Cost Principles - MI-WIC Access Controls

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Tufts University
Assistance Listing Title and Number	WIC Special Supplemental Nutrition Program for Women, Infants, and Children: ALN 10.557 and 10.557 (COVID-19)
Federal Award Identification Number (FAIN) and Year	232MI009M2004 05/15/2023 - 09/30/2025 242MI003W1003 10/01/2023 - 09/30/2024 242MI003W1006 10/01/2023 - 09/30/2024 242MI013W5003 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$195,226,169
Total COVID-19 Expenditures	\$107,456
Compliance Requirement(s)	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Condition

MDHHS and DTMB did not fully implement effective access controls over the Michigan Women, Infants, and Children Information System (MI-WIC) database. DTMB did not review all privileged MI-WIC database accounts on a semiannual basis.

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 review privileged accounts for compliance with account management requirements semiannually.

Cause

DTMB informed us its internal control and monitoring activities were insufficient to ensure all appropriate parties adhered to established policies.

Effect

Without effective access controls, individuals may retain inappropriate access to the MI-WIC database.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS and DTMB fully implement effective access controls over the MI-WIC database.

Management Views

MDHHS and DTMB agree with the finding.

FINDING 2024-019

WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557, Activities Allowed or Unallowed and Allowable Costs/Cost Principles - MI-WIC Change Management Process

Federal Agency	U.S. Department of Agriculture
Pass-Through Entity	Tufts University
Assistance Listing Title and Number	WIC Special Supplemental Nutrition Program for Women, Infants, and Children: ALN 10.557 and 10.557 (COVID-19)
Federal Award Identification Number (FAIN) and Year	232MI009M2004 05/15/2023 - 09/30/2025 242MI003W1003 10/01/2023 - 09/30/2024 242MI003W1006 10/01/2023 - 09/30/2024 242MI013W5003 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$195,226,169
Total COVID-19 Expenditures	\$107,456
Compliance Requirement(s)	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not fully implement an effective change management process over MI-WIC. Our review disclosed MDHHS did not document testing results at one stage of the process for 2 (5%) of 40 sampled MI-WIC change records.

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 make sure the changes meet the documented requirements by testing against the documented test plan. 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 that because of an oversight, it did not document the testing results.

Effect

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

Known Questioned Costs

None.

Recommendation

We recommend MDHHS fully implement an effective change management process over MI-WIC.

Management Views

MDHHS agrees with the finding.

FINDING 2024-020

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

Federal Agency	U.S. Department of Defense
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	National Guard Military Operations and Maintenance (O&M) Projects: ALN 12.401
Federal Award Identification Number (FAIN) and Year	Master Cooperative Agreement and Related Appendices: W912JB-16-2-1000 10/01/2015 - 09/30/2020 W912JB-17-2-1001 10/01/2017 - 09/30/2018 W912JB-19-2-1001 10/01/2018 - 09/30/2019 W912JB-20-2-1001 10/01/2019 - 09/30/2020 W912JB-20-2-1002 10/01/2019 - 09/30/2020 Master Cooperative Agreement and Related Appendices: W912JB-21-2-1000 10/01/2020 - Until Changed

FAIN and Year (Continued)	W912JB-21-2-1001	10/01/2020 - 09/30/2021
	W912JB-21-2-1002	10/01/2020 - 09/30/2021
	W912JB-22-2-1001	10/01/2021 - 09/30/2022
	W912JB-22-2-1002	10/01/2021 - 09/30/2022
	W912JB-22-2-1007	10/01/2021 - 09/30/2022
	W912JB-22-2-1021	10/01/2021 - 09/30/2022
	W912JB-22-2-1024	10/01/2021 - 09/30/2022
	W912JB-22-2-1031	10/01/2021 - 09/30/2022
	W912JB-23-2-1001	10/01/2022 - 09/30/2023
	W912JB-23-2-1002	10/01/2022 - 09/30/2023
	W912JB-23-2-1004	10/01/2022 - 09/30/2023
	W912JB-23-2-1007	10/01/2022 - 09/30/2023
	W912JB-23-2-1021	10/01/2022 - 09/30/2023
	W912JB-23-2-1031	10/01/2022 - 09/30/2023
	Cooperative Agreement Appendices:	
	W912JB-24-2-1001	10/01/2023 - 09/30/2024
	W912JB-24-2-1002	10/01/2023 - 09/30/2024
	W912JB-24-2-1003	10/01/2023 - 09/30/2024
	W912JB-24-2-1004	10/01/2023 - 09/30/2024
	W912JB-24-2-1005	10/01/2023 - 09/30/2024
	W912JB-24-2-1007	10/01/2023 - 09/30/2024
	W912JB-24-2-1008	10/01/2023 - 09/30/2024
	W912JB-24-2-1010	10/01/2023 - 09/30/2024
	W912JB-24-2-1014	10/01/2023 - 09/30/2024
	W912JB-24-2-1021	10/01/2023 - 09/30/2024
	W912JB-24-2-1022	10/01/2023 - 09/30/2024
	W912JB-24-2-1023	10/01/2023 - 09/30/2024
	W912JB-24-2-1024	10/01/2023 - 09/30/2024
	W912JB-24-2-1030	10/01/2023 - 09/30/2024
	W912JB-24-2-1031	10/01/2023 - 09/30/2024
	W912JB-24-2-1040	10/01/2023 - 09/30/2024
	Special Military Project Cooperative Agreements:	
	W912JB-23-2-3076	10/01/2022 - 09/30/2023
	W912JB-24-2-3076	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$99,413,504	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Cash Management	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agency	Department of Military and Veterans Affairs	

Condition

The Department of Military and Veterans Affairs (DMVA) did not follow its established cash draw process to prepare reimbursement requests in accordance with the CMIA. We noted DMVA did not maintain sufficient or accurate documentation to support it timely submitted a reimbursement request for 10 (26%) of 38 sampled cash draws. For the remaining 28 cash draws reviewed, DMVA did not timely submit the reimbursement requests for 4 (14%) sampled cash draws DMVA took between 88 to 369 days to process these requests.

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.

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.

DMVA's process is to run departmental expenditure reports for each appendix by the fifteenth day of the following month in which the expenditures were incurred. The process to submit the Request for Advance or Reimbursement (SF-270) to the United States Property and Fiscal Office (USPFO) varies by appendix.

For construction appendices, DMVA sends the expenditure reports to its federal program manager for review and approval of the federal coding to be applied prior to DMVA preparing the reimbursement request. After the federal program manager approves the coding, DMVA prepares the SF-270 and sends it back to its federal program manager for final approval and submission to the USPFO.

For all other appendices, DMVA prepares the SF-270 using the expenditure reports and sends the SF-270 to the federal program managers for approval. For airbases, the federal program managers submit the SF-270 to the USPFO after it is approved.

Cause

DMVA informed us competing priorities contributed to its inability to timely process reimbursement requests. Also, DMVA indicated its controls were not sufficient to ensure the retention of documentation to support the timely submission of reimbursement requests.

Effect

DMVA limited its assurance it complied with the CMIA. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend DMVA follow its established cash draw process to prepare reimbursement requests in accordance with the CMIA.

Management Views

DMVA agrees with the finding.

FINDING 2024-021

National Guard Military Operations and Maintenance (O&M) Projects, ALN 12.401, Period of Performance - Extension Procedures

Federal Agency	U.S. Department of Defense
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	National Guard Military Operations and Maintenance (O&M) Projects: ALN 12.401

Federal Award Identification Number (FAIN) and Year	Master Cooperative Agreement and Related Appendices:	
	W912JB-16-2-1000	10/01/2015 - 09/30/2020
	W912JB-17-2-1001	10/01/2017 - 09/30/2018
	W912JB-19-2-1001	10/01/2018 - 09/30/2019
	W912JB-20-2-1001	10/01/2019 - 09/30/2020
	W912JB-20-2-1002	10/01/2019 - 09/30/2020
	Master Cooperative Agreement and Related Appendices:	
	W912JB-21-2-1000	10/01/2020 - Until Changed
	W912JB-21-2-1001	10/01/2020 - 09/30/2021
	W912JB-21-2-1002	10/01/2020 - 09/30/2021
	W912JB-22-2-1001	10/01/2021 - 09/30/2022
	W912JB-22-2-1002	10/01/2021 - 09/30/2022
	W912JB-22-2-1007	10/01/2021 - 09/30/2022
	W912JB-22-2-1021	10/01/2021 - 09/30/2022
	W912JB-22-2-1024	10/01/2021 - 09/30/2022
	W912JB-22-2-1031	10/01/2021 - 09/30/2022
	W912JB-23-2-1001	10/01/2022 - 09/30/2023
	W912JB-23-2-1002	10/01/2022 - 09/30/2023
	W912JB-23-2-1004	10/01/2022 - 09/30/2023
	W912JB-23-2-1007	10/01/2022 - 09/30/2023
	W912JB-23-2-1021	10/01/2022 - 09/30/2023
	W912JB-23-2-1031	10/01/2022 - 09/30/2023
	Cooperative Agreement Appendices:	
	W912JB-24-2-1001	10/01/2023 - 09/30/2024
	W912JB-24-2-1002	10/01/2023 - 09/30/2024
	W912JB-24-2-1003	10/01/2023 - 09/30/2024
	W912JB-24-2-1004	10/01/2023 - 09/30/2024
	W912JB-24-2-1005	10/01/2023 - 09/30/2024
	W912JB-24-2-1007	10/01/2023 - 09/30/2024
	W912JB-24-2-1008	10/01/2023 - 09/30/2024
	W912JB-24-2-1010	10/01/2023 - 09/30/2024
	W912JB-24-2-1014	10/01/2023 - 09/30/2024
	W912JB-24-2-1021	10/01/2023 - 09/30/2024
	W912JB-24-2-1022	10/01/2023 - 09/30/2024
	W912JB-24-2-1023	10/01/2023 - 09/30/2024
	W912JB-24-2-1024	10/01/2023 - 09/30/2024
	W912JB-24-2-1030	10/01/2023 - 09/30/2024
	W912JB-24-2-1031	10/01/2023 - 09/30/2024
	W912JB-24-2-1040	10/01/2023 - 09/30/2024
	Special Military Project Cooperative Agreements:	
	W912JB-23-2-3076	10/01/2022 - 09/30/2023
	W912JB-24-2-3076	10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$99,413,504	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Period of Performance	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agency	Department of Military and Veterans Affairs	

Condition

DMVA did not timely submit extension requests for cooperative agreement (CA) appendices sent to the USPFO for 2 (8%) of 24 appendices requiring extension requests during fiscal year 2024. For these 2 appendices, DMVA submitted the requests 111 days late.

Criteria

Federal regulation 2 *CFR* 200.303 requires the auditee to establish and maintain effective internal control over the 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.

Federal regulation 2 *CFR* 200.308 states a recipient must notify the federal agency in writing with the supporting justification and a revised period of performance at least 10 calendar days before the conclusions of the period of performance.

The National Guard Bureau's Grants and Cooperative Agreement Policy Letter 21-07 indicates for projects and activities that cannot be completed before the end of a CA award's budget period of performance, the grantee must submit the extension request at least 10 days prior to the end of the period of performance.

Cause

DMVA's internal control and monitoring activities were not sufficient to ensure it timely submitted the required extension requests for CA appendices sent to the USPFO.

Effect

DMVA may have diminished the federal grantor agency's ability to ensure appropriate oversight and monitoring of the CA appendices. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend DMVA timely submit extension requests for CA appendices sent to the USPFO.

Management Views

DMVA agrees with the finding.

FINDING 2024-022

Highway Planning and Construction, ALN 20.205, Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Procurement and Suspension and Debarment - AASHTOWare Security Management and Access Controls

Federal Agency	U.S. Department of Transportation
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Highway Planning and Construction: ALN 20.205 and ALN 20.205 (COVID-19)
Federal Award Identification Number (FAIN) and Year	Various
Total Expenditures of Federal Awards	\$1,569,804,945
Total COVID-19 Expenditures	\$44,549,638
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, and Earmarking; and Procurement and Suspension and Debarment
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0

Repeat Finding	Not Applicable
State Agency	Michigan Department of Transportation

Condition

The Michigan Department of Transportation (MDOT) did not fully establish effective security management and access controls over AASHTOWare users. MDOT program staff utilize AASHTOWare to administer construction contracts and approve payments to contractors. We noted MDOT did not fully review user access semiannually for privileged accounts or annually for all other accounts.

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 accounts to be reviewed for compliance with account management requirements semiannually for privileged accounts and annually for all other accounts.

Cause

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

Effect

Without effective security management and access controls, individuals may obtain unauthorized or inappropriate access to AASHTOWare.

Known Questioned Costs

None.

Recommendation

We recommend MDOT fully establish effective security management and access controls over AASHTOWare users.

Management Views

MDOT agrees with the finding.

FINDING 2024-023

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance - PTMS Security Management and Access Controls

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)

Federal Award Identification Number (FAIN) and Year	SLFRP0127	03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980	
Total COVID-19 Expenditures	\$966,172,980	
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agency	Michigan Department of Transportation	

Condition

MDOT did not fully establish effective security management and access controls over Public Transportation Management System (PTMS) users. MDOT program staff utilize PTMS to approve subrecipient budget and payment requests. We noted MDOT did not review user access semiannually for privileged accounts or annually for all other accounts.

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 accounts should be reviewed for compliance with account management requirements semiannually for privileged accounts and annually for all other accounts.

Cause

MDOT informed us an oversight occurred due to employee turnover.

Effect

Without effective security management and access controls, individuals may obtain unauthorized or inappropriate access to PTMS.

Known Questioned Costs

None.

Recommendation

We recommend MDOT fully establish effective security management and access controls over PTMS users.

Management Views

MDOT agrees with the finding.

FINDING 2024-024

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

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-026
State Agency	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 2 (9%) of 23 sampled payments to ensure the requests were 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 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 did not always follow the established process for reviewing and approving reimbursement requests for one grant.

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 2024-025

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

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-027
State Agency	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 manual input into the Medical Services Administration Manual Payment System (MSAPay).

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's internal control and monitoring activities were not sufficient to ensure it documented its review and approval of respite grant payments in MSAPay.

Effect

These 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 2024-026

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Reporting - Workfront Security Management and Access Controls

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Reporting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-030
State Agency	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 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) data reported to the U.S. Department of the Treasury. Our review of 9 sampled Workfront users noted:

- a. DTMB did not maintain documentation to support it approved the system role for 5 sampled Workfront users.
- b. DTMB did not ensure it properly approved 2 users prior to granting access to Workfront.

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.

Cause

DTMB's internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies in place at the time of approval.

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 2024-027

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

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Michigan Department of Transportation, Department of Labor and Economic Opportunity, and Michigan Strategic Fund

Condition

MDOT, LEO, and the Michigan Strategic Fund (MSF) did not report to their subrecipients all subaward information as required by the Uniform Guidance. We noted:

- a. MDOT did not report for all 3 sampled CSLFRF subrecipients the following: UEI, FAIN, federal award date, subaward period of performance start and end date, subaward budget period start and end date, federal awarding agency name, ALN title, identification of whether the award is for research and development (R&D), indirect cost rate for the federal award, an approved federally recognized indirect cost rate for the subrecipient, and the closeout terms and conditions.
- b. LEO did not report the correct FAIN for 1 of 3 sampled CSLFRF subrecipients.
- c. MSF did not report one or more of the following for the 2 sampled CSLFRF subrecipients: identification of whether the award is for R&D, indirect cost rate for the federal award, and an approved federally recognized indirect cost rate for the subrecipient.

Criteria

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

Cause

For part a., MDOT informed us because of an oversight in the process of developing its subawards, it did not provide all required subaward information to subrecipients. MDOT believed it used the best available information at the time it developed and executed the subawards but later discovered the oversight.

For part b., LEO informed us because of an oversight, it did not use the correct FAIN when creating the grant agreement.

For part c., MSF's internal control was not sufficient to ensure it provided 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 MDOT, LEO, and MSF report to their subrecipients all subaward information as required by the Uniform Guidance.

Management Views

MDOT, LEO, and MSF agree with the finding.

FINDING 2024-028

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Subrecipient Monitoring - Subrecipient Audits

Federal Agency	U.S. Department of the Treasury
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Coronavirus State and Local Fiscal Recovery Funds: ALN 21.027 (COVID-19)
Federal Award Identification Number (FAIN) and Year	SLFRP0127 03/03/2021 - 12/31/2024
Total Expenditures of Federal Awards	\$966,172,980
Total COVID-19 Expenditures	\$966,172,980
Compliance Requirement(s)	Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Department of Labor and Economic Opportunity; Michigan Strategic Fund; and Department of Environment, Great Lakes, and Energy

Condition

LEO, MSF, and EGLE did not properly monitor their subrecipients to ensure they complied with the Uniform Guidance. We noted:

- a. LEO and MSF did not have a process to identify or document if their subrecipients required a single audit. Therefore, LEO and MSF 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. EGLE did not identify or document if its subrecipients required a single audit for 8 (67%) of 12 sampled subrecipients. We reviewed the federal audit clearinghouse (FAC) and noted 2 of the 8 subrecipients had single audit reports submitted to the FAC in fiscal year 2024.

Criteria

Federal regulation 2 *CFR* 200.501 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 2 *CFR* 200.332(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 2 *CFR* 200.521(d) requires the pass-through entity 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 FAC.

Cause

For part a., LEO indicated because of limited staff resources it did not have a process in place to monitor subrecipient single audits. MSF indicated it believes its current process was sufficient because it requires the subrecipients to notify MSF upon completion of their single audits.

For part b., EGLE informed us due to an increase in subrecipients and division of responsibilities, not all CSLFRF subrecipients were tracked for single audits.

Effect

LEO, MSF, and EGLE limited the State's assurance their subrecipients complied with grant requirements and implemented corrective actions for audit findings to prevent future sanctions or disallowed costs, which could necessitate adjustments to their records. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend LEO, MSF, and EGLE properly monitor their subrecipients to ensure they comply with the Uniform Guidance.

Management Views

For part a., LEO agrees with the finding.

All three of MSF's subrecipient awards for the fiscal year were sampled totaling approximately \$274,000 (0.3 percent of the total award). While MSF agrees with the finding that it did not have a written process to verify single audit compliance, management believes that MSF's risk assessment of subrecipients adequately determined that single audit verification was not required for two of its subrecipients since, based on all anticipated federal awards for the subrecipient, it was not expected that they would reach the expenditure threshold (2 *CFR* 200.332(f)). The third annually files a single audit, was expected to file a single audit, and did file a single audit.

For part b., EGLE agrees with the finding.

