



15) Housing Services	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
16) Independent/Transitional Living Services	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
17) Information and Referral	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
18) Legal Services	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
19) Pregnancy and Parenting	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
20) Prevention and Intervention	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
21) Protective Services - Adults	\$6,647,216	\$0	\$0	\$0	\$3,474,074	\$10,121,290	X	0	0	0	12,023	12,023	12,023	X
22) Protective Services - Children	\$12,648,346	\$0	\$13,800,800	\$0	\$142,826,635	\$169,275,781	X	3,049	0	0	0	0	3,049	X
23) Recreation Services	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
24) Residential Treatment	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
25) Special Services - Disabled	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
26) Special Services - Youth at Risk	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
27) Substance Abuse Services	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
28) Transportation	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
29) Other Services	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0	0	0	
30) SUM OF EXPENDITURES FOR SERVICES	\$19,295,562	\$0	\$13,800,800	\$0	\$146,300,709	\$179,397,071		3,049	0	0	12,023	12,023	15,072	
31) Administrative Costs	\$0	\$0	\$0	\$0		\$0		0	0	0	0	0	0	
32) SUM OF EXPENDITURES FOR SERVICES AND ADMINISTRATIVE COSTS	\$19,295,562	\$0	\$13,800,800	\$0	\$146,300,709	\$179,397,071		3,049	0	0	12,023	12,023	15,072	
33) Total SSBG Expenditures	\$33,096,362							0	0	0	0	0	0	
34) Remaining funds to be carried over into the next fiscal year	\$0	\$0						0	0	0	0	0	0	

Protective Services- Adults are for vulnerable adults who are reported to be unable to care for themselves and their needs and are reported to be suffering from abuse, neglect, self neglect, exploitation or verbal abuse.

Protective ChildrenServices intervention is mandated by 10A O.S. § 1-1- 102 when a child is abused, neglected, drug endangered or at risk of significant harm because of willful acts, intent to act, or omissions by the person responsible for the child's (PRFC) health, safety, or welfare. Child safety drives the case decision during assessment or investigation.

### Comments

From which block grant(s) were these funds transferred:

TANF

\*\*Please list the sources of these funds:

State Funds, Medicaid, Title IV-B and E of teh social Security Act, USDA, Child Care Development Funds

\*\*\*Please list other services:

this both go under protective service for children

Additional Comments

# Division of Social Services

## Social Services Block Grant

### *Intended Use Plan*

The Paperwork Reduction Act of 1995 (Pub. L. 104-13). STATEMENT OF PUBLIC BURDEN: Through this information collection, ACF is identifying plans for State use of Social Services Block Grant (SSBG) Funding. The purpose of this information is to identify estimated SSBG expenditures and recipients, as well as the intended geographic location and eligibility considerations for planned services. Information will be used to gain insight on the administration of the SSBG program and to provide support to grantees related to the administration of their SSBG program. Public reporting burden for this collection of information is estimated to average 40 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. This is a mandatory collection of information and is required to retain a benefit [45 C.F.R. §96.74.]. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995, unless it displays a currently valid OMB control number. The OMB # is 0970-0234 and the expiration date is \_\_\_\_\_. If you have any comments on this collection of information, please contact the Office of Community Services, Social Services Block Grant Program via email: [SSBG@acf.hhs.gov](mailto:SSBG@acf.hhs.gov).





**II. Administrative Operations**

1. Administering Agency \_\_\_\_\_

2. Location \_\_\_\_\_

3. Mission/Goals of Agency

4. Description of Financial Operations Systems

### **III. Program Planning**

#### **1. Planning for Distribution and Use of Funds**

*Describe the planning process for determining the State's use and distribution of SSBG funds.*

#### **2. Describe the Characteristics of Individuals to be Served**

*Include definitions for child, adult, and family; eligibility criteria; and income guidelines.*

#### **3. Public Inspection of Pre-Expenditure Report**

*Describe how the State made available for public inspection and comment the current Pre-Expenditure Report or revision to the report. Supporting documentation for public inspection is also required. (See V. Appendices, Appendix A: Documentation of public Hearing).*