Auditor's Comments to Management Views

Regarding part a., MSF acknowledges it does not have a process to identify or document its review of subrecipient single audit reports. MSF did not provide documentation to support the award period or the amount of the subaward to these three subrecipients. Regardless of the amount of the subaward, federal regulation 2 *CFR* 200.501 indicates the \$750,000 threshold is based on the subrecipient's total federal expenditures for all federal programs during its fiscal year and not based on a specific program's subaward amounts or expenditures. Also, MSF did not review the single audit report submitted to the FAC and determine if it was necessary to issue a management decision letter for audit findings affecting the subawards it issued to the subrecipient.

Therefore, the finding stands as written.

FINDING 2024-029

Adult Education - Basic Grants to States, ALN 84.002, Subrecipient Monitoring - During-the-Award Monitoring and Subaward Information

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Adult Education - Basic Grants to States: ALN 84.002
Federal Award Identification Number (FAIN) and Year	V002A210023 07/01/2021 - 09/30/2022 V002A220023 07/01/2022 - 09/30/2023 V002A230023 07/01/2023 - 09/30/2024 V002A240023 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$15,138,033
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Department of Labor and Economic Opportunity

Condition

LEO did not complete sufficient during-the-award monitoring of its subrecipients to ensure it 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 fully complete desk audits for all 92 subrecipients. Therefore, LEO did not review and monitor these subrecipients to ensure their compliance with program requirements.
- b. LEO did not report the correct FAIN for all 92 subrecipients.

Criteria

Federal regulation 2 *CFR* 200.332(d) requires LEO 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.

As part of its monitoring procedures, LEO completes an annual four-step desk audit of its subrecipients which includes review and approval of the subrecipient application narrative, budget, final expenditure report, and final narrative.

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

Cause

For part a., LEO informed us competing priorities impacted its ability to complete the final two steps of the desk audits.

For part b., LEO indicated the incorrect FAIN on the subrecipient subawards was caused by a manual data entry error.

Effect

Insufficient monitoring of subrecipients could increase the subrecipients' and LEO's noncompliance with federal statutes, regulations, or the terms and conditions of federal awards. Also, subrecipients and their auditors may not be aware of the federal award information needed to ensure compliance with federal requirements. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendations

We recommend LEO complete sufficient during-the-award monitoring of 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 2024-030

Rehabilitation Services Vocational Rehabilitation Grants to States, ALN 84.126, Reporting - Accuracy of Financial Reports

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Rehabilitation Services Vocational Rehabilitation Grants to States: ALN 84.126
Federal Award Identification Number (FAIN) and Year	H126A230099 10/01/2022 - 09/30/2024 H126A230100 10/01/2022 - 09/30/2024 H126A240099 10/01/2023 - 09/30/2025 H126A240100 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$132,129,825
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Reporting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Department of Labor and Economic Opportunity

Condition

LEO did not submit accurate financial reports to the U.S. Department of Education for 2 of 4 sampled Vocational Rehabilitation Financial Reports (RSA-17). In these 2 RSA-17 reports, line items included incorrect expenditure amounts, resulting in overstating or understating the expenditures. Our results are summarized in the following table:

Report Line Item	Line Item Amount Overstated/ (Understated) by Sample Item	
	Fiscal Year 2023 Report Through September 30, 2024	Fiscal Year 2024 Report Through September 30, 2024
Federal Share of Allowable Expenditures (Line 14)	\$ 0	\$ (5,984,259)
Federal Cognizant Agency for Indirect Costs:		
Base (Line 36e)	\$ 21,934,917	\$ 83,199,838
Amount Charged (Line 36f)	\$ 954,307	\$ 3,522,271
Federal Share (Line 36g)	\$ 1,496,175	\$ 3,601,244

Criteria

Federal regulation 2 *CFR* 200.302(b)(2) requires states to submit accurate financial data in accordance with a grant program's reporting requirements. The reporting instructions include specific details for reporting information, such as expenditures and indirect costs made in the federal fiscal year for the grant year being reported.

Cause

LEO's internal control was not sufficient to detect data entry errors included in the submitted reports.

Effect

LEO may have diminished the federal grantor agency's ability to ensure appropriate oversight and monitoring of Rehabilitation Services Vocational Rehabilitation Grants to States funds. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend LEO improve its internal control and submit accurate financial reports to the U.S. Department of Education.

Management Views

LEO agrees with the finding.

FINDING 2024-031

Twenty-First Century Community Learning Centers, ALN 84.287, Subrecipient Monitoring - Program Fiscal Reviews

Federal Agency	U.S. Department of Education
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Twenty-First Century Community Learning Centers: ALN 84.287
Federal Award Identification Number (FAIN) and Year	S287C220022 07/01/2022 - 09/30/2023 S287C230022 07/01/2023 - 09/30/2024 S287C240022 07/01/2024 - 09/30/2025
Total Expenditures of Federal Awards	\$33,347,177
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Subrecipient Monitoring
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education per Executive Order No. 2023-6 effective December 1, 2023)

Condition

MiLEAP did not sufficiently monitor the activities of its subrecipients to ensure federal awards are used for authorized purposes. We noted MiLEAP did not complete program fiscal reviews for all 26 subrecipients.

Criteria

Federal regulation 2 *CFR* 200.332(d) requires MiLEAP 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 the subaward performance goals are achieved.

As part of its monitoring procedures, MiLEAP conducts an annual program fiscal review of each subrecipient.

Cause

MiLEAP informed us limited resources contributed to its inability to sufficiently monitor its subrecipients.

Effect

Insufficient monitoring of subrecipients could increase the subrecipients' and MiLEAP'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 MiLEAP sufficiently monitor the activities of its subrecipients to ensure federal awards are used for authorized purposes.

Management Views

MiLEAP agrees with the finding.

FINDING 2024-032

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 - MWBC Child Care System User Access

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596	
Federal Award Identification Number (FAIN) and Year	2101MICDC6	10/01/2020 - 09/30/2024
	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
	2401MICCDD	10/01/2023 - 09/30/2026
	2401MICCDF	10/01/2023 - 09/30/2026
	2401MICCDM	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970	
Total COVID-19 Expenditures	\$77,521,104	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Health and Safety Requirements	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agency	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

MiLEAP did not fully establish effective user access controls over the Michigan Workforce Background Check (MWBC) Child Care System. MiLEAP used the MWBC Child Care System to conduct and record the results of the child care providers' criminal history checks. We noted MiLEAP did not maintain documentation for 1 of the 2 MWBC Child Care System application security agreements reviewed. Of the 1 form received, we noted MiLEAP did not properly approve the form prior to granting access to the MWBC Child Care System.

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.

Cause

MiLEAP informed us its internal control activities were not sufficient to ensure all appropriate parties adhered to established policies and procedures.

Effect

Without effective user access controls, individuals may obtain unauthorized or inappropriate access or make inappropriate updates to the MWBC Child Care System.

Known Questioned Costs

None.

Recommendation

We recommend MiLEAP fully establish effective user access controls over the MWBC Child Care System.

Management Views

MiLEAP agrees with the finding.

FINDING 2024-033

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596	
Federal Award Identification Number (FAIN) and Year	2101MICDC6	10/01/2020 - 09/30/2024
	2201MICDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
	2401MICDD	10/01/2023 - 09/30/2026
	2401MICCDF	10/01/2023 - 09/30/2026
	2401MICCDM	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970	
Total COVID-19 Expenditures	\$77,521,104	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	

Type of Finding	Significant Deficiency and Noncompliance
Known Questioned Costs by FAIN	Total Questioned Costs: \$586 2301MICCDD - \$458 2401MICCDD - \$128
Repeat Finding	2023-035
State Agencies	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

MiLEAP and MDHHS did not ensure compliance with federal laws and regulations relating to client eligibility for CCDF Cluster child care payments for 5 (8%) of the 60 cases we reviewed. Our review disclosed:

- a. MDHHS case record documentation was inconsistent with client eligibility information entered in Bridges for 5 (8%) of 60 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 (2%) of 60 cases reviewed, which is also reported in part a. 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 MiLEAP 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 MiLEAP identify additional eligibility requirements in its CCDF State Plan. MiLEAP'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 FMAP 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 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

MiLEAP 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.

- \$586 - federal share.
- \$257 - State share of costs MiLEAP inappropriately used as matching.

Recommendation

We recommend MiLEAP and MDHHS maintain sufficient documentation and ensure 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 2024-034

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

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596
Federal Award Identification Number (FAIN) and Year	2101MICDC6 10/01/2020 - 09/30/2024 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 2401MICCDD 10/01/2023 - 09/30/2026 2401MICCDF 10/01/2023 - 09/30/2026 2401MICCDM 10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970
Total COVID-19 Expenditures	\$77,521,104
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, and Earmarking; and Special Tests and Provisions - Health and Safety Requirements
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-036
State Agencies	Michigan Department of Lifelong Education, Advancement, and Potential (program transferred from Michigan Department of Education and child care licensing responsibilities transferred from the Department of Licensing and Regulatory Affairs under Executive Order No. 2023-6, effective December 1, 2023) and Department of Licensing and Regulatory Affairs

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 completed 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

MiLEAP and LARA did not ensure inspections to support child care providers were performed in accordance with 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:

- a. LARA did not perform annual on-site inspections for 3 (6%) licensed providers.
- b. MiLEAP did not ensure timely annual on-site inspections for 2 (4%) licensed providers. We noted MILEAP performed the on-site inspections 15 and 16 months after the last on-site inspection.

Criteria

Federal regulation 45 *CFR* 98.41 states the lead agency (MiLEAP) 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 MiLEAP 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 MiLEAP 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. MiLEAP 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 MiLEAP'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

MiLEAP informed us limited resources and transition to a new system impacted the timeliness of some inspections.

Effect

MiLEAP 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 ensure inspections to support child care providers are performed in accordance with applicable health and safety requirements to be eligible for CCDF Cluster payments.

Management Views

MiLEAP agrees with the finding.

FINDING 2024-035

CCDF Cluster, ALN 93.575 and 93.596, Reporting - FFATA Reporting

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596	
Federal Award Identification Number (FAIN) and Year	2101MICDC6	10/01/2020 - 09/30/2024
	2201MICDD	10/01/2021 - 09/30/2024
	2201MICCDF	10/01/2021 - 09/30/2024
	2301MICDD	10/01/2022 - 09/30/2025
	2301MICCDF	10/01/2022 - 09/30/2025
	2401MICDD	10/01/2023 - 09/30/2026
	2401MICCDF	10/01/2023 - 09/30/2026
	2401MICCDM	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970	
Total COVID-19 Expenditures	\$77,521,104	
Compliance Requirement(s)	Reporting	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-010	
State Agencies	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

MiLEAP and MDE did not have a process to ensure they submitted subaward information as required by the FFATA of 2006 and federal guidance. MDE's process is to collect pertinent data on the first of the month, verify the data by the twenty-fifth day of the month, and submit the data to FSRS by the end of the month. As of March 2025, the U.S. General Services Administration retired FSRS, and all subaward reporting data and functionality are available on the System for Award Management (SAM).

We reviewed SAM and MDE's FFATA documentation and could not determine if MDE reported or timely reported all 10 sampled CCDF Cluster subawards totaling \$6,171,004.

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 informed us it believes all data was submitted appropriately to FSRS but may not be available in SAM due to federal system issues.

Effect

MiLEAP and MDE 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 MDE 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 MiLEAP and MDE submit subaward information as required by FFATA and federal guidance.

Management Views

MiLEAP and MDE agree with the finding.

FINDING 2024-036

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	CCDF Cluster: ALN 93.575, 93.575 (COVID-19), and 93.596	
Federal Award Identification Number (FAIN) and Year	2101MICDC6	10/01/2020 - 09/30/2024
	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
	2401MICCDD	10/01/2023 - 09/30/2026
	2401MICCDF	10/01/2023 - 09/30/2026
	2401MICCDM	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$496,106,970	
Total COVID-19 Expenditures	\$77,521,104	
Compliance Requirement(s)	Subrecipient Monitoring	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-037	
State Agency	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

MiLEAP did not report or accurately report to its subrecipients all subaward information as required by the Uniform Guidance. We noted MiLEAP did not report or accurately report the UEI, federal award project description, indirect cost rate, or the period of performance end date for 1 of 4 sampled CCDF subawards.

Criteria

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

Cause

MiLEAP 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 2024-037

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 - MiAIMS General Controls

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 10/01/2023 - 09/30/2024 2405MI5MAP 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078
Total COVID-19 Expenditures	\$46,055,572
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agencies	Michigan Department of Health and Human Services and Department of Technology, Management, and Budget

Condition

MDHHS and DTMB had not fully implemented effective general controls over the Michigan Adult Integrated Management System (MiAIMS) database. MiAIMS is utilized to record Home Help Program (HHP) case management activities and process payment authorization. HHP payments totaled \$353.3 million in fiscal year 2024. We noted:

- a. DTMB did not fully implement effective security configurations for the MiAIMS database. The MiAIMS database management system* contained configuration settings prone to potential security risks.
- b. DTMB did not review all privileged MiAIMS database accounts on a semiannual basis.

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 1340.00.060.02 and SOM Oracle Database Security Procedure specify DTMB must follow security parameters from the Center for Internet Security benchmarks, and database administrators are required to set appropriate database security configurations.

SOM Technical Standard 1340.00.020.01 requires agencies to review privileged accounts for compliance with account management requirements semiannually.

Cause

DTMB informed us its internal control and monitoring activities were insufficient to ensure all appropriate parties adhered to established policies.

Effect

Without effective general controls, individuals may obtain unauthorized or inappropriate access or make inappropriate changes to MiAIMS. As a result, an increased risk exists MDHHS and DTMB cannot ensure the security of the MiAIMS database and its data.

Known Questioned Costs

None.

Recommendation

We recommend MDHHS and DTMB fully implement effective general controls over the MiAIMS database.

Management Views

For part a., DTMB agrees it had not fully implemented all State of Michigan database specific configurations during the audit period. However, DTMB disagrees these specific configurations

* See glossary at end of report for definition.

created significant security risks. DTMB has been and continues to follow the manufacturer's recommendations regarding security configurations.

For part b., DTMB agrees with the finding.

Auditor's Comments to Management Views

DTMB and MDHHS acknowledged they did not fully implement specific database configurations; therefore, the potential security risks still exist.

The finding stands as written.

FINDING 2024-038

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 - MiAIMS User Access

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agency	Michigan Department of Health and Human Services	

Condition

MDHHS did not fully establish effective user access controls over MiAIMS. We noted MDHHS did not properly approve 3 (14%) of 22 sampled new users' application security agreements prior to granting access to MiAIMS.

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 the 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 function.

Cause

MDHHS informed us it did not always follow the established process for documenting approvals of the application security agreements.

Effect

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

Known Questioned Costs

None.

Recommendation

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

Management Views

MDHHS agrees with the finding.

FINDING 2024-039

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 - Transitional Medicaid Eligibility

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 10/01/2023 - 09/30/2024 2405MI5MAP 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078
Total COVID-19 Expenditures	\$46,055,572
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking
Type of Finding	Significant Deficiency and Noncompliance
Known Questioned Costs by FAIN	2405MI5MAP - \$439,451
Repeat Finding	Not Applicable
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not ensure renewals were processed on a timely basis for beneficiaries receiving transitional medical assistance Medicaid coverage.

Our query of 2,111 Medicaid beneficiaries receiving transitional medical assistance for more than 13 months disclosed 1,802 (85%) beneficiaries continued to receive improper benefit payments after the transitional eligibility period ended. MDHHS began conducting full eligibility renewals in June 2023 following the ending of the continuous enrollment provisions under the Families First Coronavirus Response Act of 2020, Public Law 116-127, as amended, on March 31, 2023. Therefore, our review of beneficiaries only included those beneficiaries eligible for transitional medical assistance with a benefit period from June 1, 2023 through August 31, 2023.

Criteria

In accordance with federal regulation 42 *CFR* 435.10, MDHHS's Medicaid State Plan specifies it provides extended medical coverage for up to 12 months to families with dependent children terminated solely because of earnings, hours of employment, or loss of earned income disregards (although the provision expired in 1998, this is still permitted according to federal law 42 *USC* 1396r-6). Also, MDHHS developed policies and procedures related to the "transitional medical assistance" Medicaid coverage eligibility group providing coverage for up to 12 months.

MDHHS elected to exercise the option extended to the states by CMS to delay procedural disenrollments for beneficiaries for one month while the State conducts targeted renewal outreach from June 2023 through the end of the PHE unwinding period. This strategy offered by CMS assists the states during the process of returning to normal operations following the expiration of the continuous enrollment condition in place during the PHE. Our review did not include beneficiaries who had accumulated 13 months of transitional medical assistance due to the above provision.

Cause

MDHHS informed us because the PHE unwinding period impacted a large volume of cases, it did not update the beneficiary's eligibility status for all cases. In addition, MDHHS indicated there was a breakdown of internal processes causing the delay in timely termination of some beneficiaries within the transitional medical assistance Medicaid eligibility group.

Effect

MDHHS paid Medicaid providers \$676,704 during fiscal year 2024 on behalf of 1,802 beneficiaries in the transitional Medicaid eligibility group for medical services provided after the allowed 13-month transitional period had expired. The 1,802 beneficiaries received an average of 67 additional transitional Medicaid coverage days, ranging from 30 to 184 days. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

- \$439,451 - federal share.
- \$237,252 - State share of costs MDHHS inappropriately used as matching.

Recommendation

We recommend MDHHS ensure renewals are processed on a timely basis for beneficiaries receiving transitional medical assistance Medicaid coverage.

Management Views

MDHHS agrees with the finding.

FINDING 2024-040

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

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

Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency and Noncompliance	
Known Questioned Costs by FAIN	2405MI5MAP - \$2,256	
Repeat Finding	2023-038	
State Agency	Michigan Department of Health and Human Services	

Condition

MDHHS did not ensure beneficiary eligibility was updated in CHAMPS. As a result, MDHHS issued \$3,373 for 11 (37%) of 30 payments sampled from a \$2,001,375 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 issues in Bridges, inaccurate eligibility information from Bridges was interfaced into 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 total questioned costs exceed \$25,000.

- \$2,256 - federal share of payments made to providers on behalf of ineligible beneficiaries.
- \$1,117 - 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 2024-041

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

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

Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency and Noncompliance	
Known Questioned Costs by FAIN	2405MI5MAP - \$223	
Repeat Finding	2023-039	
State Agency	Michigan Department of Health and Human Services	

Condition

MDHHS did not prevent or timely recover payments, totaling \$342, for 3 (20%) of 15 sampled clients who were hospitalized while receiving 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 140 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 Section 140 allows 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 \$342 from October 1, 2023 through September 30, 2024 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 total questioned costs would exceed \$25,000.