#### IV. Program Operations

*Complete one table for each service category provided by the state during the reporting period.*

##### 1. Program Operations – Adoption Services

<b>a. Service Category (use uniform definition) – Adoption Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>



**2. Program Operations – Case Management Services**

<b>a. Service Category (use uniform definition) – Case Management Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**3. Program Operations – Congregate Meals**

<b>a. Service Category (use uniform definition) – Congregate Meals</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**4. Program Operations – Counseling Services**

<b>a. Service Category (use uniform definition) – Counseling Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**5. Program Operations – Day Care Services – Adults**

<b>a. Service Category (use uniform definition) – Day Care Services – Adults</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**6. Program Operations – Day Care Services – Children**

<b>a. Service Category (use uniform definition) – Day Care Services – Children</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**7. Program Operations – Education and Training Services**

<b>a. Service Category (use uniform definition) – Education and Training Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**8. Program Operations – Employment Services**

<b>a. Service Category (use uniform definition) – Employment Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**9. Program Operations – Family Planning Services**

<b>a. Service Category (use uniform definition) – Family Planning Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>



**10. Program Operations – Foster Care Services for Adults**

<b>a. Service Category (use uniform definition) – Foster Care Services for Adults</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**11. Program Operations – Foster Care Services for Children**

<b>a. Service Category (use uniform definition) – Prevention and Intervention Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**12. Program Operations – Health Related and Home Health Services**

<b>a. Service Category (use uniform definition) – Health Related and Home Health Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**13. Program Operations – Home Based Services**

<b>a. Service Category (use uniform definition) – Home Based Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**14. Program Operations – Home Delivered Meals**

<b>a. Service Category (use uniform definition) – Home Delivered Meals</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**15. Program Operations – Housing Services**

<b>a. Service Category (use uniform definition) – Housing Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**16. Program Operations – Independent and Transitional Living Services**

<b>a. Service Category (use uniform definition) – Independent and Transitional Living Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**17. Program Operations – Information and Referral**

<b>a. Service Category (use uniform definition) – Information and Referral</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>



**18. Program Operations – Legal Services**

<b>a. Service Category (use uniform definition) – Legal Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**19. Program Operations – Pregnancy and Parenting Services for Young Parents**

<b>a. Service Category (use uniform definition) –</b> Pregnancy and Parenting Services for Young Parents
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**20. Program Operations – Prevention and Intervention Services**

<b>a. Service Category (use uniform definition) – Prevention and Intervention Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**21. Program Operations – Protective Services for Adults**

<b>a. Service Category (use uniform definition) – Protective Services for Adults</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**22. Program Operations – Protective Services for Children**

<b>a. Service Category (use uniform definition) – Protective Services for Children</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**23. Program Operations – Recreational Services**

<b>a. Service Category (use uniform definition) – Recreational Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**24. Program Operations – Residential Treatment Services**

<b>a. Service Category (use uniform definition) – Residential Treatment Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**25. Program Operations – Special Services for Persons with Developmental or Physical**

<b>a. Service Category (use uniform definition) –</b> Special Services for Persons with Developmental or Physical
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>



**26. Program Operations – Special Services for Youth Involved in or at Risk of Involvement with Criminal Activity**

<b>a. Service Category (use uniform definition) –</b> Special Services for Youth Involved in or at Risk of Involvement with Criminal Activity
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**27. Program Operations – Substance Abuse Services**

<b>a. Service Category (use uniform definition) – Substance Abuse Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**28. Program Operations – Transportation Services**

<b>a. Service Category (use uniform definition) – Transportation Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

**29. Program Operations – Other Services**

<b>a. Service Category (use uniform definition) – Other Services</b>
<b>b. SSBG Goal</b>
<b>c. Description of Services</b>
<b>d. Description of Recipients (eligibility considerations)</b>
<b>e. Method of Delivery and Geographic Area</b>
<b>f. Partnering State Agency</b>
<b>g. Subgrantee / Service Providers</b>

## **V. Appendices**

### **Appendix A: Documentation of Public Hearing**

*Attach documentation of public hearing, such as public hearing notices, websites, electronic correspondence, letters, newspaper articles, etc.*

### **Appendix B: Certifications**

*Attach signed copies of the following certifications*

1. Drug-Free Workplace Requirements
2. Environmental Tobacco Smoke
3. Lobbying
4. Debarment, Suspension and Other Responsibility Matters

### **Appendix C: Proof of Audit**

Federal regulations state that: "Each State shall, not less often than every two years, audit its expenditures from amounts received (or transferred for use) under this title...Within 30 days following the completion of each audit, the State shall submit a copy of that audit to the legislature of the State and to the Secretary." (Sec. 2006 [42 U.S.C. 1397a, Sec. 2006]).