- \$223 - federal share of amounts paid for HHP services while sampled clients were hospitalized.
- \$119 - 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 2024-042

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 Home Help Assistance

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency and Noncompliance	
Known Questioned Costs by FAIN	2405MI5MAP - \$910	
Repeat Finding	Not Applicable	
State Agency	Michigan Department of Health and Human Services	

Condition

MDHHS did not obtain an updated medical needs form to ensure the HHP beneficiary met eligibility requirements for 1 of 3 HHP payments sampled.

The specified time frame for needed services, as indicated on the beneficiary's initial medical needs form, elapsed before the date of the HHP payment and an updated medical needs form was not completed as of the date of our review.

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 the HHP. MDHHS has developed the ASM to further define specific policies and procedures for delivery of Medicaid HHP services.

ASM Section 115 requires most HHP clients to obtain certification from a Medicaid-enrolled medical professional of the clients' medical need for services only at the initial opening of a case before qualifying for services unless special circumstances exist, such as the medical needs form has a specified time frame for needed services and the time frame has elapsed.

Cause

MDHHS informed us it did not consistently track and document when medical needs forms with a specified time frame were expected to expire.

Effect

MDHHS may have made payments on behalf of an ineligible HHP beneficiary. 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.

- \$910 - federal share made to a provider on behalf of an ineligible beneficiary.
- \$492 - State share of costs MDHHS inappropriately used as matching.

Recommendation

We recommend MDHHS obtain an updated medical needs form to support beneficiary eligibility for HHP payments.

Management Views

MDHHS agrees with the finding.

FINDING 2024-043

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Medicaid Cluster: ALN 93.775, 93.777, 93.778, and 93.778 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	2405MI5ADM 2405MI5MAP	10/01/2023 - 09/30/2024 10/01/2023 - 09/30/2024
Total Expenditures of Federal Awards	\$18,914,825,078	
Total COVID-19 Expenditures	\$46,055,572	
Compliance Requirement(s)	Allowable Costs/Cost Principles and Matching, Level of Effort, and Earmarking	
Type of Finding	Significant Deficiency and Noncompliance	
Known Questioned Costs by FAIN	2405MI5MAP - \$511,402	
Repeat Finding	2023-040	
State Agency	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 \$724,105 for 10,836 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 applying 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.

Effect

MDHHS made improper FFS practitioner payments of \$724,105 from October 1, 2023 through September 30, 2024. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

- \$511,402 - federal share of improper payments made to providers from October 1, 2023 through September 30, 2024.
- \$212,703 - 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 2024-044

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

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558
Federal Award Identification Number (FAIN) and Year	2301MITANF 10/01/2022 - Until Expended 2401MITANF 10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	2023-045
State Agency	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 maintain documentation for 1 (2%) of 45 sampled MiSACWIS incompatible role exception requests. Of the 44 forms received, we noted MDHHS did not properly approve 1 (2%) form prior to granting the exception request.
- b. MDHHS did not document or properly review its annual recertification of 5 (13%) 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, 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 part a., MDHHS informed us local office security coordinators and security administrators did not follow established policies and procedures regarding granting of MiSACWIS access.

For part b., 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 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 2024-045

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

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558
Federal Award Identification Number (FAIN) and Year	2301MITANF 10/01/2022 - Until Expended 2401MITANF 10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Significant Deficiency and Noncompliance
Known Questioned Costs by FAIN	2301MITANF - \$13
Repeat Finding	2023-047
State Agency	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 1 (5%) of 22 sampled TANF-funded assistance payments.

In this 1 instance, we noted MDHHS did not ensure the family's case record contained documentation to indicate household individuals were not in violation of their probation or parole requirements related to any offense in order to demonstrate the family was 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 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 applying to both the federal award and other activities of the state.

Cause

MDHHS informed us its controls were not sufficient to ensure 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.

- \$13 - federally funded.

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 2024-046

Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Inappropriate TANF-Funded Emergency Foster Care Assistance

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558
Federal Award Identification Number (FAIN) and Year	2301MITANF 10/01/2022 - Until Expended 2401MITANF 10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Significant Deficiency and Noncompliance
Known Questioned Costs by FAIN	2401MITANF - \$6,430
Repeat Finding	Not Applicable
State Agency	Michigan Department of Health and Human Services

Condition

MDHHS did not appropriately consider a child's circumstances to ensure the child met eligibility requirements for 1 (17%) of 6 sampled TANF-funded emergency foster care case records. Our review disclosed because the child met Foster Care Title IV-E program requirements, the child did not meet TANF eligibility requirements.

Criteria

MDHHS's TANF State Plan allows MDHHS to use TANF funds for emergency foster care only if such care cannot be provided under Title IV-E. Administration for Children and Families' TANF Program Policy Questions and Answers indicate states may not use federal TANF or State maintenance of effort funds to take the place of any foster care maintenance payments provided under the federal foster care program.

In addition, 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, be in accordance with the relative benefits received by the program, and be consistent with policies and procedures applying to both the federal award and other activities of the state.

Cause

MDHHS informed us the child welfare funding specialist did not timely update the funding determination because they were not aware the case manager uploaded the child's birth certificate.

Effect

MDHHS may have made emergency foster care payments on behalf of a child who did not qualify for TANF federal reimbursement. 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.

- \$6,430 - federally funded.

Recommendation

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

Management Views

MDHHS agrees with the finding.

FINDING 2024-047

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF	10/01/2022 - Until Expended
	2401MITANF	10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Subrecipient Monitoring	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-049	
State Agency	Michigan Department of Health and Human Services	

Condition

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

- MDHHS did not utilize the risk assessment results to determine the type of monitoring appropriate for 1 of 3 sampled subrecipients.
- MDHHS did not document its monitoring activities and any potential follow-up actions related to deficiencies noted during the review for 1 of 2 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 the 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 2024-048

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

Non-Cooperation

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Temporary Assistance for Needy Families: ALN 93.558	
Federal Award Identification Number (FAIN) and Year	2301MITANF	10/01/2022 - Until Expended
	2401MITANF	10/01/2023 - Until Expended
Total Expenditures of Federal Awards	\$749,221,509	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Special Tests and Provisions - Child Support Non-Cooperation	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-050	
State Agency	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 3 (8%) 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:

- a. In 2 of the 3 cases, the automated interface identified 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.
- b. In 1 of the 3 cases, the TANF family cooperated within the negative action period; however, the family was inappropriately sanctioned and benefits were stopped.

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 prevent a client from being sanctioned inappropriately for 1 case. For the remaining 2 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.

Recommendations

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

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

Management Views

MDHHS disagrees with part a. of the finding. MDHHS's eligibility system, Bridges, was functioning as intended for the two 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 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 one of the cases, the client was appropriately sanctioned after the case review was complete and for the other case, the client was determined to be in compliance once the case was removed from the non-ongoing status mode.

MDHHS agrees with part b. of the finding.

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 2 exceptions MDHHS disagrees, we noted MDHHS continued to make payments for up to 2 months after benefits should have stopped.

Therefore, the finding stands as written.

FINDING 2024-049

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
Federal Award Identification Number (FAIN) and Year	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
	2405MIRCMA	10/01/2023 - 09/30/2025
	2405MIRSSS	10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Subrecipient Monitoring	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-051	
State Agency	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 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 2024-050

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

Federal Agency	U.S. Department of Health and Human Services
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566
Federal Award Identification Number (FAIN) and Year	2105MIRSSS 10/01/2020 - 09/30/2024 2205MIRSSS 10/01/2021 - 09/30/2024 2305MIRCMA 10/01/2022 - 09/30/2024 2305MIRSSS 10/01/2022 - 09/30/2025 2405MIRCMA 10/01/2023 - 09/30/2025 2405MIRSSS 10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997
Total COVID-19 Expenditures	\$0
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
Type of Finding	Material Weakness and Material Noncompliance
Known Questioned Costs by FAIN	2405MIRCMA - \$892
Repeat Finding	2023-052
State Agencies	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 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 22 (55%) of 40 sampled refugee cash assistance payments.

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

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.

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

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.

- \$892 - federal share.

Recommendation

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

Management Views

LEO and MDHHS agree with the finding.

FINDING 2024-051

Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Reporting - Accuracy and Completeness of Financial Reports

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

Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
Federal Award Identification Number (FAIN) and Year	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
	2405MIRCMA	10/01/2023 - 09/30/2025
	2405MIRSSS	10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Reporting	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	Not Applicable	
State Agency	Department of Labor and Economic Opportunity	

Condition

LEO did not have an adequate process in place to ensure it submitted accurate and complete financial reports to HHS's Office of Refugee Resettlement (ORR). For all 4 sampled Federal Financial Reports (SF-425) and 1 of the 2 sampled Cash and Medical Assistance (CMA) Quarterly Reports on Expenditures and Obligations (ORR-2), LEO did not retain auditable submitted information, such as detailed expenditure data and explanations for the expenditure adjustments.

Criteria

Federal regulation 45 *CFR* 75.361 requires financial records, supporting documents, statistical records, and all other nonfederal entity records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report or from the date of the submission of the quarterly or annual financial report.

Federal regulation 45 *CFR* 75.302(b)(2) requires the State to submit accurate and complete financial data in accordance with a grant program's reporting requirements. Also, federal regulation 45 *CFR* 400.11(c) indicates the State must submit financial status reports, which include information such as federal expenditures, unliquidated obligations, and cash receipts and disbursements.

Cause

LEO informed us staff turnover combined with an inconsistent methodology when compiling data, adjusting expenditures, and assigning coding resulted in inaccurate and incomplete financial reports.

Effect

We consider this to be a material weakness and material noncompliance because LEO may have diminished ORR's ability to ensure appropriate oversight and monitoring of Refugee Support Services and CMA funds. The federal grantor agency could issue sanctions or disallowances related to noncompliance.

Known Questioned Costs

None.

Recommendation

We recommend LEO establish an adequate process to ensure it submits accurate and complete financial reports to ORR.

Management Views

LEO agrees with the finding.

FINDING 2024-052

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
Federal Award Identification Number (FAIN) and Year	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
	2405MIRCMA	10/01/2023 - 09/30/2025
	2405MIRSSS	10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Reporting	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-054	
State Agency	Department of Labor and Economic Opportunity	

Background

LEO informed us it did not report any subaward information from October 2023 through March 2024 and then inappropriately calculated the subaward amounts reported from April 2024 through September 2024. In accordance with federal regulation 2 *CFR* 200.514, we determined additional compliance testing was not necessary because of ineffective internal control.

Condition

LEO did not ensure it reported or accurately and timely reported all 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 indicated it had not implemented a process to accumulate and submit the required information to the federal system until April 2024. Also, LEO informed us the report it used to accumulate subaward information did not contain accurate subaward amounts.

Effect

LEO grant information was not accurate or timely available for public access through the federal website established to improve transparency of governmental spending. We consider this to be a material weakness and material noncompliance because LEO did not ensure it reported, or accurately and timely reported, all subaward information as required by FFATA. 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 2024-053

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Refugee and Entrant Assistance State/Replacement Designee Administered Programs: ALN 93.566	
Federal Award Identification Number (FAIN) and Year	2105MIRSSS	10/01/2020 - 09/30/2024
	2205MIRSSS	10/01/2021 - 09/30/2024
	2305MIRCMA	10/01/2022 - 09/30/2024
	2305MIRSSS	10/01/2022 - 09/30/2025
	2405MIRCMA	10/01/2023 - 09/30/2025
	2405MIRSSS	10/01/2023 - 09/30/2026
Total Expenditures of Federal Awards	\$45,568,997	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Subrecipient Monitoring	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-055	
State Agency	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 report or 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 federal award date for 2 of 6 sampled REAP subrecipients.

- c. LEO did not accurately report one or more of the following for all 6 sampled REAP subrecipients: UEI and FAIN.

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 FAC.

In addition, federal regulation 45 *CFR* 75.352(a) requires 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 parts b. and c., LEO informed us because of an oversight, it did not always use the appropriately updated grant agreement templates with the correct subaward information for fiscal year 2024.

Effect

LEO limited the State's assurance 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 monitor its subrecipients to ensure they comply with the Uniform Guidance.

We also recommend LEO ensure it reports or accurately reports to its subrecipients all subaward information as required by the Uniform Guidance.

Management Views

LEO agrees with the finding.

FINDING 2024-054

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Low-Income Home Energy Assistance: ALN 93.568	
Federal Award Identification Number (FAIN) and Year	2301MILIEA	10/01/2023 - 09/30/2024
	2301MILIEI	10/01/2023 - 09/30/2024
	2301MILIEE	10/01/2023 - 09/30/2024
	2401MILIEA	10/01/2023 - 09/30/2025
	2401MILIEI	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$189,654,439	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Cash Management	
Type of Finding	Significant Deficiency	
Known Questioned Costs by FAIN	\$0	
Repeat Finding	2023-009	
State Agencies	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 LIHEAP clearance patterns as specified in its fiscal year 2024 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 LIHEAP 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 Treasury review and recertify the accuracy of the clearance patterns specified in the TSA.

Management Views

Treasury agrees with the finding.

FINDING 2024-055

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

Federal Agency	U.S. Department of Health and Human Services	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Low-Income Home Energy Assistance: ALN 93.568	
Federal Award Identification Number (FAIN) and Year	2301MILIEA	10/01/2022 - 09/30/2024
	2301MILIEE	10/01/2022 - 09/30/2024
	2301MILIEI	10/01/2022 - 09/30/2024
	2401MILIEA	10/01/2023 - 09/30/2025
	2401MILIEI	10/01/2023 - 09/30/2025
Total Expenditures of Federal Awards	\$189,654,439	
Total COVID-19 Expenditures	\$0	
Compliance Requirement(s)	Eligibility	
Type of Finding	Material Weakness and Material Noncompliance	
Known Questioned Costs by FAIN	2401MILIEA - \$4,397	
Repeat Finding	2023-057	
State Agency	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, client contribution payment, and proof of energy crisis for 11 (26%) of 42 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, effective through November 30, 2023, states the payment amount must match the amount on the past due or shut-off notice. MDHHS revised its policy, effective November 13, 2023, to indicate the payment should be processed using the most advantageous amount to benefit the client up to the service cap. In addition, policy indicates the client contribution payment or payment by another agency must be verified before authorizing the department's portion of the remaining cost of services.

Cause

MDHHS's internal control and monitoring activities were not sufficient to ensure county/district office specialists 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 total questioned costs would exceed \$25,000.

- \$4,397- 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.

FINDING 2024-056

Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Reporting, Subrecipient Monitoring, and Special Tests and Provisions - EM Grants Manager Security Management and Access Controls

Federal Agency	U.S. Department of Homeland Security
Pass-Through Entity	Not Applicable
Assistance Listing Title and Number	Disaster Grants - Public Assistance (Presidentially Declared Disasters): ALN 97.036 and 97.036 (COVID-19)
Federal Award Identification Number (FAIN) and Year	4381DRMIP00000001 08/02/2018 4494DRMIP00000001 03/27/2020 4547DRMIP00000001 07/09/2020 4607DRMIP00000001 07/15/2021
Total Expenditures of Federal Awards	\$125,232,616
Total COVID-19 Expenditures	\$121,437,538
Compliance Requirement(s)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Reporting, Subrecipient Monitoring, and Special Tests and Provisions - Project Accounting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of State Police

Condition

The Michigan Department of State Police (MSP) did not fully establish effective security management and access controls over EM Grants Manager. MSP program staff utilize EM Grants Manager for administering Federal Emergency Management Agency disaster grants. We noted:

- MSP did not maintain documentation for 2 (10%) of 20 sampled EM Grants Manager access request forms.
- MSP did not review privileged accounts on a semiannual basis.
- MSP did not disable 1,658 (89%) of 1,868 active EM Grant Manager user accounts not accessing the application in over 60 days as of September 30, 2024.

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 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 the information system to automatically disable inactive user accounts after 60 days.

Cause

MSP informed us internal control and monitoring activities were not sufficient to ensure all appropriate parties adhered to established policies and procedures.

Effect

Without effective security management and access controls, individuals may obtain unauthorized or inappropriate access to EM Grants Manager.

Known Questioned Costs

None.

Recommendation

We recommend MSP fully establish effective security management and access controls over EM Grants Manager.

Management Views

MSP agrees with the finding.

FINDING 2024-057

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

Federal Agency	U.S. Department of Homeland Security	
Pass-Through Entity	Not Applicable	
Assistance Listing Title and Number	Disaster Grants - Public Assistance (Presidentially Declared Disasters): ALN 97.036 and 97.036 (COVID-19)	
Federal Award Identification Number (FAIN) and Year	4381DRMIP00000001	08/02/2018
	4494DRMIP00000001	03/27/2020
	4547DRMIP00000001	07/09/2020
	4607DRMIP00000001	07/15/2021
Total Expenditures of Federal Awards	\$125,232,616	
Total COVID-19 Expenditures	\$121,437,538	

Compliance Requirement(s)	Reporting
Type of Finding	Significant Deficiency
Known Questioned Costs by FAIN	\$0
Repeat Finding	Not Applicable
State Agency	Michigan Department of State Police

Condition

MSP did not ensure it reported Disaster Grants - Public Assistance subaward information as required by FFATA. We reviewed 7 sampled subawards totaling \$4,324,919 and noted MSP did not report subaward information for 1 subaward totaling \$1,926,228.

Criteria

Federal regulation 2 *CFR* 170 implemented FFATA requirements for reporting subaward information and requires MSP 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

MSP informed us because of an oversight and the transition to a new grant management system, it did not report the subaward information.

Effect

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

Known Questioned Costs

None.

Recommendation

We recommend MSP ensure it reports the Disaster Grants - Public Assistance subaward information as required by FFATA.

Management Views

MSP agrees with the finding.

Findings Identified by Other Auditors

FINDING 2024-058

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, 2024, Finding 2024-001.

FINDING 2024-059**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, 2024, Finding 2024-002.

FINDING 2024-060**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, 2024, Finding 2024-003.

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, 2024

Prior Audit Findings Related to the Financial Statements

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 1
Initial Year Written: Fiscal Year 2022
Finding Title: Comprehensive review needed of tax credit forwards

Finding: The Michigan Department of Treasury (Treasury) did not sufficiently analyze taxpayer trends and detailed data to reach its conclusion that liabilities related to business tax overpayments (credit forwards) are not measurable.

Current Status: Treasury did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Treasury disagreed with the finding. Treasury disagrees that the fiscal year end liability associated with Corporate Income Tax credit carryforwards can be reasonably estimated.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 1.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 2
Initial Year Written: Fiscal Year 2013
Finding Title: Improvements needed for establishing and monitoring 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 b., c., and g. of the finding.

Reason(s) for Recurrence: For part a., the review of the tax accrual missed that the voided returns were added back into the estimate.

For part d., while the system enhancement has been completed, additional time is needed to collect the necessary data to estimate the accrual.

For part e., there were general ledger limitations in the legacy system. Treasury had not replaced the legacy system as of year-end.

For part f., the system enhancement comparison report was not available by year-end and Treasury had resource constraints.

Corrective Action: See corrective action for Findings Related to the Financial Statements, Finding 3, parts a., d., e., and g.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 3
Initial Year Written: Fiscal Year 2023
Finding Title: Improvements needed to 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, 2022 through September 30, 2023
Finding Number: Finding 4
Initial Year Written: Fiscal Year 2023
Finding Title: Improvements needed to limit access to confidential information in the Statewide Integrated Governmental Management Applications (SIGMA).

Finding: The Michigan Department of Corrections (MDOC) did not sufficiently limit access to confidential information in SIGMA to only appropriate users.

Current Status: MDOC corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 5
Initial Year Written: Fiscal Year 2021
Finding Title: Improvements needed over Treasury system access controls

Finding: Treasury should improve user access controls over three of its banking information systems to help prevent and detect inappropriate access and protect confidential information from unauthorized use, disclosure, modification, or destruction.

Current Status: Treasury corrected the deficiencies noted for parts a.2. and b. of the finding. The deficiencies are no longer applicable for part a.1. because it was determined that the system identified in the finding was not used for transaction processing and was not considered significant to any SOMACFR business process. Therefore, no follow up was warranted.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 6
Initial Year Written: Fiscal Year 2019
Finding Title: Improvements needed to MiCARS internal control

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 corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 7
Initial Year Written: Fiscal Year 2018
Finding Title: Improvement needed for financial accounting practices related to capital assets

Finding: The Michigan Department of Transportation (MDOT) and Department of Natural Resources (DNR) did not have sufficient internal control in place to monitor the accuracy of the State's capital assets recorded in the SOMACFR.

Current Status: MDOT and DNR corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 8
Initial Year Written: Fiscal Year 2018
Finding Title: Improved oversight needed for third party service organization monitoring

Finding: Treasury and the Michigan Department of Health and Human Services (MDHHS) should continue to enhance their oversight of third party service organizations to help ensure the accuracy and integrity of all accounting information recorded in the SOMACFR.

Current Status: Treasury corrected the deficiencies noted in the finding. The deficiencies are no longer applicable for part a. related to MDHHS because it was determined that the processes covered by the System and Organization Controls report identified in the finding were not deemed significant to any SOMACFR business processes. Therefore, no follow up was warranted.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: Finding 9
Initial Year Written: Fiscal Year 2023
Finding Title: Improvements needed in MPSERS's internal control over accounting transactions

Finding: The Department of Technology, Management, and Budget's (DTMB) Financial Services did not establish sufficient internal control, which necessitated corrections to the Michigan Public School Employees' Retirement System's (MPSERS) financial statements prior to issuance.

Current Status: DTMB corrected the deficiencies noted in the finding.

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: MDHHS did not ensure that renewals were processed on a timely basis for beneficiaries receiving transitional medical assistance (TMA).

Current Status: MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected the deficiencies noted for the Children's Health Insurance Program (CHIP).

Reason(s) for Recurrence: The public health emergency (PHE) unwinding period impacted a large volume of cases and beneficiaries' eligibility status was not updated during the audit period for all cases. In addition, there was a breakdown of internal processes that caused the delay in timely termination of some beneficiaries within the TMA Medicaid eligibility group.

Corrective Action: See corrective action for Finding 2024-039.

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 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 corrected the deficiencies noted in the finding.

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 in fiscal year 2023.

Reason(s) for Recurrence: For part b., due to staff oversight related to employee turnover, MDOT did not timely review user access semiannually for privileged accounts or annually for all other accounts.

Corrective Action: See corrective action for Finding 2024-023.

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: The Michigan Department of State Police (MSP) did not appropriately monitor its subrecipients to ensure they complied with the Uniform Guidance.

Current Status: MSP corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-001
Initial Year Written: Fiscal Year 2011
Finding Title: Bridges Interface Controls

Finding: 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: DTMB did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Due to a coding issue, record counts were either not logged or inappropriately duplicated and the exceptions were not caught during development.

Corrective Action: See corrective action for Finding 2024-002.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-002
Initial Year Written: Fiscal Year 2011
Finding Title: Bridges Security Management and Access Controls

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

Current Status: MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: 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.

Corrective Action: See corrective action for Finding 2024-003.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-003
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: Established processes for documenting post release validation and business owner approval were not always followed.

Corrective Action: See corrective action for Finding 2024-004.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-004
Initial Year Written: Fiscal Year 2011
Finding Title: Income Eligibility and Verification System

Finding: MDHHS did not request and obtain Income Eligibility and 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 did not correct the deficiencies noted in 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 complete.

For part c., MDHHS disagreed with the finding. MDHHS believes it had a sufficient process in place to review and monitor electronic notifications during fiscal year 2024.

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 e., MDHHS disagreed with the finding. MDHHS believes 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 and MiChild programs in the applicable IEVS data exchanges.

Corrective Action: See corrective action for Finding 2024-005.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-005
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 corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-006
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 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).

Current Status: MDE partially corrected the deficiencies noted in the finding. MDE corrected parts a.2., b., and the MEGS+ and NexSys deficiencies for part c.1. of the finding.

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: For parts a.1., c.1. for GEMS/MARS, c.2., and d., see corrective action for Finding 2024-009.

For part e., the MDE Office of Systems, Evaluation, and Technology has implemented a new, fillable, high-risk transaction form that will allow for better documentation of reviews and approvals of the high-risk transactions. The new form is expected to allow for easier completion and accurate documentation of dates and times of reviews without the possibility of multiple forms, overwriting errors, and incorrect approval dates.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-007
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 2024-010.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-008
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 corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-009
Initial Year Written: Fiscal Year 2020
Finding Title: Treasury, 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 for the Child Support Services program and the Low-Income Home Energy Assistance Program (LIHEAP).

Reason(s) for Recurrence: The program clearance patterns were not completed for the programs due to inadequate procedures.

Corrective Action: See corrective action for Finding 2024-054.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-010
Initial Year Written: Fiscal Year 2022
Finding Title: MDE, Reporting – FFATA Reporting

Finding: 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.

Current Status: MDE and the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP) partially corrected the deficiencies noted in the finding. MDE corrected parts a. and b.3. of the finding for the Supporting Effective Instruction State Grants (SEISG) program and part b.3. of the finding for the Education Stabilization Fund program. MDE and MiLEAP did not correct the remaining deficiencies noted in the finding for the Child Nutrition Cluster, Title I Grants to Local Educational Agencies, SEISG, Education Stabilization Fund, and Child Care and Development Fund (CCDF) Cluster programs.

Reason(s) for Recurrence: MDE believes all data was submitted appropriately to the FFATA Subaward Reporting System but may not be available in the System for Award Management due to federal system issues.

Corrective Action: For CCDF, see corrective action for Finding 2024-035.

For the Child Nutrition Cluster, Title I Grants to Local Educational Agencies, SEISG, and Education Stabilization Fund programs:

For part b.1., MDE 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.

For part b.2., MDE will update the reporting process to include all key data elements.

MDE expects completion of corrective action by September 30, 2025.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-011
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 the FFATA.

Current Status: MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected the deficiencies noted for the Crime Victim Assistance, Immunization Cooperative Agreements, and Low Income Household Water Assistance programs. MDHHS did not correct the deficiencies for the Weatherization Assistance for Low-Income Persons, Aging Cluster, Public Health Emergency Preparedness, Epidemiology and Laboratory Capacity for Infectious Diseases, Temporary Assistance for Needy Families (TANF), LIHEAP, Foster Care - Title IV-E, Adoption Assistance, Social Services Block Grant, CHIP, Medicaid Cluster, and Block Grants for Prevention and Treatment of Substance Abuse programs.

Reason(s) for Recurrence: Contributing factors include inaccurate Electronic Grants Administration and Management System account code and funding source fields, which impacted the query used to obtain certain FFATA data elements. In addition, subrecipients did not have registered or activated unique entity identifiers, which prevented timely submission.

Corrective Action: See corrective action for Finding 2024-011.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-012
Initial Year Written: Fiscal Year 2023
Finding Title: Title I Grants to Local Educational Agencies, ALN 84.010 and Supporting Effective Instruction State Grants, ALN 84.367 - Participation of Private School Children

Finding: 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 SEISG LEAs.

Current Status: MDE did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDE is still in the process of training and monitoring support to Michigan school districts providing equitable services for private schools to ensure consultation documentation is obtained and reviewed annually.

Corrective Action: On January 11, 2024, the MDE Office of Educational Supports (OES) transitioned the equitable services for private nonpublic schools consultation documentation collection process to GEMS/MARS as a routine part of the 2023-2024 Consolidated Application final amendment window. Select Michigan school districts providing equitable services were required to submit the consultation documents by February 29, 2024. The new Equitable Services Ombudsman began a review of district submissions in March 2024 and monitored the private school consultation process according to federal requirements. The process includes providing direct feedback to school districts for approval, corrections, and modifications, if necessary. The equitable services consultant provided ongoing training and supports to Michigan school districts in collaboration with other consultants, as well. MDE anticipates developing additional resources for school districts, providing ongoing statewide training, and follow up monitoring and collection of documents from noncompliant school districts to fully implement this corrective action plan by November 30, 2026.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-013
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 partially corrected the deficiencies noted in the finding. MDHHS corrected part c. of the finding for CHIP.

Reason(s) for Recurrence: MDHHS's internal control and monitoring activities were not sufficient to ensure MDHHS maintained or appropriately considered the required documentation in beneficiaries' case records to support eligibility determinations. Also, MDHHS's internal control did not ensure county/district office caseworkers timely reviewed beneficiaries' case records.

Corrective Action: See corrective action for Finding 2024-012.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-014
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: Based on mitigation strategies developed by the Centers for Medicare and Medicaid Services (CMS) to ensure children did not lose eligibility, MDHHS was not able to update existing cases during the PHE. All new cases are being correctly routed, but there are existing cases that MDHHS is continuing to update following the end of the PHE due to a higher number of renewals and limited staff resources.

Corrective Action: See corrective action for Finding 2024-013.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-015
Initial Year Written: Fiscal Year 2017
Finding Title: CHAMPS 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.

Corrective Action: See corrective action for Finding 2024-007.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-016
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 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 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 2024-014.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-017
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 parts a. and d. of the finding.

Reason(s) for Recurrence: For part b., staff oversight resulted in MDHHS's late reporting.

For part c., MDHHS believes it had an adequate process in place to identify overpayments returned late and calculate corresponding interest, but the process was not formally documented.

Corrective Action: See corrective action for Finding 2024-015.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-018
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 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.
Current Status:	MDHHS did not correct the deficiencies noted in the finding. <u>Reason(s) for Recurrence:</u> MDHHS did not set sufficient expectations with all managed care entities that a separately attached comparison is mandatory and did not reject MLR submissions for entities that failed to attach a comparison with the audited financial reports. <u>Corrective Action:</u> See corrective action for Finding 2024-016.
Audit Period:	October 1, 2022 through September 30, 2023
Finding Number:	2023-019
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 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.
Current Status:	MDHHS did not correct the deficiencies noted in the finding. <u>Reason(s) for Recurrence:</u> MDHHS 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, the comprehensive medical record review exceeded the audit activity time frames outlined within the scope of the contract, and not all audit activities were completed during fiscal year 2024. <u>Corrective Action:</u> See corrective action for Finding 2024-017.
Audit Period:	October 1, 2022 through September 30, 2023
Finding Number:	2023-020
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 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.

Current Status: MDHHS corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-021
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: The finding is no longer valid. Federal regulation 7 CFR 274.4(a)(1)(v) indicates states must have systems in place to reconcile all of the funds entering into, existing from, and remaining in the system each day. Upon follow up, the U.S. Department of Agriculture (USDA) clarified that their regulations say the EBT system must provide reports that show the daily funds into and out of the system, but they do not specify the frequency at which the state must perform reconciliation activities.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-022
Initial Year Written: Fiscal Year 2023
Finding Title: Pandemic EBT Food Benefits, ALN 10.542, Activities Allowed or Unallowed and Eligibility - Lack of Documentation for School Modality Data Reviews

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

Current Status: The finding is no longer applicable for fiscal year 2024. Pandemic EBT Food Benefit issuance ended as of May 11, 2023.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-023
Initial Year Written: Fiscal Year 2023
Finding Title: Pandemic EBT Food Benefits, ALN 10.542 - Accuracy of Financial Reports

Finding: MDHHS did not submit accurate monthly Pandemic EBT financial reports to the USDA Food and Nutrition Service (FNS) for 1 of 3

sampled Report of Disaster Supplemental Nutrition Assistance Benefit Issuance (FNS-292B).

Current Status: MDHHS corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-024
Initial Year Written: Fiscal Year 2023
Finding Title: 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

Finding: DNR did not ensure that telecommunication expenditures charged to the Fish and Wildlife Cluster were incurred for fish and wildlife activities.

Current Status: DNR corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-025
Initial Year Written: Fiscal Year 2023
Finding Title: Fish and Wildlife Cluster, ALN 15.605, 15.611, and 15.626, Equipment and Real Property Management - Inaccurate Inventory of Equipment

Finding: DNR did not properly account for its capitalized equipment acquired with federal funds.

Current Status: DNR corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-026
Initial Year Written: Fiscal Year 2023
Finding Title: 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

Finding: 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.

Current Status: EGLE did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: EGLE had not fully completed retroactive review of payments for fiscal year 2024.

Corrective Action: See corrective action for Finding 2024-024.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-027
Initial Year Written: Fiscal Year 2023
Finding Title: 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

Finding: MDHHS did not have sufficient controls in place to prevent or detect and correct payment errors made to respite grant recipients.

Current Status: MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Internal control and monitoring activities were not sufficient to ensure review and approval of respite grant payments was documented in the Medical Services Administration Manual Payment System.

Corrective Action: See corrective action for Finding 2024-025.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-028
Initial Year Written: Fiscal Year 2023
Finding Title: Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Procurement and Suspension and Debarment - Lack of Required Contract Provisions

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

Current Status: DTMB corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-029
Initial Year Written: Fiscal Year 2023
Finding Title: Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Procurement and Suspension and Debarment - Suspension and Debarment Process

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

Current Status: MDE and MiLEAP corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-030

Initial Year Written:	Fiscal Year 2023
Finding Title:	Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Reporting - Workfront Security Management and Access Controls
Finding:	DTMB did not fully establish effective security management and access controls over Workfront.
Current Status:	DTMB partially corrected the deficiencies noted in the finding. DTMB corrected part b. of the finding.
	<u>Reason(s) for Recurrence:</u> For part a., the exceptions noted for fiscal year 2024 occurred prior to the May 2024 process and documentation updates that were implemented for the fiscal year 2023 exceptions.
	<u>Corrective Action:</u> See corrective action for Finding 2024-026.
Audit Period:	October 1, 2022 through September 30, 2023
Finding Number:	2023-031
Initial Year Written:	Fiscal Year 2023
Finding Title:	Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Reporting - Workfront Change Management Process
Finding:	DTMB did not fully implement an effective change management process over Workfront.
Current Status:	DTMB corrected the deficiencies noted in the finding.
Audit Period:	October 1, 2022 through September 30, 2023
Finding Number:	2023-032
Initial Year Written:	Fiscal Year 2021
Finding Title:	Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, Subrecipient Monitoring - Subaward Information
Finding:	MDHHS and MDE did not report to their subrecipients all subaward information as required by the Uniform Guidance.
Current Status:	MDHHS and MDE corrected the deficiencies noted in the finding.
Audit Period:	October 1, 2022 through September 30, 2023
Finding Number:	2023-033
Initial Year Written:	Fiscal Year 2023
Finding Title:	Title I Grants to Local Educational Agencies, ALN 84.010, Matching, Level of Effort, and Earmarking - Supplement Not Supplant Monitoring Procedures
Finding:	MDE did not sufficiently monitor the LEAs to ensure they had a written methodology to demonstrate compliance with supplement not supplant requirements.

Current Status: MDE did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDE is in the process of revising its monitoring protocol to add Title I, Part A supplement not supplant methodology to its financial monitoring review protocol.

Corrective Action: In spring 2025, MDE OES provided statewide training and technical assistance to Michigan school districts on the federal requirement to prepare and submit a written methodology to demonstrate compliance with Title I, Part A supplement not supplant requirements. As a part of the final amendment window for the 2025-2026 Consolidated Application, school districts will be required to upload their methodology. OES will monitor select school districts as a part of the fiscal review protocol. MDE anticipates completion of the Title I, Part A supplement not supplant corrective action plan by November 30, 2026.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-034
Initial Year Written: Fiscal Year 2023
Finding Title: CCDF Cluster, ALN 93.575 and 93.596, Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Child Care Stabilization Grant

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

Current Status: The finding is no longer applicable. No child care stabilization grant funding was awarded for fiscal year 2024.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-035
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 CCDF Cluster child care payments for 3 (8%) of the 40 cases we reviewed.

Current Status: MiLEAP and 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 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 2024-033.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-036
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 to support child care providers met applicable health and safety requirements to be eligible for CCDF Cluster payments.

Current Status: MiLEAP and LARA did not correct the deficiencies noted in the finding.
Reason(s) for Recurrence: Limited resources impacted the timeliness of some inspections.

Corrective Action: See corrective action for Finding 2024-034.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-037
Initial Year Written: Fiscal Year 2023
Finding Title: CCDF Cluster, ALN 93.575 and 93.596, Subrecipient Monitoring - Subaward Information

Finding: MDE did not report to its subrecipients all subaward information as required by the Uniform Guidance.

Current Status: MiLEAP did not correct the deficiencies noted in the finding.
Reason(s) for Recurrence: Due to an oversight, MiLEAP did not always provide all required subaward information to subrecipients.

Corrective Action: See corrective action for Finding 2024-036.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-038
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 issues in Bridges, inaccurate eligibility information from Bridges was interfaced into 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 2024-040.

Audit Period: October 1, 2022 through September 30, 2023

Finding Number: 2023-039

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 \$183, for 3 (20%) of 15 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 2024-041.

Audit Period: October 1, 2022 through September 30, 2023

Finding Number: 2023-040

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 source for overlaps between FFS and capitation payments is 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 2024-043.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-041
Initial Year Written: Fiscal Year 2008
Finding Title: 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

Finding: MDHHS and DTMB did not ensure a comprehensive automated data processing (ADP) security program was fully implemented for information systems used to administer the Medicaid Cluster.