*Provide a copy or link to the most recent audit, or a description of the audit that specifies when the audit occurred and summarizes the results of the audit.*

### **Appendix D: SF 424M**

*Scanned copy must be uploaded with application*

### **Appendix E: Federal Financial Report (FFR) For SF-425 Federal Financial Reporting (FFR) Form SF-425**

*Scanned copy must be uploaded with the Intended Use Plan*

### **Appendix F: TANF ACF-196R form**

*Scanned copy must be uploaded with the Intended Use Plan*

# **Appendix A**

Documentation of Public Hearing

SSBG announcement link <https://oklahoma.gov/okdhs.html>

The screenshot shows a web browser window with the URL [oklahoma.gov/okdhs.html](https://oklahoma.gov/okdhs.html). The browser's address bar and tabs are visible at the top. The main content area is titled "Announcements from Oklahoma Human Services" and features three announcement cards in a carousel format. Each card has a header image, a title, a brief description, and a "Read More" or "Apply Today" link. The first card is for "Waitlist" with a photo of a woman and a child in a wheelchair. The second is for "SS Block Grant" with a graphic of a star and the text "Public Comment Period". The third is for "Care for Kids" with a photo of two women and the text "CARE FOR KIDS". A blue banner at the bottom of the page says "Want to see all the latest Oklahoma Human Services news" with a "View All" button. The Windows taskbar is visible at the very bottom, showing the date and time as 12:17 PM on 8/14/2023.

Announcements from Oklahoma Human Services

**WAITLIST**

**Public Comment Period**

**CARE FOR KIDS**

**Waitlist**  
DDS and Waitlist Families.  
[Read More →](#)

**SS Block Grant**  
Send comments to [kevin.haddock@okdhs.org](mailto:kevin.haddock@okdhs.org)  
[Review IUP →](#)

**Care for Kids**  
See Child Care career opportunities.  
[Apply Today →](#)

Want to see all the latest Oklahoma Human Services news [View All](#)

High winds soon 12:17 PM 8/14/2023

# Appendix B

## Certifications



## CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

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This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645 (a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

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### Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need to be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Non-procurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

*Controlled substance* means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

*Conviction* means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

*Criminal drug statute* means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

*Employee* means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of sub-recipients or subcontractors in covered workplaces).

#### Certification Regarding Drug-Free Workplace Requirements

##### Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about --
  - (1) The dangers of drug abuse in the workplace;
  - (2) The grantee's policy of maintaining a drug-free workplace;
  - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
  - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
  - (1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within 10 calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted - -

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

---

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Check if there are workplaces on file that are not identified here. Alternate

## II. (Grantees Who Are Individuals)

(a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;

(b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

*Kevin Haddock* 08.12.2024

**Kevin Haddock**  
**Printed Name**

**Director, Cost and Revenue Enhancement**  
**Title**

**Oklahoma Department of Human Services**  
**Organization**

## CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103227, Part C Environmental Tobacco Smoke, also known as the Pro Children Act of 1994, requires that smoking not be permitted in any portion of any indoor routinely owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 per day and/or the imposition of an administrative compliance order on the responsible entity by signing and submitting this application the applicant/grantee certifies that it will comply with the requirements of the Act.

The applicant/grantee further agrees that it will require the language of this certification be included in any sub-awards which contain provisions for the children's services and that all sub-grantees shall certify accordingly.