Current Status: MDHHS and DTMB did not correct the deficiencies noted in 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. MDHHS and DTMB limited resources caused delays in the completion of corrective action.

Corrective Action: See corrective action for Finding 2024-006.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-042
Initial Year Written: Fiscal Year 2023
Finding Title: Public Health Emergency Preparedness, ALN 93.069, 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 did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: For part a., MDHHS believed that revisions made to the monitoring policy were sufficient to comply with subrecipient monitoring requirements.

For part b., the semiannual progress report was not obtained due to an isolated oversight.

Corrective Action: For part a., MDHHS will continue to conduct an annual risk assessment and utilize the results to determine monitoring activities. MDHHS will ensure that the monitoring approach

distinguishes and specifically documents the monitoring required based on risk level.

For part b., MDHHS will develop a policy for deliverables tracking that outlines the escalation steps required when a grantee does not provide all required documentation.

MDHHS anticipates completion of corrective action by September 30, 2025.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-043
Initial Year Written: Fiscal Year 2023
Finding Title: Immunization Cooperative Agreements, ALN 93.268, Special Tests and Provisions - MCIR User Access Controls

Finding: MDHHS did not fully establish effective user access controls over the Michigan Care Improvement Registry (MCIR).

Current Status: MDHHS corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-044
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 corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-045
Initial Year Written: Fiscal Year 2014
Finding Title: Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - MiSACWIS Security Management and Access Controls

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

Current Status: MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected part a. of the finding.

Reason(s) for Recurrence: For part b., MDHHS local office security coordinators and security administrators did not follow established policies and procedures regarding granting of MiSACWIS access.

For part c., user roles were not always recertified due to staff oversight.

Corrective Action: See corrective action for Finding 2024-044.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-046
Initial Year Written: Fiscal Year 2020
Finding Title: 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

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 corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-047
Initial Year Written: Fiscal Year 2011
Finding Title: Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Non-Financial Eligibility Documentation

Finding: 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.

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 2024-045.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-048
Initial Year Written: Fiscal Year 2023
Finding Title: Temporary Assistance for Needy Families, ALN 93.558, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility - Inappropriate TANF-Funded Adoption Subsidy Rate

Finding: 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.

Current Status: MDHHS corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-049
Initial Year Written: Fiscal Year 2023
Finding Title: Temporary Assistance for Needy Families, ALN 93.558, 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 did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS believed its current process to monitor and evaluate subrecipients was sufficient to comply with program requirements.

Corrective Action: See corrective action for Finding 2024-047.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-050
Initial Year Written: Fiscal Year 2023
Finding Title: Temporary Assistance for Needy Families, ALN 93.558, Special Tests and Provisions - Child Support Non-Cooperation

Finding: 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.

Current Status: MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: MDHHS's internal control did not prevent a client from being sanctioned inappropriately for one case. For the remaining two cases, 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.

Corrective Action: See corrective action for Finding 2024-048.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-051
Initial Year Written: Fiscal Year 2023

Finding Title: 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

Finding: LEO did not fully establish effective security management and access controls over the Salesforce users.

Current Status: LEO did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: Some processes could not be followed or established due to staffing limitations and competing priorities.

Corrective Action: See corrective action for Finding 2024-049.

Audit Period: October 1, 2022 through September 30, 2023

Finding Number: 2023-052

Initial Year Written: Fiscal Year 2023

Finding Title: 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

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

Current Status: LEO and MDHHS partially corrected the deficiencies noted in the finding. MDHHS corrected part b. of the finding.

Reason(s) for Recurrence: 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.

Corrective Action: See corrective action for Finding 2024-050.

Audit Period: October 1, 2022 through September 30, 2023

Finding Number: 2023-053

Initial Year Written: Fiscal Year 2023

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

Finding: LEO did not ensure its reimbursement requests were prepared in accordance with the Cash Management Improvement Act.

Current Status: LEO corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-054
Initial Year Written: Fiscal Year 2023
Finding Title: Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Reporting - FFATA Reporting

Finding: LEO did not report any Refugee and Entrant Assistance State/Replacement Designee Administered Programs subaward information as required by FFATA.

Current Status: LEO did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: LEO had not implemented a process to accumulate and submit the required information to the federal system until April 2024.

Corrective Action: See corrective action for Finding 2024-052.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-055
Initial Year Written: Fiscal Year 2023
Finding Title: Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566, Subrecipient Monitoring - Subrecipient Audits and Subaward Information

Finding: 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.

Current Status: LEO did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: For part a., LEO did not have a process in place to review subrecipient single audits due to limited staff resources.

For part b., LEO's amendment cover sheet needed updates to include changes or additions for Federal Award Identification Numbers. This had to be worked out with the LEO Budget and Procurement Division and Finance Division which were dealing with staff shortages.

Corrective Action: See corrective action for Finding 2024-053.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-056
Initial Year Written: Fiscal Year 2023
Finding Title: Low-Income Home Energy Assistance, ALN 93.568, Eligibility - Client Benefits in Excess of Fiscal Year Cap

Finding: MDHHS did not ensure the total client benefits were limited to the fiscal year cap for 1 (3%) of 39 sampled clients.

Current Status: MDHHS corrected the deficiencies noted in the finding.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-057
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, household size, and proof of energy crisis for 9 (23%) of 39 sampled LIHEAP-funded State Emergency Relief energy payments.

Current Status: MDHHS did not correct the deficiencies noted in the finding.

Reason(s) for Recurrence: 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 2024-055.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-058
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, 2023, Finding 2023-001.

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, 2024, Summary Schedule of Prior Audit Findings, Finding 2023-001.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-059
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, 2023, Finding 2023-002.

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, 2024, Summary Schedule of Prior Audit Findings, Finding 2023-002.

Audit Period: October 1, 2022 through September 30, 2023
Finding Number: 2023-060
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, 2023, Finding 2023-003.

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, 2024, Summary Schedule of Prior Audit Findings, Finding 2023-003.



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

Liabilities for corporate income tax overpayments not recorded.

Management Views

The Michigan Department of Treasury (Treasury) disagrees with the finding. For additional details regarding Treasury's disagreement, please see Finding 1 Agency Preliminary Response in the Report on Internal Control, Compliance, and Other Matters for the State of Michigan (SOM) Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

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 and Jill Trepkoski, Treasury

Finding 2

Improvements needed over vendor file fraud controls.

Management Views

The Statewide Integrated Governmental Management Applications (SIGMA) Operations and Support (SOS) and the Office of Financial Management (OFM) agree with the recommendation. SOS will continue to review and enhance controls related to the State's vendor file.

Planned Corrective Action

SOS has put in place multiple preventive controls related to vendor activity. Additional monitoring has been put in place based on known patterns of fraud. SOS will continue to review fraud risks and modify controls and monitoring efforts as required.

Anticipated Completion Date

Completed

Responsible Individual(s)

Allison Mikulec, SOS

Finding 3
Establishing and monitoring of tax receivables and payables.

Management Views

Treasury and OFM agree that internal control related to tax accruals should continue to be improved.

Planned Corrective Action

For part a., Treasury has updated the tax accrual procedures to include process steps needed to accurately estimate the flow-through entity (FTE) tax accrual. Also, Treasury will revise the current review process to ensure the removal of voided returns and review of large dollar refund values prior to booking the accrual. In addition, Treasury is developing a new system, including reporting capabilities to better trace the FTE refunds processed to the FTE credits.

For part b., Treasury has updated the procedures for the reclassification entry to ensure the filtering within the report is completed accurately.

For part c., Treasury has submitted a request to correct the report that had duplicated refunds. In addition, Treasury will reconcile this report with refunds issued in SIGMA to ensure that it does not include duplicate refunds in the future, and Treasury will update the procedures to include these yearly reconciliation steps.

For part d., Treasury completed a system enhancement in April 2025 to restructure the data necessary to develop an appropriate estimate. Now that that system has been enhanced, Treasury needs to accumulate five years of data to formulate an appropriate estimate.

For part e., Treasury's Individual Income Tax (IIT) legacy system does not have the capability to be reconciled to SIGMA 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.

For part f., Treasury has submitted a request to update the system report which contains duplicate payments. Once this is implemented, Treasury will test the report to ensure that duplicate payments are no longer included with this report. In addition, Treasury will update procedures to reconcile the report with SIGMA each year when the accrual is being recorded.

For part g., Treasury has submitted a system request for data that will allow Treasury to compare the Motor Fuel and Tobacco tax payment data against prior year estimates. Treasury has also submitted a request for a report from the new IIT system that will allow Treasury to analyze FTE payments by tax year to evaluate the accuracy of the prior year estimated accrual.

For part h., Treasury anticipates implementing a new system that will change how this accrual is calculated in fiscal year 2025 for November collections. The revised methodology under the new system is not expected to use sampling and projection. Treasury will document the methodology for estimating the accrual under the new system and will submit it to OFM for approval prior to recording this accrual in fiscal year 2025. In addition, Treasury will also revisit and update the projection methodology for October collections under the old system, as appropriate.

Anticipated Completion Date

- a. December 9, 2025
- b. Completed
- c. December 9, 2025
- d. December 9, 2030
- e. September 30, 2026
- f. August 29, 2025
- g. 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. The comparisons that use FTE data are expected to be completed when the new IIT system reports are available in November 2025.
- h. December 9, 2025

Responsible Individual(s)

- a. Stacey Bliesener and Darika Egeler, Treasury
- b. Colin Ohl and Sarah Wedell, Treasury
- c. Stacey Bliesener and Jenie Li, Treasury
- d. Stacey Bliesener and Darika Egeler, Treasury
- e. Stacey Bliesener and Michael VanFarowe, Treasury
- f. Stacey Bliesener and Darika Egeler, Treasury
- g. Stacey Bliesener, Darika Egeler, and Teresa Fullerton, Treasury
- h. Stacey Bliesener and Melissa Lovegrove, Treasury

Finding 4

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 SOM Annual Comprehensive Financial Report.

Planned Corrective Action

For part a., the Department of Technology, Management, and Budget (DTMB) enhanced its procedures to mitigate errors in identifying the commencement of software subscription terms. Specifically, the updated procedures provide that DTMB will identify the commencement of software subscription terms by confirming the date of deployment with the given software subscription's DTMB project manager. In addition, evaluations of software subscriptions will be completed timelier to allow sufficient time to review and confirm that the accounting and financial reporting impacts are appropriate. All evaluations to date for fiscal year 2025 have been performed in alignment with these enhanced procedures.

For part b.1., the Michigan Department of Health and Human Services (MDHHS) determined the calculation error in the accrual was attributable to a manual adjustment to Quality Assurance Supplement (QAS) data in the Long Term Care (LTC) application that had a keying error. As a result, MDHHS modified access rights, implemented an additional review process, and enhanced input controls for the manual adjustments to prevent this issue from happening in the future. Specifically, MDHHS modified access rights in the LTC application so that staff auditors are no longer allowed to edit QAS data. Beginning May 1, 2025, only the LTC Reimbursement section manager and division director have the ability to make manual adjustments to QAS data used for QAS reconciliations. Additionally, the LTC Reimbursement Division director is now

required to approve manual QAS adjustments made by the section manager, within the LTC application QAS reconciliation screen. Input controls in the application were also modified so that the monthly LTC provider days field in the LTC application only allows a 5-character limit.

For part b.3., MDHHS will establish clear procedures when calculating the claims lag for the inpatient hospital accrual, including identifying specific cells that need to be updated and reviewed each year, to help ensure that accuracy and integrity of the total estimated claims.

For part c., the Michigan Department of State Police (MSP) will update procedures for the establishment of receivables and payables and develop and submit an accrual methodology to OFM pursuant to the SOM Financial Management Guide (Part II, Chapter 1, Section 300).

For part d., the Michigan Department of Agriculture and Rural Development (MDARD) and the Department of Environment, Great Lakes, and Energy (EGLE) will implement reconciliation processes between their information systems and the Michigan Cashiering and Receivable System (MiCARS). Specifically, MDARD will implement a monthly reconciliation process to verify that customer details, account coding, and invoice amounts in MiCARS match the source data from the Licensing Portal System, and EGLE will implement a new process for reconciling invoicing transactions across its systems.

For part e., a report and related process were developed for the daily reconciliation of Michigan Department of Transportation (MDOT) Permit Gateway sales by the MDOT Accounting Service Center, comparing the Centralized Electronic Payment Authorization System activity with SIGMA revenue deposits. Discrepancies are reviewed by the Bureau of Development-Development Services Division and corrected in SIGMA by the MDOT Accounting Service Center.

For part f.1., OFM updated the contingency procedures to include a more comprehensive explanation of the entry preparation process to help ensure that expenses and payables related to interest expense for structured settlement agreements are properly recorded.

For part f.2., OFM will update its year-end procedures to more clearly and comprehensively document the instructions for preparing the entries to eliminate interfund activity.

For part g.1., DTMB has improved its communication protocols and procedures to ensure cash advances to external entities are properly recorded. The updated procedures indicate that the designated accountant will make quarterly inquiries to the applicable program areas to obtain updates on their spending to ensure activity is properly coded and recorded.

For part g.2., the Michigan State Housing Development Authority (MSHDA) received a \$2.3 million return from one of its subgrantees on September 30, 2024. MSHDA staff had worked with the Department of Labor and Economic Opportunity (LEO) staff several days before this on advance and expenditure adjustments and the large return was not included in those adjustments. To ensure this does not occur in the future, MSHDA Finance Division staff will update their procedures to ensure that all advance and expenditure adjustments through September 30 are reported to LEO. The LEO Finance Division will update their procedures to confirm with MSHDA that all advance and expenditure adjustments through September 30 have been reported to LEO.

For part h., Treasury will update procedures related to cancelling refund checks. Treasury will communicate with the business area that issued the check to determine if the check will be reissued or cancelled. The procedures for cancelling checks will be updated to include

determining which fiscal year the accounting entries for the cancellation should be recorded in based on the information received back from the business area.

Anticipated Completion Date

- a. Completed
- b.1. Completed
- b.2. Completed
- b.3. August 31, 2025
- c. September 30, 2025
- d. MDARD: September 1, 2025
EGLE: September 30, 2025
- e. Completed
- f.1. Completed
- f.2. September 30, 2025
- g.1. Completed
- g.2. October 10, 2025
- h. August 31, 2025

Responsible Individuals

- a. Tim Martin, DTMB
- b.1. Mark West, MDHHS
- b.2. Jessica Moy, MDHHS
- b.3. Erin Pohl, MDHHS
- c. Amanda Baker and Lynn Wisely, MSP
- d. Sylvia Renteria, MDARD
Lois Marinangeli and Jennifer Kang, EGLE
- e. Scott Greene, Larry Doyle, Dee Parker, Andrea Mowry, and Patrick McCarthy, MDOT
- f.1. Derek Childs, OFM
- f.2. Shawna Hessling, OFM
- g.1. Cinda Karlik and Maria Tyszkiewicz, DTMB
- g.2. Jason Fedewa, MSHDA
Christopher Johnson and Arica Johnson, LEO
- h. Colin Ohl and Sarah Wedell, Treasury

Findings Related to Federal Awards

Finding 2024-001

SIGMA High-Risk Activity Monitoring

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Finance Division will implement the following:

1. Updated procedures that ensure completeness of high-risk activity reports by adjusting date parameters of weekly reports.
2. A layer of review by management that oversees SIGMA override processes and transactions to ensure appropriateness.

3. A procedure to ensure the adequate retention of management review documents.

Anticipated Completion Date

August 31, 2025

Responsible Individual(s)

Robert Mason, LEO

Mary McGrath, LEO

Finding 2024-002

Bridges Interface Controls

Management Views

DTMB disagrees with the condition and the effect of the OAG's finding. The OAG sampled 85 total files across eight interfaces. Of these, seven appeared to present issues. For five of the sampled files, detailed exception results no longer existed. DTMB maintains summary tables for 10 years and purges detailed exception records at the beginning of each calendar year for anything older than 12 months. This purge process was communicated to the OAG during the fiscal year 2022 audit, and sampling was performed prior to purging for the fiscal year 2023 audit. When informed that the sample included files for which the detailed exception records had been purged, the OAG requested DTMB run a simulation processing of the original interface file in a testing environment to recreate detailed exception records. DTMB's technical teams informed the OAG that rerunning in the current test environment would likely differ from the original results due to code changes that occurred in the test environment subsequent to when the original interface files were run in production. The OAG requested DTMB to proceed with rerunning the files in the current test environment. As a result, the OAG identified five instances where the detailed exception records from the simulation in the test environment did not exactly match the summary table from the original production interface results.

For the 2 remaining files out of 85 (2.4 percent) that were cited, it should be clarified that the reconciliation being discussed is not data that was lost or misplaced between systems, but reconciliation of two exceptions correctly logged and correctly not counted in a summary report because they were alerts during processing, not errors that would be forwarded for review. These results do not present a significant deficiency in the ability of MDHHS to review the detailed exceptions. Also, these 2 records are insignificant when compared to the 11.6 million records processed in the 85 sampled files (0.000001 percent). Therefore, the current controls are reasonable to ensure that data processed from the source system to the receiving system is processed accurately, completely, and timely.

Planned Corrective Action

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

Anticipated Completion Date

Not applicable

Responsible Individual(s)

Nathan Buckwalter, DTMB

Finding 2024-003
Bridges Security Management and Access Controls

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For parts a., b., 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, semi-annual review of privileged users, and annual review for all users. Security management and access control processes will continue to be a standing agenda item for ongoing quarterly training sessions with Local Office Security Coordinators (LOSCs).

For parts a., c., and d., the Access Management Section began conducting quarterly reconciliations of DSA to the Bridges Integrated Automated Eligibility Determination System (Bridges) during the first quarter of fiscal year 2025.

For part b., MDHHS is currently evaluating the feasibility of establishing a quarterly review process to help ensure documentation is maintained for a sample of LOSC monitoring reports. MDHHS anticipates completing the evaluation by September 30, 2025, and will determine an anticipated completion date for implementation, if necessary, at that time.

For part e., MDHHS Local Office Directors, District Managers, or designees review a monthly sample of high-risk Bridges transactions to ensure documentation was properly maintained. Beginning September 2024, MDHHS Business Service Centers (BSC) implemented a monitoring process to ensure monthly reviews are completed by the local offices timely and that the documentation is properly maintained.

Anticipated Completion Date

a., c., d., and e. Completed

b. September 30, 2025

Responsible Individual(s)

a., b., c., and d. Jim Bowen, MDHHS

e. Veronica Maxson, MDHHS

Finding 2024-004
Bridges Change Management Process

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS change control processes require a communication to be sent 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. MDHHS added a checklist to immediate releases during April 2025 to help eliminate human error and ensure documentation of all post-implementation approvals is retained for each release.

Anticipated Completion Date
Completed

Responsible Individual(s)
Holly Roderick, MDHHS

Finding 2024-005
Income Eligibility and Verification System

Management Views

MDHHS agrees with parts a., b., d., f., and g. 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 and Verification System (IEVS) information to determine the recipients' eligibility. MDHHS had policies and procedures in effect during fiscal year 2024 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 MDHHS 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 ESA will continue to provide guidance and trainings to the local office specialists on utilizing the IEVS data timely and appropriately if the data is critical for current eligibility determinations. MDHHS ESA will also continue to review any technical automated solutions of the IEVS data to help ensure its proper utilization and timeliness.

For parts c. and e., MDHHS disagrees with the finding and does not intend to take further action.

For part d., MDHHS is collaborating with other work areas to identify potential solutions to establish and implement IEVS interfaces for adoption subsidies recipients funded by Temporary Assistance for Needy Families (TANF).

For part f., MDHHS worked with the Social Security Administration (SSA) to resolve a discrepancy in how the file was reported to DTMB by SSA and processed the fiscal year 2024 file during February 2025.

For part g., MDHHS worked with the National Technical Information Service (NTIS) to regain access to the data during February 2024 and resume receiving the data monthly. Once access was re-established, NTIS sent a complete base file containing the data for the three months identified and the file exceeded the normal processing limit. MDHHS will work with DTMB to identify potential solutions and will process the complete file base by September 30, 2025.

Anticipated Completion Date

- a. and b. Ongoing
- c. Not applicable
- d. MDHHS has not yet determined an anticipated completion date because the date is dependent on the potential solutions identified.
- e. Not applicable
- f. Completed
- g. September 30, 2025

Responsible Individual(s)

- a., b., and c. Veronica Maxson, MDHHS
- d. Kathonya Rice, MDHHS
- e. Logan Dreasky, MDHHS
- f. Brant Cole, MDHHS
- g. Brant Cole, MDHHS
Nathan Buckwalter, DTMB

Finding 2024-006

ADP Security Program

Management Views

Although MDHHS and DTMB agree annual testing was not conducted for one system and not all necessary updates to the system security plan were completed during the audit period for four systems, MDHHS and DTMB disagree that effective controls were not implemented to ensure confidentiality, integrity, and availability of its automated data processing (ADP) information systems. MDHHS and DTMB also disagree that the security of critical systems was at risk by failing to mitigate potential vulnerabilities as described in the effect statement of the finding.

MDHHS and DTMB have compensating controls in place to ensure confidentiality, integrity, and availability of its ADP information systems in addition to mitigating potential vulnerabilities. MDHHS and DTMB monitor remediation of Plans of Actions and Milestones for all information systems even after expiration of the authority to operate (ATO).

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 system required to be audited as part of the Affordable Care Act, along with two other systems cited, are reviewed biennially through the Internal Control Evaluation process where control evidence is updated to demonstrate the effectiveness of controls. Each system cited did not have any significant changes and implemented controls are still working as expected.

Planned Corrective Action

DTMB has hired additional resources to help ensure the timely completion of the required work below.

For part a., MDHHS and DTMB will conduct testing of the disaster recovery plan (DRP) by September 30, 2025, and will follow SOM Technical Standards on DRP testing going forward.

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 all cited systems by July 1, 2025. MDHHS and DTMB anticipate that ATO renewals will be attained for all cited systems by August 30, 2025.

Anticipated Completion Date

- a. September 30, 2025
- b. August 30, 2025

Responsible Individual(s)

Laura Visser, MDHHS
Nathan Buckwalter, DTMB
Lyndia Deromedi, MDHHS
Heather Frick, DTMB
Kasi Hunzinger, MDHHS
Veronica Maxson, MDHHS
Karen Scott, MDHHS
Michelle Smith, MDHHS

Finding 2024-007

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, the Community Health Automated Medicaid Processing System (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.

As part of the Departmental Work Intake Process for prioritization, MDHHS submitted a work request during January 2023 for a Bridges system modification that would allow data from the Bridges reports to be exported to the Bridges data warehouse and MDHHS is currently working with DTMB to obtain access to the data. 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

September 30, 2025

Responsible Individual(s)

Jamy Hengesbach, MDHHS

Finding 2024-008
MDE, IT General Controls

Management Views

DTMB agrees it did not fully implement its user access removal and recertification processes when transitioning responsibilities between employees.

Planned Corrective Action

DTMB corrected the issues noted and the reassigned employee resumed DTMB's existing user access removal and recertification processes in November 2024.

Anticipated Completion Date

Completed

Responsible Individual(s)

Rex Menold, DTMB

Aaron Dupre, DTMB

Finding 2024-009
MDE, Security Management and Access Controls

Management Views

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

Planned Corrective Action

For part a., with the release of Michigan Nutrition Data (MiND) 2.0 in November 2024, the system now has the added documentation supporting the individual approved system roles required for this security control.

For part b.1., MDE will start reviewing non-privileged internal Grant Electronic Monitoring System/Michigan Administrative Review System accounts on an annual basis and will store documentation of the review. MDE has started writing the policy adjustment for this change.

To validate their continued need, MDE will annually review all MiND accounts for appropriate access that have access to SOM proprietary information.

For part b.2., MDE has provided input to DTMB on this technical control, and MDE intends to comply with the revised SOM Technical Standard 1340.00.020.01 (Access Control Standard). MDE plans to complete both the policy adjustment and the annual review for 2025 by December 31, 2025.

For part c., MDE implemented the process for deactivating users to meet this security requirement in November 2024 when MiND 2.0 was released.

The process for deactivating users to meet this security requirement for the Next Generation Grant, Application and Cash Management System (NexSys) was implemented in May 2025.

Anticipated Completion Date

a. Completed

b.1. September 30, 2025

b.2. December 31, 2025
c. Completed

Responsible Individual(s)

Monica Butler, MDE
Joshua Long, MDE
Peter Jones, MDE
David Judd, MDE

Finding 2024-010
MDE, Change Management Process

Management Views

MDE agrees with the finding.

Planned Corrective Action

For MiND, the standard change management process requires documenting the test results. However, there are scenarios when the data in question is only in the production environment; or it might be production specific deployment like changing application settings which does not have relevance to the test environment. In these cases, MDE will maintain documentation in DevOps that the deployment is production specific. MDE will increase the post-review process of MiND related work items from a semi-annual to quarterly basis to ensure all required evidence of testing is recorded appropriately.

For NexSys, MDE will review the change management process with DTMB and implement additional steps to ensure tickets are closed in a timely manner and all testing results have been appropriately documented.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Monica Butler, MDE
Peter Jones, MDE

Finding 2024-011
MDHHS - FFATA Reporting

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The MDHHS Bureau of Grants and Purchasing followed up with the subrecipients regarding unique entity identifier (UEI) account issues in the System for Award Management (SAM) and once the issues were resolved, the subaward information was submitted.

The MDHHS Federal Reporting Section will continue to help ensure the accuracy of the department's Grants Received Report that is used by the MDHHS Bureau of Grants and Purchasing to report information in SAM. All data elements required to comply with federal

funding requirements, such as the Federal Funding Accountability and Transparency Act (FFATA), have been added to the Grants Received Report. The MDHHS Federal Reporting Section will work with the MDHHS Bureau of Grants and Purchasing to develop a more comprehensive process to identify missing data that has not yet been communicated from the federal awarding agency, program area, or others. 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 MDHHS Bureau of Budget will confirm that a Program Period Code is included on the request form provided by the program office prior to the entry of grant agreements in the Electronic Grants Administration and Management System (EGrAMS). When reviewing grant agreements in EGrAMS, the MDHHS Bureau of Budget will confirm that pertinent coding elements are included prior to approval. In addition, the MDHHS Bureau of Budget will identify EGrAMS agreements with accounting templates that are not initially coded to federal funding, but contain a program code or task code that subsequently splits costs to a federal funding code, and work with the MDHHS Bureau of Grants and Purchasing to help ensure these agreements are included in the query used to obtain data for FFATA reporting.

Anticipated Completion Date
September 30, 2025

Responsible Individual(s)
Jeanette Hensler, MDHHS
Rebecca Jones, MDHHS
Erik Eklund, MDHHS

Finding 2024-012
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 identified exceptions for parts a. and c. of the finding. However, MDHHS disagrees that 3 Medicaid cases and 20 Children's Health Insurance Program (CHIP) cases with MAGI determinations cited in part b. did not have case file documentation supporting the beneficiary eligibility determination. The Centers for Medicare and Medicaid Services (CMS) has determined that a reasonable compatibility indicator can be used for CMS audit purposes to determine if the attested income information was electronically verified for MAGI cases and MDHHS disagrees that documentation was not maintained to support the eligibility determination.

The SOM MiIntegrate system communicates with various State and federal electronic trusted data sources and sends the information from these sources, along with the beneficiaries' attested income, to the SOM MAGI Rules Engine where the MAGI eligibility determination is made. As part of the MAGI eligibility determination, a reasonable compatibility test is completed to determine if beneficiary/applicant attested income is within a specified percentage of the electronic trusted data sources or if the attested and verified income are below the threshold for the applicable program. The results of the MAGI eligibility determination are sent back to MiIntegrate using an Account Transfer (AT) packet that contains the results. MiIntegrate then communicates the results to the SOM MAGI Viewer and Bridges using an AT packet and

Bridges stores the AT packet number only that can be used to view the details of the AT packet within the SOM MAGI Viewer. The version of the AT packet within the MAGI Viewer also contains a reasonable compatibility indicator that documents the outcome of the reasonable compatibility test and supports the SOM MAGI Rules Engine eligibility decision.

MDHHS stores the AT packet information, including facts essential to the eligibility determination, within MiIntegrate and the MAGI Viewer instead of Bridges to help protect and secure the federal income tax data and unemployment data used for the determination. The AT packet for each individual determination can be retrieved from the MAGI Viewer using the AT packet number stored in each beneficiary's case file within Bridges. MDHHS is not aware of any federal regulations that preclude MDHHS from storing this information in a separate system to help secure the data and restrict access as required by federal and state law.

Planned Corrective Action

To address the exceptions identified that are not related to MAGI-based income verification results, MDHHS has developed mandatory training protocols for eligibility workers and expects to have the first Medicaid audit focused mandatory training implemented by July 2025. 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 within the electronic case file.

MDHHS disagrees it did not maintain case file documentation that supports the beneficiary eligibility determination for MAGI cases and does not intend to take further action.

Anticipated Completion Date

MDHHS will implement the first Medicaid audit focused training by July 2025.

Responsible Individual(s)

Logan Dreasky, MDHHS
Mariah Schaefer, MDHHS

Finding 2024-013

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 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 is continuing to update cases following the end of the public health emergency (PHE) and expects that all existing cases will be updated by July 2025, as MDHHS completes a mass update and 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 in June 2021; and will continue this manual process, on a quarterly basis, by completing a summary-level adjustment determined by analyzing CHAMPS payment data and Bridges eligibility data until all existing cases have been updated.

Anticipated Completion Date
July 2025

Responsible Individual(s)
Brant Cole, MDHHS
Logan Dreasky, MDHHS
Crystal Kline, MDHHS

Finding 2024-014
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 amended the Pharmacy Benefits Manager, Prepaid Inpatient Health Plan (PIHP), MI Choice Waiver Program (MI Choice), Medicaid Health Plan (MHP), and Dental Health Plan entity fiscal year 2025 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. Also, MDHHS is in the process of amending the remaining Integrated Care Organization contract to include this requirement. MDHHS will continue to educate the managed care entities and MDHHS contract areas on this process to help ensure compliance. MDHHS expects that signatures will be obtained on the PSICT forms effective September 2025 for the fiscal year 2026 contract cycle and will continue to send an annual reminder to the managed care entities to report any change in ownership to MDHHS within 35 days.

In addition, MDHHS continues to review provider agreements as part of its monitoring process conducted for all MI Choice entities. MDHHS's review of fiscal year 2024 provider agreements for MI Choice entities will be completed by December 31, 2025, and will be ongoing during the Administrative Quality Assurance Review process as outlined in the waiver application that was approved by CMS. MDHHS will continue to send annual reminders to MI Choice entities to submit completed PSICT forms by September 1 each year as required by MI Choice contracts.

MDHHS obtained an updated provider agreement for the Home Help provider cited in the finding. Home Help providers are now enrolled in CHAMPS and provider agreements, including updated terms and conditions, are completed electronically.

Anticipated Completion Date
December 31, 2025

Responsible Individual(s)
Heather Hill, MDHHS
Kim Heinicke, MDHHS
Elaina Brown, MDHHS

Finding 2024-015

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

For part a., MDHHS has added additional verification checks to ensure all overpayment reports are included in each quarter's financial reports.

For part b., MDHHS will document the process of identifying late overpayments and calculating interest. There were no late payments identified during fiscal year 2024 that required an interest calculation.

For part c., MDHHS will identify and implement CHAMPS enhancements needed to correct Federal Medical Assistance Percentage calculations.

Anticipated Completion Date

- a. Completed
- b. September 30, 2025
- c. September 30, 2025

Responsible Individual(s)

Rebecca Jones, MDHHS

Finding 2024-016

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS updated the medical loss ratio (MLR) instructions and comparisons were required to be submitted to MDHHS as part of the MLR reporting process for the MHP Comprehensive Health Care Plan (CHCP) during June 2023 and for the Dental Health Plans and MI Choice during April 2024. MDHHS will update MLR instructions for PIHPs to clarify that comparisons are required to be submitted as part of the MLR reporting process.

MDHHS will continue to work with the CHCPs, PIHPs, MI Choice, and Dental Health plans to obtain the comparisons as part of the MLR reporting process and will follow established procedures to reject those MLR submissions received that fail to attach a comparison.

Anticipated Completion Date

September 2025

Responsible Individual(s)

Keith White, MDHHS
Jackie Sproat, MDHHS

Finding 2024-017**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 (EQRO) contracts as of October 1, 2022. The EQRO identified three EDV protocol elements to review for the managed care entities including information systems, administrative profiles, and medical records. During fiscal year 2023, EQRO completed the comprehensive information systems review that analyzed MDHHS's information systems infrastructure and an administrative profile review that analyzed MDHHS's electronic encounter data completeness, accuracy, and timeliness. MDHHS published the completed reports for the information system and administrative profile reviews on its website during February and March 2024.

During fiscal year 2024, EQRO began the medical records review component, which analyzes the completeness and accuracy of MDHHS's electronic encounter data by comparing it to the information documented in the corresponding members' medical records. MDHHS completed the fiscal year 2024 medical records report and published it to MDHHS's website during March 2025.

Anticipated Completion Date

Completed

Responsible Individual(s)

Brad Barron, MDHHS

Katarzyna Gruszka, MDHHS

Finding 2024-018**WIC Special Supplemental Nutrition Program for Women, Infants, and Children, ALN 10.557 - MI-WIC Access Controls****Management Views**

MDHHS and DTMB agree with the finding.

Planned Corrective Action

DTMB implemented a process in November 2024 to review privileged accounts with direct database access semiannually.

Anticipated Completion Date

Completed

Responsible Individual(s)

Nathan Buckwalter, DTMB

Finding 2024-019

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS discussed the change management documented requirements with the information technology (IT) contractor during April 2025 to ensure all testing is documented appropriately. MDHHS has updated the Michigan Women, Infants, and Children Information System (MI-WIC) Change Management Controls process to include a review of each change to ensure it has successfully completed all components of the change management process prior to completion of associated release activities.

Anticipated Completion Date

Completed

Responsible Individual(s)

Kristina Brady, MDHHS

Bagya Kodur, MDHHS

Finding 2024-020

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

Management Views

The Department of Military and Veterans Affairs (DMVA) agrees with the finding.

Planned Corrective Action

DMVA has communicated the importance of timely completion of cash draws. DMVA will consolidate expenditure reports sent to federal program managers to reduce overall quantity and improve timeliness. Additionally, DMVA will implement a revised document management methodology for expenditure reports returned from federal program managers that are ready for final approval and submission to the United States Property and Fiscal Office.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Rachelle Breeden, DMVA

Finding 2024-021

National Guard Military Operations and Maintenance (O&M) Projects, ALN 12.401 - Extension Procedures

Management Views

DMVA agrees with the finding.

Planned Corrective Action

DMVA will set annual recurring calendar appointments to review program activities with the program managers one month before the end of the period of performance to ensure a joint understanding of extension requirements, allowing sufficient time to prepare and submit period of performance extension requests timely, if needed.

Anticipated Completion Date

September 1, 2025

Responsible Individual(s)

Rachelle Breeden, DMVA

Finding 2024-022

Highway Planning and Construction, ALN 20.205 - AASHTOWare Security Management and Access Controls

Management Views

MDOT agrees with the finding.

Planned Corrective Action

MDOT's Office of Enterprise Information Management (EIM), Bureau of Field Services-Construction Field Services Division, and Bureau of Development-Design Division will collaborate and provide oversight to ensure that user access for the American Association of State Highway and Transportation Officials software (AASHTOWare) Preconstruction and Construction & Materials modules is reviewed semiannually for privileged accounts and annually for all other accounts. MDOT will implement an improved process, which will be facilitated by the designated System Security Administrators, and access will be modified or removed, as appropriate, prior to the end of each six-month period for privileged users and annually for all other users.

Anticipated Completion Date

January 1, 2026

Responsible Individual(s)

Mark Shulick, MDOT

Dan Burns, MDOT

Kristin Schuster, MDOT

Dee Parker, MDOT

Lindsey Renner, MDOT

Jason Gutting, MDOT

Kyle Nelson, MDOT

Andy Esch, MDOT

Finding 2024-023

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - PTMS Security Management and Access Controls

Management Views

MDOT agrees with the finding.

Planned Corrective Action

MDOT EIM and Office of Passenger Transportation will collaborate and provide oversight to ensure that Public Transportation Management System (PTMS) user access is reviewed semiannually for privileged accounts and annually for all other accounts. MDOT will implement an improved process which will include obtaining, verifying, and documenting the written approval for all identified users by the designated System Security Administrators. Access will be modified/removed, as appropriate, based on responses or removed for non-responders prior to the end of each six-month period for privileged users and each fiscal year for all other users.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Sandy Lovell, MDOT

Gina Huhn, MDOT

Jean Ruestman, MDOT

Kyle Nelson, MDOT

Andy Esch, MDOT

Finding 2024-024

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Grant Reimbursement Approval Procedures

Management Views

EGLE agrees with the finding.