*Kevin Haddock* 08.12.2024

**Kevin Haddock**  
**Printed Name**

**Director, Cost and Revenue Enhancement**  
**Title**

**Oklahoma Department of Human Services**  
**Organization**

## CERTIFICATION REGARDING LOBBYING

### Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States To insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a Pre-requisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

*Kevin Haddock* 08.12.2024

**Kevin Haddock**  
**Printed Name**

**Director, Cost and Revenue Enhancement**  
**Title**

**Oklahoma Department of Human Services**  
**Organization**

## **CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS**

### Certification Regarding Debarment, Suspension, and Other Responsibility Matters - - Primary Covered Transactions

#### Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusive-Lower Tier Covered Transaction" provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant

may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

\*\*\*\*\*

#### Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

#### Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Covered Transactions

##### Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other



remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to whom this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction" without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph five of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

\*\*\*\*\*

#### Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared

ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

*Kevin Haddock*

08.12.2024

**Kevin Haddock**  
**Printed Name**

**Director, Cost and Revenue Enhancement**  
**Title**

**Oklahoma Department of Human Services**  
**Organization**

# **Appendix C**

Proof of Audit

**State of Oklahoma Single Audit Report for SFY Ended June 30, 2022.**

At time of submission of the FFY24 Intended Use Plan, the most current report is for SFY ended June 30, 2022. Here is the link [2022 SingleAudit.pdf \(ok.gov\)](#)

Here is the link to SAI's website <https://www.sai.ok.gov/>



# STATE OF OKLAHOMA

## Single Audit Report

For the fiscal year ended June 30, 2022

**Cindy Byrd, CPA**  
State Auditor & Inspector

# OKLAHOMA 2022

## Single Audit Report For the Fiscal Year Ended June 30, 2022

Prepared by  
Office of the State Auditor and Inspector

Cindy Byrd, CPA  
Oklahoma State Auditor and Inspector



April 23, 2024

**To the Honorable J. Kevin Stitt, Governor  
and Members of the Legislature of the  
State of Oklahoma**

This is the Single Audit Report of the State of Oklahoma for the fiscal year ended June 30, 2022. The audit was conducted in accordance with the 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). The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office by various state officials and employees during the course of the audit.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**State of Oklahoma  
Single Audit Reporting Package  
Year Ended June 30, 2022**

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



## **INDEPENDENT AUDITOR'S REPORT**

**To the Honorable J. Kevin Stitt, Governor  
and Members of the Legislature  
of the State of Oklahoma**

### **Report on Compliance for Each Major Federal Program**

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

We have audited the State of Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the State of Oklahoma's major federal programs for the year ended June 30, 2022. The State of Oklahoma'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 compliance with those requirements that are applicable to the major federal programs administered by the Department of Commerce, the Department of Environmental Quality, the Department of Wildlife Conservation, and the Water Resources Board which were audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The federal programs for the above referenced agencies represent 0.95% of total expenditures for federal programs reported on the Schedule of Expenditures of Federal Awards. Those entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to compliance with the compliance requirements for the above-mentioned entities, is based solely upon the reports of the other auditors.

The State of Oklahoma's basic financial statements include the operations of component units, some of which received federal awards. Those component units are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2022. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with Uniform Guidance.

*Disclaimer of Opinion on Formula Grants for Rural Areas*

We do not express an opinion on the State of Oklahoma’s compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on *Formula Grants for Rural Areas*. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on *Formula Grants for Rural Areas* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on *Formula Grants for Rural Areas*.

*Adverse Opinion on Emergency Rental Assistance, Immunization Cooperative Agreements, and Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State of Oklahoma did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Emergency Rental Assistance, Immunization Cooperative Agreements, and Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)* for the year ended June 30, 2022.

*Qualified Opinion on Pandemic EBT Food Benefits, SNAP Cluster, Unemployment Insurance, Coronavirus Relief Fund, Emergency Rental Assistance, Education Stabilization Fund, Temporary Assistance for Needy Families, CCDF Cluster, Foster Care – Title IV-E, Children’s Health Insurance Program, and Medicaid Cluster*

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State of Oklahoma complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Pandemic EBT Food Benefits, SNAP Cluster, Unemployment Insurance, Coronavirus Relief Fund, Emergency Rental Assistance, Education Stabilization Fund, Temporary Assistance for Needy Families, CCDF Cluster, Foster Care – Title IV-E, Children’s Health Insurance Program, and Medicaid Cluster* for the year ended June 30, 2022.