Planned Corrective Action

The EGLE Water Resources Division's (WRD) administration staff adjusted their review process in April 2024 to comply with overall EGLE guidance that all reimbursement requests should be reviewed by a program representative and financial representative to ensure payments are made for activities authorized by the grant agreement. However, WRD had not fully completed the retroactive review of payments for fiscal year 2024. This has since been corrected and all retroactive reviews to ensure compliance with program technical specifications were completed as of May 1, 2025.

Anticipated Completion Date

Completed

Responsible Individual(s)

Phil Argiroff, EGLE

Amy Hicks, EGLE

Finding 2024-025

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Insufficient Respite Payment Controls

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

During fiscal year 2024, MDHHS improved the payment review process prior to manual input into the Medical Services Administration Manual Payment System (MSAPay) to help ensure there are no improper payments, as demonstrated by no improper payments identified for fiscal year 2024. MDHHS will develop and implement a post payment review process for the final respite payments that were entered into MSAPay during December 2024 and anticipates completion by September 30, 2025.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Crystal Kline, MDHHS
Jessica Bowen, MDHHS
Elaina Brown, MDHHS

Finding 2024-026

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

DTMB implemented process improvements in May 2024 related to the tracking and documentation of user access requests to support approval of user access and system roles. The exceptions cited are related to users whose access was granted prior to the improved documentation being implemented.

Anticipated Completion Date

Completed

Responsible Individual(s)

Jennifer Edmonds, DTMB

Finding 2024-027

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

Management Views

MDOT and LEO agree with parts a. and b. of the finding, respectively.

For part c., the Michigan Strategic Fund (MSF) agrees that the subaward agreements did not specify whether the award was for research and development (R&D) purposes. The omission occurred because MSF does not administer awards intended to support R&D activities under this program; accordingly, this designation was not included in the grant agreement.

MSF also agrees that the subaward agreements did not include an indirect cost rate. MSF did not fund indirect costs as part of this program; therefore, an indirect cost rate was not included in the grant agreement.

Planned Corrective Action

For part a., MDOT will incorporate into its current process all required subaward information to ensure it is reported to subrecipients, which will include, but not be limited to, UEI, Federal Award Identification Number (FAIN), federal award date, subaward period of performance start and end date, subaward budget period start and end date, federal awarding agency name, assistance listing number (ALN) title, identification of whether the award is for R&D, indirect cost rate for the federal award, an approved federally recognized indirect cost rate for the subrecipient, and the closeout terms and conditions. MDOT will also provide current subrecipients with the missing required subaward information.

For part b., the LEO Prosperity Division will review records to identify all subrecipients that were previously provided with incorrect FAINs and will provide them with correct information. In addition, the LEO Prosperity Division will implement a procedural change to have a reviewer check to ensure that award information is accurately stated before grant issuance.

For part c., to align with Uniform Guidance requirements (2 *CFR* 200.332(a)) all future agreements under the program will explicitly state that: 1) funding is not intended to support R&D activities; and 2) indirect costs are not eligible costs. All applicable current subrecipients will be notified of the same.

Anticipated Completion Date

- a. September 30, 2025
- b. July 31, 2025
- c. July 31, 2025

Responsible Individual(s)

- a. Gina Huhn, MDOT
Jean Ruestman, MDOT
- b. Denise Flannery, LEO
- c. Jay Williams, MSF
Amy Rencher, MSF
Gregory West, MSF
Christine Whitz, MSF
Christina Degrow, MSF

Finding 2024-028

Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027 - Subrecipient Audits

Management Views

For part a., LEO agrees with the finding.

All three of MSF's subrecipient awards for the fiscal year were sampled totaling approximately \$274,000 (0.3 percent of the total award). While MSF agrees with the finding that it did not have a written process to verify single audit compliance, management believes that MSF's risk assessment of subrecipients adequately determined that single audit verification was not required for two of its subrecipients since, based on all anticipated federal awards for the subrecipient, it was not expected that they would reach the expenditure threshold (2 *CFR* 200.332(f)). The third annually files a single audit, was expected to file a single audit, and did file a single audit.

For part b., EGLE agrees with the finding.

Planned Corrective Action

For part a., the LEO Internal Controls Unit (LEO-IC) will expand LEO's subrecipient monitoring function for the Coronavirus State and Local Fiscal Recovery Funds and update procedures to include sending an inquiry to subrecipients to determine whether they meet the requirements for a single audit, ensuring that audits are received and reviewed, and issuing management decision letters (when applicable). LEO-IC will train staff on the new procedures and is in the process of hiring another individual to assist with subrecipient monitoring.

MSF completed its risk assessment in November 2024 and determined it necessary to update the existing process. On March 4, 2025, MSF implemented an updated process to notify subrecipients of single audit requirements and require feedback on the status of the funding. A Single Audit Certification letter is sent to all subrecipients via email and requires a response to whether a single audit would be required for the fiscal year. The response is then documented and MSF will review the single audits for all subrecipients for which an audit is required to be completed.

For part b., the EGLE Budget unit within the Finance Division has assigned responsible staff and began reviewing single audits of applicable subrecipients for fiscal year 2024 activity and will be fully compliant for this subrecipient monitoring cycle and moving forward.

Anticipated Completion Date

a. LEO: August 31, 2025

MSF: Completed

b. EGLE: Completed

Responsible Individual(s)

a. Christopher Blondell, LEO

Allen Williams, LEO

Gregory West, MSF

Christine Whitz, MSF

Lori Mullins, MSF

David Meninga, MSF

b. Jon Doyle, EGLE

Daniel Lance, EGLE

Finding 2024-029

Adult Education - Basic Grants to States, ALN 84.002 - During-the-Award Monitoring and Subaward Information

Management Views

LEO agrees with the finding.

Planned Corrective Action

For part a., the Adult Education - Basic Grants to States program (Adult Education) Workforce Innovation and Opportunity Act Regional Coordinators and Financial Specialist are currently finishing the review of the final narrative reports and final expenditure reports for each of the 92 subrecipients. These reviews will be completed by June 30, 2025. Other Adult Education staff will be cross trained to assist in the review process in case there are competing priorities in the future.

For part b., once it was determined that the FAIN was incorrect on the Grant Award Notification (GAN), staff corrected the FAIN in NexSys and worked with the NexSys programmers to have the GANs reissued on April 8, 2025. A communication to alert subrecipients of the update was sent on June 6, 2025. LEO also updated procedures to include multiple staff reviews of the GAN information to ensure accuracy before the GANs are released in NexSys.

Anticipated Completion Date

a. June 30, 2025

b. Completed

Responsible Individual(s)

Erica Luce, LEO

Patty Higgins, LEO

Brian Frazier, LEO

Kari Hiner, LEO

Sue Muzillo, LEO

Finding 2024-030

Rehabilitation Services Vocational Rehabilitation Grants to States, ALN 84.126 - Accuracy of Financial Reports

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Finance Division will implement the following:

1. Improvements to documented procedures for the Vocational Rehabilitation Financial Report (RSA-17) preparation to ensure consistency and accuracy of financial report submissions.
2. Specific RSA-17 training for applicable staff and management in order to enhance knowledge of reporting requirements.

3. An additional layer of management review on RSA-17 financial reports prior to submission.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Heidi Parker, LEO

Chris Johnson, LEO

Finding 2024-031

Twenty-First Century Community Learning Centers, ALN 84.287 - Program Fiscal Reviews

Management Views

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

Planned Corrective Action

In January 2025, MiLEAP assigned an auditor to conduct fiscal reviews to monitor activities of subrecipients of the Twenty-First Century Community Learning Centers program.

Anticipated Completion Date

Completed

Responsible Individual(s)

Lora MacKay, MiLEAP

Finding 2024-032

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

Management Views

MiLEAP agrees with the finding.

Planned Corrective Action

The Michigan Workforce Background Check (MWBC) Child Care System is used to conduct and record the results of criminal history checks for child care providers and is comprised of multiple modules, including the Consultant Portal and Analyst Portal. Each portal serves distinct functions, carrying varying levels of access to background check information and functionality.

MiLEAP acknowledges that internal controls should more explicitly require module-specific documentation. To address this, MiLEAP has reinforced its access control procedures to ensure the Child Care Background Check (CCBC) Access and Security Agreement directs that access requests be sent to the manager of the CCBC unit and explicitly documents the specific portals being requested. The CCBC unit manager is responsible for reviewing and granting access to both the Analyst and Consultant portals based on the user's role and job duties. MiLEAP has reinforced this policy as of May 2024 with appropriate staff to ensure compliance and improve documentation for each portal.

Anticipated Completion Date
Completed

Responsible Individual(s)
Jacob Poynter, MiLEAP
Monica Sturdivant, MiLEAP

Finding 2024-033
CCDF Cluster, ALN 93.575 and 93.596 - Client Eligibility

Management Views
MiLEAP and MDHHS agree with the finding.

Planned Corrective Action
MiLEAP and MDHHS ESA will continue to work together to help ensure compliance with client eligibility requirements by providing guidance on updated policies, processes, and noted trends to local office and BSC staff. On October 1, 2024, MDHHS ESA distributed an ESA memo to BSCs and local offices requiring a Child Development and Care eligibility checklist to be completed and uploaded to the electronic case file at the time of each Child Development and Care application and redetermination to help ensure the authorized hours of care in Bridges does not exceed the client's documented need for hours of childcare services. The ESA memo also requires local offices that have not yet achieved compliance to review a sample of cases monthly and ensure the Child Development and Care eligibility checklist is properly uploaded to the electronic case file. The BSCs receive the monthly results from the local offices and also monitor progress to help ensure compliance.

Anticipated Completion Date
Ongoing

Responsible Individual(s)
Lisa Brewer-Walraven, MiLEAP
Mariah Schaefer, MDHHS
Gayle Vail, MDHHS

Finding 2024-034
CCDF Cluster, ALN 93.575 and 93.596 - Provider Health and Safety Requirements

Management Views
MiLEAP agrees with the finding.

Planned Corrective Action
To improve compliance and inspection timeliness, MiLEAP took the following key steps:

- Increased staffing: In fiscal year 2024, the Child Care Licensing Bureau (CCLB) initiated the hiring of 22 additional licensing consultants across all eight established regions, significantly increasing statewide capacity. All new consultants began their positions by November 2024. Upon hire, they entered a structured training program with the goal of receiving caseload assignments within six months. This strategic staffing expansion has already led to a 30.0 percent reduction in the average

caseload per consultant from 88 to 61 facilities aligning more closely with best practice recommendations and enabling more timely inspections. As these new consultants complete training and receive full caseloads, CCLB anticipates an increase in completed onsite inspections, improved timeliness, and enhanced capacity to meet the growing needs of child care providers.

- Enhanced regional oversight: In fiscal year 2025, CCLB established lead worker positions in each child care region. These lead workers support area managers in monitoring consultant caseloads and inspection schedules to ensure annual inspections are completed in compliance with federal requirements.
- Process improvements through technology: CCLB continues to utilize the Child Care Hub Information Records Portal in a mobile format, improving data access and streamlining on-site inspections. Providers are encouraged to utilize the system during onsite inspections to facilitate faster and more efficient communication and documentation.

Anticipated Completion Date
Ongoing

Responsible Individual(s)
Courtney Adams, MiLEAP
Scott Bettys, MiLEAP
Erika Bigelow, MiLEAP
Monica Sturdivant, MiLEAP

Finding 2024-035
CCDF Cluster, ALN 93.575 and 93.596 - FFATA Reporting

Management Views
MiLEAP and MDE agree with the finding.

Planned Corrective Action
MiLEAP will implement a process to ensure it submits subaward information as required by FFATA and federal guidance.

Anticipated Completion Date
September 2025

Responsible Individual(s)
Lora MacKay, MiLEAP

Finding 2024-036
CCDF Cluster, ALN 93.575 and 93.596 - Subaward Information

Management Views
MiLEAP agrees with the finding.

Planned Corrective Action

MiLEAP is finalizing grant procedures for reviewing award documents, which will include utilizing a new grant template to help ensure all requirements are included on each award.

Anticipated Completion Date

July 1, 2025

Responsible Individual(s)

Lisa Brewer-Walraven, MiLEAP
Brandon Colby, MiLEAP

Finding 2024-037

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

Management Views

For part a., DTMB agrees it had not fully implemented all SOM database specific configurations during the audit period. However, DTMB disagrees these specific configurations created significant security risks. DTMB has been and continues to follow the manufacturer's recommendations regarding security configurations.

For part b., DTMB agrees with the finding.

Planned Corrective Action

For part a., DTMB will implement the SOM approved database configurations.

For part b., DTMB will review and update internal business processes as needed to ensure privileged Michigan Adult Integrated Management System (MiAIMS) database accounts are reviewed in accordance with SOM Technical Standards.

Anticipated Completion Date

July 31, 2025

Responsible Individual(s)

Nathan Buckwalter, DTMB

Finding 2024-038

Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - MiAIMS User Access

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

The MDHHS Access Management Section reconciles the users in MiAIMS to the users approved within DSA monthly, resolves discrepancies, and sends an email notification to LOSCs with a summary of the results. Beginning May 2025, the monthly email notification distributed to the LOSCs will emphasize appropriate procedures for granting access, including a reminder to synchronize MiAIMS activations and the DSA final approval to serve as documentation of the activation. By June 2025, MDHHS MiAIMS management and the Access

Management Section will begin meeting annually with LOSCs, help desk, and technical staff to review access procedures.

Anticipated Completion Date

June 30, 2025

Responsible Individual(s)

Cynthia Farrell, MDHHS

Tim Kwast, MDHHS

Finding 2024-039

Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Transitional Medicaid Eligibility

Management Views

MDHHS agrees with the finding. MDHHS recognizes there are opportunities for improvement to ensure renewals are processed on a timely basis for beneficiaries receiving transitional medical assistance (TMA) Medicaid coverage, however due to time constraints, it was not feasible to manually review and validate all 1,802 beneficiaries queried to ensure they should be terminated from TMA. Also, although beneficiaries might not be eligible for TMA, they may be eligible for other Medicaid aid categories, and this will be determined as part of the department's corrective action.

Planned Corrective Action

MDHHS implemented a system enhancement during May 2023 that generates redetermination requests one month in advance to allow additional time for processing and help ensure renewals are processed timely. MDHHS is continuing to update the backlog of cases following the end of the PHE, including those identified in the finding, to determine if the beneficiary should remain on Medicaid or if coverage should be terminated, and expects all existing cases will be reviewed and updated by July 2025. MDHHS will evaluate potential underlying system issues related to the timeliness of TMA renewals and will implement system enhancements if necessary by December 2026.

Anticipated Completion Date

December 2026

Responsible Individual(s)

Logan Dreasky, MDHHS

Brant Cole, MDHHS

Finding 2024-040

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 continues to work with DTMB on the underlying issues in Bridges causing these overpayment issues, 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 December 2025.

Anticipated Completion Date
December 31, 2025

Responsible Individual(s)
Jamy Hengesbach, MDHHS

Finding 2024-041
Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Ineligible HHP Payments

Management Views
MDHHS agrees with the finding.

Planned Corrective Action
MDHHS generates a monthly hospitalization report and distributes to adult services workers as part of the post-payment review process. MDHHS enhanced the report query to improve the data used to identify overlaps in services and timely recover payments. MDHHS implemented the updated query during June 2025.

Also, MDHHS issued an Adult Services Notification to managers and directors during February 2025, informing them of the audit finding and reminding local office management of the expectation to thoroughly monitor and review the hospitalization reports to ensure timely and accurate action is taken by adult services workers.

In addition, MDHHS reissued the Home Help Recoupment Process training and procedural resources during February 2025 to adult services workers who manage Home Help cases to ensure process steps are consistently followed.

Anticipated Completion Date
Completed

Responsible Individual(s)
Elaina Brown, MDHHS
Michelle Martin, MDHHS

Finding 2024-042
Medicaid Cluster, ALN 93.775, 93.777, and 93.778 - Ineligible Home Help Assistance

Management Views
MDHHS agrees with the finding.

Planned Corrective Action
MDHHS added the Electronic Document Management system (EDM) to MiAIMS in March 2023 and issued an Adult Services Notification to adult services staff, communicating that medical needs forms should be uploaded into EDM. MDHHS issued an Adult Services Notification to

adult services staff during May 2025 to communicate the exceptions identified and remind them of the medical needs form requirements.

MDHHS will develop a procedure to monitor the expiration of medical needs forms using the MiAIMS Plan of Care by August 2025. In addition, MDHHS will research potential options to automate monitoring of the medical needs forms in MiAIMS and determine if any necessary system changes are needed by December 2026.

Anticipated Completion Date
December 2026

Responsible Individual(s)
Elaina Brown, MDHHS

Finding 2024-043
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 was implemented during March 2025 to address several issues. This upgraded interface removed the existing limitations to mitigate the occurrence of retroactive disenrollment.

Anticipated Completion Date
Completed

Responsible Individual(s)
Latina McCausey, MDHHS
Alexis Bond, MDHHS

Finding 2024-044
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 part a., 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. MDHHS anticipates completion of corrective action by October 30, 2025.

For part b., MDHHS will evaluate the current DSA timelines for generation of access renewal and access drop requests and implement any necessary changes by September 30, 2025. MDHHS will continue to provide training for 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.

Anticipated Completion Date

- a. October 30, 2025
- b. September 30, 2025

Responsible Individual(s)

Alana Lowe, MDHHS
Deon Nelson, MDHHS

Finding 2024-045

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

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS ESA policy staff will work with the MDHHS Bridges technical team to determine the reason for the incomplete application by September 30, 2025, and implement a solution to correct the issue, if needed. If potential system modifications are needed, MDHHS will follow the Departmental Work Intake Process for prioritization and determine an anticipated completion date for implementation. MDHHS will also send a memo and template of the application to the local offices to highlight the required questions on the application to help ensure all required questions are appropriately answered.

Anticipated Completion Date

MDHHS has not yet determined an anticipated completion date because the date is dependent on the potential solution identified.

Responsible Individual(s)

Bethany Cabanaw, MDHHS
Kenton Schulze, MDHHS
Brian Sanborn, MDHHS

Finding 2024-046

Temporary Assistance for Needy Families, ALN 93.558 - Inappropriate TANF- Funded Emergency Foster Care Assistance

Management Views

MDHHS agrees with the finding.

Planned Corrective Action

MDHHS redetermined the Foster Care Title IV-E (Title IV-E) program eligibility after the birth certificate was identified and the youth was determined to be Title IV-E eligible. MDHHS will reclassify the funds to the appropriate funding source, allowing the department to claim Title IV-E for the eligible placement.

For those cases in which Title IV-E funding is denied initially based on lack of a birth certificate or other documentation of citizenship, the Child Welfare Funding Specialists will continue to monitor the case for updated documentation in order to complete a redetermination of funding. Child Welfare Funding Specialists will be reminded to monitor cases for updated documentation during a Child Welfare Funding conference call in June 2025.

Anticipated Completion Date

June 30, 2025

Responsible Individual(s)

Nancy Berger, MDHHS

Finding 2024-047

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. The subrecipients identified in the finding were awarded separate grants, and MDHHS has implemented corrective action to help ensure each subrecipient is sufficiently monitored and evaluated for risk of noncompliance with program requirements.

For the subrecipient identified in part a., MDHHS completed a risk assessment and evaluated the results for fiscal year 2025 to develop a documented monitoring plan. An annual monitoring plan and corrective action plan workbook have been developed and implemented to track monitoring activities and follow-up action related to deficiencies noted during monitoring.

For the subrecipient identified in part b., MDHHS developed and implemented a template for fiscal year 2025 to document monitoring activities, including the follow-up action related to deficiencies noted during monitoring.

Anticipated Completion Date

Completed

Responsible Individual(s)

- a. Lynn Nee, MDHHS
- b. Amber Troupe, MDHHS

Finding 2024-048**Temporary Assistance for Needy Families, ALN 93.558 - Child Support Non-Cooperation****Management Views**

MDHHS disagrees with part a. of the finding. MDHHS's eligibility system, Bridges, was functioning as intended for the two 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 one of the cases, the client was appropriately sanctioned after the case review was complete and for the other case, the client was determined to be in compliance once the case was removed from the non-ongoing status mode.

MDHHS agrees with part b. of the finding.

Planned Corrective Action

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

For part b., MDHHS ESA policy staff will work with the MDHHS Bridges technical team to determine if there was a technical aspect that contributed to the inappropriate sanction and identify a solution by September 30, 2025. If potential system modifications are needed, MDHHS will follow the Departmental Work Intake Process for prioritization and determine an anticipated completion date for implementation.

Anticipated Completion Date

- a. Not applicable
- b. MDHHS has not yet determined an anticipated completion date because the date is dependent on the potential solution identified.

Responsible Individual(s)

Bethany Cabanaw, MDHHS
Kenton Schulze, MDHHS
Brian Sanborn, MDHHS

Finding 2024-049**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 (OGM) will improve established procedures and tracking logs to help ensure compliance with SOM Technical Standard 1340.00.020.01 (Access Control Standard). Specifically, LEO OGM will review user access semiannually for privileged accounts

and annually for all other accounts. Also, LEO-IC is in the process of establishing a compliance team that will perform validation of the ongoing reviews.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Ben Cabinaw, LEO

Allen Williams, LEO

Finding 2024-050

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

MDHHS, in conjunction with LEO, will provide mandatory training for all specialists that determine eligibility for refugee cash assistance payments by September 30, 2025. MDHHS also will implement ongoing management and peer-to-peer spot checks of cases to ensure that documentation is maintained to support the client's eligibility beginning October 2025. In addition, MDHHS will determine if technical changes are needed to help ensure the proper documentation is in the electronic case file by December 31, 2025. If potential system modifications are needed, the Bridges technical team will follow the Departmental Work Intake Process for prioritization and determine an anticipated completion date for implementation.

Anticipated Completion Date

MDHHS has not yet determined an anticipated completion date because the date is dependent on the determination of whether system modifications are necessary.

Responsible Individual(s)

Benjamin Cabanaw, LEO

Nicole Adams, LEO

Bethany Cabanaw, MDHHS

Kent Schutz, MDHHS

Mariah Schaefer, MDHHS

Finding 2024-051

Refugee and Entrant Assistance State/Replacement Designee Administered Programs, ALN 93.566 - Accuracy and Completeness of Financial Reports

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Finance Division will implement the following updates to its financial reporting process:

1. Procedural changes to ensure financial records, supporting documents, statistical records, and workpapers are maintained and retained appropriately.
2. An updated coding process to ensure all transactions are recorded with appropriate FAINs.
3. Procedural stipulations that financial report disclosures are prepared based on the applicable reporting period in SIGMA; and adjusting entries posted outside of the applicable reporting period are not included in quarterly financial reports.
4. An additional layer of management review on financial reports prior to submission.

Anticipated Completion Date

August 31, 2025

Responsible Individual(s)

Heidi Parker, LEO

Christopher Johnson, LEO

Finding 2024-052

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

Management Views

LEO agrees with the finding.

Planned Corrective Action

The LEO Finance Division updated its FFATA procedure effective March 2025 and has been working to correct the inaccurate FFATA reporting for the Refugee and Entrant Assistance State/Replacement Designee Administered Programs subawards. All of LEO's open subawards are reported correctly in SAM and LEO completed corrections to the closed subawards in April 2025. Going forward, LEO will ensure that future subawards are reported both accurately and timely in accordance with FFATA requirements.

Anticipated Completion Date

Completed

Responsible Individual(s)

Heidi Parker, LEO

Finding 2024-053

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., LEO OGM is working with LEO-IC to establish a process to immediately identify which subrecipients are required to have a Single Audit and ensure reports are reviewed, and management decision letters issued timely when required.

For parts b. and c., LEO OGM will have a more significant role in the review process and will work with the LEO Grants Office to help ensure that UEI and updated federal award information is always accurately and completely incorporated into agreements. As an extra measure, starting with fiscal year 2026, most grants with subrecipients will be single-year agreements. This will help ensure that federal award information that changes with the onset of a new fiscal year is not inadvertently overlooked during the amendment process.

Anticipated Completion Date

a. September 30, 2026

b. and c. October 31, 2025

Responsible Individual(s)

Nicole Gorski, LEO

Christopher Blondell, LEO

Finding 2024-054

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

Management Views

Treasury agrees with the finding.

Planned Corrective Action

Since the fall of 2024, the Treasury Financial Services Division (FSD) has gained a better understanding of the clearance pattern review process and updated its procedures through April 2025 to ensure compliance with federal regulations in future fiscal years. This included gaining an understanding of and documenting how the clearance patterns are determined for each program, which programs require clearance pattern review each year, how the SIGMA Business Intelligence (BI) queries function, and how to interpret the BI query results. Treasury FSD completed a post review of the fiscal year 2025 Treasury State Agreement using the updated procedures.

Anticipated Completion Date

Completed

Responsible Individual(s)

Melanie Alvord, Treasury

Lauren Markwart, Treasury

Finding 2024-055

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 the BSC analyst team to discuss common errors, answer questions, provide guidance, and on a quarterly basis discuss the results of the State Emergency Relief (SER) case reads. During April 2024, MDHHS SER program policy management and staff began attending BSC leadership meetings to discuss SER case read data findings, policy changes, and communicate common errors found during audits.

In addition to updating verification requirements on October 1, 2023, SER program policy management and staff added copay verification requirements on October 1, 2024. MDHHS completed system updates during April 2024 to allow specialists access to directly upload verification documentation to the electronic case file instead of providing the documentation to other areas to process and upload.

MDHHS will provide annual training directly to counties that fail to meet the state average for SER case reads relating to verification of the client's income, client contribution payment, and proof of energy crisis. 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

September 30, 2025

Responsible Individual(s)

Bethany Cabanaw, MDHHS

Kent Schulze, MDHHS

Julie McLaughlin, MDHHS

Finding 2024-056

Disaster Grants - Public Assistance (Presidentially Declared Disasters), ALN 97.036 - EM Grants Manager Security Management and Access Controls

Management Views

MSP agrees with the finding. MSP implemented the EM Grants Manager system in November 2023 and did not fully establish procedures for maintaining documentation of user access forms, reviewing privileged access, and disabling inactive users due to the number of current disasters and limited staff.

Planned Corrective Action

For part a., MSP implemented an access approval process in November 2023 to maintain documentation of access request forms within the EM Grants Manager system.

For parts b. and c., MSP will create procedures to help ensure the timely completion of privileged user reviews and inactive user deactivation. MSP will perform the required user reviews and deactivate applicable accounts by September 30, 2025.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)
Penny Burger, MSP

Finding 2024-057

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

Management Views

MSP agrees with the finding. The exception occurred due to an oversight during the transition to a new grant system. MSP immediately filed the report upon identification.

Planned Corrective Action

MSP will review and update procedures for additional monitoring of the FFATA reporting process.

Anticipated Completion Date

September 30, 2025

Responsible Individual(s)

Penny Burger, MSP

Findings Identified by Other Auditors

Finding 2024-058

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, 2024, Corrective Action Plan, Finding 2024-001.

Finding 2024-059

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, 2024, Corrective Action Plan, Finding 2024-002.

Finding 2024-060

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, 2024, Corrective Action Plan, Finding 2024-003.

GLOSSARY

LIST OF ABBREVIATIONS

ADP	automated data processing.	CMS	Centers for Medicare and Medicaid Services.
ALN	Assistance Listing Number.	COVID-19	coronavirus disease of 2019.
ARRA	American Recovery and Reinvestment Act of 2009.	CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act of 2021.
ASM	Adult Services Manual.	CSLFRF	Coronavirus State and Local Fiscal Recovery Funds.
AT	account transfer.	DMVA	Department of Military and Veterans Affairs.
ATO	authority to operate.	DNR	Department of Natural Resources.
BI	Business Intelligence.	DRP	disaster recovery plan.
Bridges	Bridges Integrated Automated Eligibility Determination System.	DSA	Database Security Application.
BSC	Business Service Centers.	DTMB	Department of Technology, Management, and Budget.
CA	cooperative agreement.	EBT	electronic benefits transfer.
CARES	Coronavirus Aid, Relief, and Economic Security.	ECF	electronic case files.
CCBC	Child Care Background Check.	EDM	Electronic Document Management system.
CCDF	Child Care and Development Fund.	EDV	Encounter Data Validation.
CCLB	Child Care Licensing Bureau.	EGLE	Department of Environment, Great Lakes, and Energy.
CDC	Centers for Disease Control and Prevention.	EGrAMS	Electronic Grants Administration and Management System.
CFR	<i>Code of Federal Regulations.</i>	EIM	Office of Enterprise Information Management.
CHAMPS	Community Health Automated Medicaid Processing System.	ELC	Epidemiology and Laboratory Capacity for Infectious Diseases.
CHCP	Comprehensive Health Care Plan.	EQRO	External Quality Review Organization.
CHIP	Children's Health Insurance Program.	ERA	eligible recipient agency.
CMA	Cash and Medical Assistance.	ESA	Economic Stability Administration.
CMCS	Center for Medicaid and CHIP Services.	FAA	Federal Aviation Administration.
CMIA	Cash Management Improvement Act.		

FAC	federal audit clearinghouse.
FAIN	Federal Award Identification Number.
FEMA	Federal Emergency Management Agency.
FFATA	Federal Funding Accountability and Transparency Act.
FFEL	Federal Family Education Loans.
FFS	fee-for-service.
FISCAM	Federal Information System Controls Audit Manual.
FMAP	federal medical assistance percentage.
FNS	Food and Nutrition Service.
FSD	Financial Services Division.
FSRS	FFATA Subaward Reporting System.
FTE	flow-through entity.
GAN	Grant Award Notification.
GAO	U.S. Government Accountability Office.
GEMS/MARS	Grant Electronic Monitoring System/Michigan Administrative Review System.
HHP	Home Help Program.
HHS	U.S. Department of Health and Human Services.
ICO	Integrated Care Organization.
IDEA	Individuals with Disabilities Education Act.
IEVS	Income Eligibility and Verification System.
IIT	individual income tax.
IRS	Internal Revenue Service.

IT	information technology.
LARA	Department of Licensing and Regulatory Affairs.
LEA	local educational agency.
LEO	Department of Labor and Economic Opportunity.
LEO-IC	LEO Internal Controls Unit.
LIHEAP	Low-Income Home Energy Assistance Program.
LOSC	Local Office Security Coordinators.
LTC	Long Term Care.
MAGI	modified adjusted gross income.
MARS	Management of Awards to Recipients System.
MCIR	Michigan Care Improvement Registry.
MCO	managed care organization.
MDARD	Michigan Department of Agriculture and Rural Development.
MDE	Michigan Department of Education.
MDHHS	Michigan Department of Health and Human Services.
MDOC	Michigan Department of Corrections.
MDOT	Michigan Department of Transportation.
MEGS+	Michigan Electronic Grants System Plus.
MHP	Medicaid Health Plan.
MiAIMS	Michigan Adult Integrated Management System.
MiCARS	Michigan Cashiering and Receivable System.
MI Choice	MI Choice Waiver Program.

MILEAP	Michigan Department of Lifelong Education, Advancement, and Potential.
MIIND	Michigan Nutrition Data.
MiSACWIS	Michigan Statewide Automated Child Welfare Information System.
MI-WIC	Michigan Women, Infants, and Children.
MLR	medical loss ratio.
MPSERS	Michigan Public School Employees' Retirement System.
MSAPay	Medical Services Administration Manual Payment System.
MSF	Michigan Strategic Fund.
MSHDA	Michigan State Housing Development Authority.
MSP	Michigan Department of State Police.
MWBC	Michigan Workforce Background Check.
NexSys	Next Generation Grant, Application and Cash Management System.
NTIS	National Technical Information Service.
O&M	Operations and Maintenance.
OES	Office of Educational Supports.
OFM	Office of Financial Management.
OGM	Office of Global Michigan.
OMB	U.S. Office of Management and Budget.
ORR	Office of Refugee Resettlement.
ORR-2	Quarterly Reports on Expenditures and Obligations.
OSET	Office of Systems, Evaluation, and Technology.

PACAP	Public Assistance Cost Allocation Plan.
PAHP	Prepaid Ambulatory Health Plan.
PBM	Pharmacy Benefits Manager.
P-EBT	Pandemic Electronic Benefits Transfer.
PERM	payment error rate measurement.
PHE	public health emergency.
PIHP	Prepaid Inpatient Health Plan.
POAMS	Plans of Actions and Milestones.
PSICT	Provider Screening Information Collection Tool.
PTMS	Public Transportation Management System.
QAS	Quality Assurance Supplement.
R&D	research and development.
REAP	Refugee and Entrant Assistance State/Replacement Designee Administered Programs.
RSA-17	Vocational Rehabilitation Financial Report.
SAM	System for Award Management.
SEFA	schedule of expenditures of federal awards.
SEISG	Supporting Effective Instruction State Grants.
SER	State Emergency Relief.
SF-270	Request for Advance or Reimbursement.
SIGMA	Statewide Integrated Governmental Management Applications.
SNAP	Supplemental Nutrition Assistance Program.
SOC	System and Organization Controls.

SOM	State of Michigan.
SOMACFR	<i>State of Michigan Annual Comprehensive Financial Report.</i>
SOS	SIGMA Operations and Support.
SSA	Social Security Administration.
TANF	Temporary Assistance for Needy Families.
TEFAP	The Emergency Food Assistance Program.
TMA	transitional medical assistance.
Treasury	Michigan Department of Treasury.

TSA	Treasury State Agreement.
UEI	unique entity identifier.
UIA	Unemployment Insurance Agency.
USC	<i>United States Code.</i>
USDA	U.S. Department of Agriculture.
USDOE	U.S. Department of Education.
USPFO	United States Property and Fiscal Office.
VFC	Vaccines for Children.
WRD	Water Resources Division.

GLOSSARY OF TERMS

access controls	Controls protecting data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
adverse opinion	A type of modified opinion in which the auditor states the audited entity did not comply, in all material respects, with the cited compliance requirements applicable to each major federal program.
American Recovery and Reinvestment Act of 2009 (ARRA)	An economic stimulus package enacted by the 111th United States Congress in February 2009.
Assistance Listing Number (ALN)	A five-digit code, formerly known as a <i>Catalog of Federal Domestic Assistance (CFDA)</i> number, assigned to a federal assistance program.
Assistance Listings	Descriptions of federal programs providing grants, loans, scholarships, insurance, and other types of assistance awards.
auditor's comments to management views	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.
availability	Timely and reliable access to data and information systems.
Bridges Integrated Automated Eligibility Determination System (Bridges)	An automated, integrated service delivery system for Michigan's cash assistance, medical assistance, food assistance, child care assistance, and emergency assistance programs.
cluster	A grouping of closely related federal programs having 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.
Code of Federal Regulations (CFR)	The codification of the general and permanent rules published by the departments and agencies of the federal government.
confidentiality	Protection of data from unauthorized disclosure.

configuration	The setup of a system. Configuration can refer to either hardware or software or the combination of both.
COVID-19	The disease caused by a 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.
database management system (DBMS)	Software using 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.
deficiency in internal control over federal program compliance	The design or operation of a control over compliance not allowing 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.
deficiency in internal control over financial reporting	The design or operation of a control not allowing management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
Federal Information System Controls Audit Manual (FISCAM)	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> .
financial audit	An audit 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.
general controls	The structure, policies, and procedures applied 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.
in-relation-to opinion	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.
integrity	Accuracy, completeness, and timeliness of data in an information system.

internal control	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.
known questioned costs	Questioned costs that are specifically identified by the auditor.
low-risk auditee	As provided for in the Uniform Guidance, an auditee potentially qualifying for reduced federal audit coverage if it receives an annual single audit and it meets other criteria related to prior audit results.
material misstatement	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.
material noncompliance	Violations of laws, regulations, contracts, and grants potentially having a direct and material effect on major federal programs or on basic financial statement and/or financial schedule amounts.
material weakness in internal control over federal program compliance	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.
material weakness in internal control over financial reporting	A deficiency, or a combination of deficiencies, in internal control such that a reasonable possibility exists a material misstatement of the basic financial statements will not be prevented, or detected and corrected, on a timely basis.
modified opinion	A qualified opinion, an adverse opinion, or a disclaimer of opinion.
other noncompliance	Violations of contracts or grant agreements which 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 which may be communicated to management in accordance with <i>Government Auditing Standards</i> .
pass-through entity	A nonfederal entity providing a federal award to a subrecipient to carry out a federal program.
privileged account	An account having access to all commands and files on an operating system or database management system.

qualified opinion	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 applicable to a major federal program.
questioned cost	<p>A cost 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>
security	Safeguarding an entity's data from unauthorized access or modification to ensure its availability, confidentiality, and integrity.
segregation of duties	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.
significant deficiency in internal control over federal program compliance	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.
significant deficiency in internal control over financial reporting	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.
single audit	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 potentially having 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 suite supporting 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 who is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.
Uniform Guidance	Title 2, U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> . 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	<p>The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes:</p> <ul style="list-style-type: none"> 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 applicable to each major federal program.
U.S. Office of Management and Budget (OMB)	A cabinet-level office assisting the President in overseeing the preparation of the federal budget and in supervising its administration in executive branch agencies.



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