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

In our opinion, the State of Oklahoma complied, in all material respects, with the 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 year ended June 30, 2022.

**Basis for Disclaimer of Opinion on Formula Grants for Rural Areas**

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the State of Oklahoma with requirements regarding Assistance Listing 20.509, Formula Grants for Rural Areas as described in finding number 2022-024 for Subrecipient Monitoring; and finding number 2022-056 for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring.

**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 the report.

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

*Matter(s) Giving Rise to Adverse Opinion on Emergency Rental Assistance, Immunization Cooperative Agreements, and Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).*

As described in the accompanying schedules of findings and questioned costs, the State of Oklahoma did not comply with requirements regarding the following:

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2022-032 2022-036 2022-046 2022-085 2022-086 2022-087	21.023	Emergency Rental Assistance	Activities Allowed/ Unallowed
2022-032 2022-036 2022-046 2022-085 2022-086 2022-087	21.023	Emergency Rental Assistance	Allowable Costs/ Cost Principles
2022-032	21.023	Emergency Rental Assistance	Eligibility
2022-033 2022-034	21.023	Emergency Rental Assistance	Subrecipient Monitoring
2022-205	93.268	Immunization Cooperative Agreements	Allowable Costs/Cost Principles
2022-205	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Allowable Costs/Cost Principles

2022-205	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Cash Management
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Compliance with such requirements is necessary, in our opinion, for the State of Oklahoma to comply with the requirements applicable to those programs.

*Matters Giving Rise to Qualified Opinion on Pandemic EBT Food Benefits, SNAP Cluster, Unemployment Insurance, Coronavirus Relief Fund, Emergency Rental Assistance, Education Stabilization Fund, Temporary Assistance for Needy Families, CCDF Cluster, Foster Care – Title IV-E, Children’s Health Insurance Program, and Medicaid Cluster*

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

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2022-041	10.542	Pandemic EBT Food Benefits	Activities Allowed or Unallowed
2022-041	10.542	Pandemic EBT Food Benefits	Eligibility
2022-042	10.542	Pandemic EBT Food Benefits	Reporting
2022-007	10.551/10.561	SNAP Cluster	Special Tests (N3)
2022-038 2022-077	17.225	Unemployment Insurance	Special Tests (N5)
2022-071 2022-076 2022-078	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed
2022-071 2022-076 2022-078	21.019	Coronavirus Relief Fund	Allowable Costs/ Cost Principles
2022-071 2022-076 2022-078	21.019	Coronavirus Relief Fund	Period of Performance
2022-071	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2022-028 2022-030	21.023	Emergency Rental Assistance	Reporting
2022-012	84.425	Education Stabilization Fund	Special Tests (N1)
2022-070	84.425	Education Stabilization Fund	Special Tests (N3)
2022-060 2022-064 2022-065	93.558	Temporary Assistance for Needy Families	Eligibility
2022-057 2022-061	93.558	Temporary Assistance for Needy Families	Special Tests (N1)
2022-029 2022-062	93.558	Temporary Assistance for Needy Families	Special Tests (N2)
2022-014	93.575	CCDF Cluster	Special Tests (N1)
2022-018	93.658	Foster Care – Title IV-E	Subrecipient Monitoring

2022-025	93.767	Children's Health Insurance Program	Eligibility
2022-025	93.778	Medicaid Cluster	Eligibility
2022-039	93.778	Medicaid Cluster	Special Tests (N7)
2022-040	93.778	Medicaid Cluster	Special Tests (N8)

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

***Responsibilities of Management’s 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 of Oklahoma’s federal programs.

***Auditor’s Responsibility for the Audit of Compliance***

*Auditor’s Responsibilities for the Audit of Compliance for Formula Grants for Rural Areas*

Our responsibility is to conduct an audit of compliance in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on Formula Grants for Rural Areas section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of State of Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

*Auditor’s Responsibilities for the Audit of Compliance for Each of the Other Major Federal Programs*

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 of Oklahoma’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 of Oklahoma’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 of Oklahoma’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 of Oklahoma’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 of Oklahoma’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 as items:

2022-002	2022-004	2022-006	2022-010	2022-017	2022-022
2022-023	2022-025	2022-029	2022-031	2022-037	2022-043
2022-044	2022-048	2022-049	2022-051	2022-053	2022-054
2022-058	2022-059	2022-060	2022-063	2022-066	2022-067
2022-068	2022-074	2022-081	2022-082	2022-084	2022-088
2022-090	2022-101	2022-205	2022-206		

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 of Oklahoma’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State of Oklahoma’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 discussed below, we did identify 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 combination of deficiencies, in internal control over compliance, such that there is 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 as items (see list below) to be **material weaknesses**.

2022-007	2022-012	2022-014	2022-018	2022-024	2022-025
2022-028	2022-029	2022-030	2022-032	2022-033	2022-034
2022-036	2022-038	2022-039	2022-040	2022-041	2022-042
2022-046	2022-051	2022-056	2022-060	2022-064	2022-067
2022-071	2022-076	2022-077	2022-085	2022-086	2022-087
2022-090	2022-202	2022-205			

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 as items (see list below) to be **significant deficiencies**.

2022-006	2022-020	2022-022	2022-025	2022-031	2022-043
2022-044	2022-049	2022-053	2022-054	2022-057	2022-059
2022-061	2022-062	2022-063	2022-065	2022-066	2022-070
2022-074	2022-078	2022-079	2022-081	2022-082	2022-084
2022-088	2022-201	2022-203	2022-204	2022-206	

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* requires the auditor to perform limited procedures on the State of Oklahoma’s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State of Oklahoma’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 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 Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State of Oklahoma's basic financial statements. We issued our report thereon dated August 30, 2023, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on other auditors. Our report also included emphasis paragraphs on the net deficit of the Multiple Injury Trust Fund and the adopted provisions of GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, GASB Statement No. 92, *Omnibus 2020*, GASB Statements No. 93, *Replacement of Interbank Offered Rates*, effective July 2021; and GASB Statement No. 99, *Omnibus 2022*, paragraphs 26-32, effective April 2022.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oklahoma's 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 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, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR AND INSPECTOR

March 25, 2024 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is August 30, 2023

## **Schedule of Findings and Questioned Costs**

# Schedule of Findings

## Summary of Auditor’s Results

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### Financial Statements

Type of auditor’s report issued: ..... unmodified

Internal control over financial reporting:

Material weakness(es) identified? ..... Yes

Significant deficiencies identified that are not considered to be material weakness(es)? ..... Yes

Noncompliance material to financial statements noted? ..... No

For fiscal year 2022, the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards* was issued under separate cover from the Annual Comprehensive Financial Report for the State of Oklahoma for the year ended June 30, 2022, dated August 30, 2023.

### Federal Awards

Internal control over major programs:

Material weakness(es) identified? ..... Yes

Significant deficiencies identified that are not considered to be material weakness(es)? ..... Yes

Type of auditor’s report issued on compliance for major programs - Unmodified for all major programs except for the following:

#10.542 – Pandemic EBT Food Benefits	Qualified
SNAP Cluster	Qualified
#17.225 - Unemployment Insurance	Qualified
#20.509 - Formula Grants for Rural Areas	Disclaimer
#21.019 – Coronavirus Relief Fund	Qualified
#21.023 – Emergency Rental Assistance	Adverse/Qualified
#84.425 – Education Stabilization Fund	Qualified
#93.268 – Immunization Cooperative Agreements	Adverse
#93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Adverse
#93.558 – Temporary Assistance for Needy Families	Qualified
CCDF Cluster	Qualified
#93.658 - Foster Care – Title IV-E	Qualified
#93.767 - Children’s Health Insurance Program	Qualified
Medicaid Cluster	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ..... Yes

Dollar threshold used to distinguish between type A and type B programs: ..... \$30,000,000

Auditee qualified as low-risk auditee? ..... No

## Schedule of Findings

### Summary of Auditor's Results

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Identification of Major Programs:

	<b>Assistance Listing Number and Program</b>	<b>State Agency Name</b>
	10.093 Voluntary Public Access and Habitat Incentive	Department of Wildlife Conservation
	10.542 Pandemic EBT Food Benefits	Department of Human Services
SNAP Cluster	10.551 Supplemental Nutrition Assistance Program	Department of Human Services
	10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
	14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Department of Commerce
	14.231 Emergency Solutions Grant Program	Department of Commerce
	14.269 Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	Department of Commerce
Fish and Wildlife Cluster	15.605 Sport Fish Restoration Program	Department of Wildlife Conservation
	15.611 Wildlife Restoration and Basic Hunter Education	
	15.626 Enhanced Hunter and Safety Education	
	15.634 State Wildlife Grants	Department of Wildlife Conservation
	17.225 Unemployment Insurance	Employment Security Commission
WIOA Cluster	17.258 WIOA Adult Programs	Department of Commerce
	17.259 WIOA Youth Activities	
	17.278 WIOA Dislocated Worker Formula Grants	
	20.509 Formula Grants for Rural Areas	Department of Transportation
	21.019 Coronavirus Relief Fund	State of Oklahoma (numerous agencies)
	21.023 Emergency Rental Assistance	State of Oklahoma - CARES Forward
Clean Water State Revolving Fund Cluster	66.458 Capitalization Grants for Clean Water State Revolving Funds	Water Resources Board
Drinking Water State Revolving Fund Cluster	66.468 Capitalization Grants for Drinking Water State Revolving Funds	Department of Environmental Quality
	84.126 Rehabilitation Services Vocational Rehabilitation Grants to States	Department of Rehabilitation Services
Education Stabilization Fund	84.425C Governor's Emergency Education Relief (GEER) Fund	Department of Education, Governor's Office, Office of Management and Enterprise Services
	84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund	
	84.425R Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	

**Schedule of Findings**  
**Summary of Auditor's Results**

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	84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	
	84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	
	93.268	Immunization Cooperative Agreements	Department of Health
	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Department of Health
	93.558	Temporary Assistance for Needy Families	Department of Human Services, Department of Libraries, Department of Career and Technology Education, Mental Health and Substance Abuse Services
	93.569	Community Services Block Grant	Department of Commerce
CCDF Cluster	93.575	Child Care and Development Block Grant	Department of Human Services
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	
	93.658	Foster Care IV-E	Department of Human Services, Office of Juvenile Affairs
	93.659	Adoption Assistance	Department of Human Services
	93.767	Children's Health Insurance Program	Health Care Authority, Department of Health
Medicaid Cluster	93.775	State Medicaid Fraud Control Units	Attorney General
	93.777	State Survey and Certification of Health Care Providers and Suppliers (TitleXVIII) Medicare	Department of Health
	93.778	Medical Assistance Program	Health Care Authority, Department of Human Services, Department of Health

# Schedule of Findings And Questioned Costs

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## ***FINANCIAL STATEMENT FINDINGS***

**Reference Number:** 22-290-035

**State Agency:** Oklahoma Employment Security Commission (OESC)

**Fund Type:** Government-Wide – Business Type Activities; Enterprise Fund

**Other Information:** Unemployment Insurance Benefit Expenditures

**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 9.04 states, in part, “As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity’s internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.03 states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. ... Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.06 states, “Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity’s information technology. ... Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 11.13 states, in part, “Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today’s highly interconnected business environments, and continual effort is required to address these risks.”

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

**Condition:** When testing a sample of 62 Unemployment Insurance claim payments totaling \$21,413 (identified by check number per payment data), we noted 2 unallowable payments due to unresolved fraud stops totaling \$629 were paid to 2 claimants, which is a 3.23% error rate of claims tested and a 2.94% error rate of dollars tested. We isolated these 2 claimants from all state fiscal year 2022 payments per the applicant identifier (SSN per payment data) and identified 68 benefit payments totaling \$15,979 on those 2 claimants.

**Cause:** The agency’s internal controls were insufficient to detect and/or prevent unallowable unemployment benefit payments. The lack of controls over the Unemployment Insurance benefit payments that led to the increase in unallowable payments was a result of the following factors:

- Antiquated system that didn’t have the capacity for proper automated edits or matching of all necessary fields at the time a claim was filed.
- Large number of stolen identities.
- Lack of adequate staffing to handle the volume of claims paid for all Unemployment Insurance programs.
- Lack of adequate training for all staff related to the various Unemployment Insurance program requirements.
- Delays in the process for employers to dispute claims since the process was largely manual through the

## Schedule of Findings And Questioned Costs

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mailing of notifications.

**Effect:** Unallowable benefit payments were made, which contributed to the depletion of the Unemployment Insurance Trust Fund.

With a dollar error rate of 2.94% and benefit payments data total of \$275,005,155, we project the amount of unallowable benefit expenditures were \$8,085,152 in state fiscal year 2022. Efforts by OESC to identify and investigate known and suspected claims, and recover fraudulent and overpayment claims, are ongoing. However, OESC has made improvements in identifying trends or anomalies in the data that has allowed the agency to suspend large amounts of potentially fraudulent claims until they can be examined. In addition, OESC implemented VerifyOK in November of 2022 to further deter and prevent identity theft fraud.

**Recommendation:** We recommend the OESC perform the following:

- Continue to work to strengthen internal controls over the automated system to better detect and prevent unemployment insurance benefit overpayments related to fraudulent or administrative errors.
- Continue to refine the analytics process that will help better identify trends or anomalies in the data to catch fraudulent claims timely and save taxpayer monies.
- Work to strengthen their eligibility verification process to help prevent fraudulent claims.
- Continue to work with the U.S. Department of Labor to recover the remaining fraudulent payments.
- Continue to work to establish overpayment resolution for unemployment benefit claims.

**Agency Management Response:** Management does not completely disagree with the Condition, Cause and Effect as documented by the auditors. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The claims identified as errors were based on the information available to the auditor at the time of testing. In addition, based on Audit Sampling section AU-C 530.13, the auditor should project the results of audit sampling to the population.

**Reference Number:** 22-807-008

**State Agency:** Oklahoma Health Care Authority (OHCA)

**Fund Type:** General Fund

**Other Information:** Accounts Payable & Federal Receivable (GAAP Pkg. Q - Medicaid Payable and Receivable & GAAP Pkg. Z – Schedule of Expenditures of Federal Awards)

**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, “Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.”

A basic objective of Generally Accepted Accounting Principles is to provide accurate and reliable information.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

**Condition:** Based upon testwork performed on GAAP Package Q - Medicaid Payable and Receivable, we noted Medicaid Accounts Payable was recorded at \$866,894,715 and Medicaid Federal Receivable was recorded at \$584,001,412. However, based on errors in the calculations for both accounts, the Medicaid Accounts Payable amount should have been \$781,270,299 and the Medicaid Federal Receivable amount should have been \$514,300,444.

**Cause:** We noted that amounts were incorrectly transferred from the “Service Date Reimbursement Analysis” Report (MAR-2300-M reports) to the “Encumbered Funds by Date of Service” excel spreadsheet. The variances occurred when amounts were manually entered incorrectly onto the Encumbered Funds by Date of Service spreadsheet.

## Schedule of Findings And Questioned Costs

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In addition, it does not appear the Encumbered Funds by Date of Service spreadsheet amounts were being reviewed to ensure they were being recorded correctly.

**Effect:** The errors on the Encumbered Funds by Date of Service spreadsheet resulted in Medicaid Accounts Payable being overstated by \$85,624,416 and Medicaid Federal Receivable being overstated by \$69,700,968 for GAAP Package Q.

In addition, the overstatements carried through to GAAP Package Z for ALN # 93.778 Medical Assistance Program & ALN # 93.767 Children's Health Insurance Program Current Year Federal Accounts Payable and Accounts Receivable.

**Recommendation:** We recommend OHCA continue to work to strengthen their review and reconciliation controls related to the accuracy of data reported for Medicaid Accounts Payable and Medicaid Federal Receivable.

**Agency Management Response:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

### *End of Financial Statement Findings*

## ***FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***

Note: Findings are presented alphabetically by state agency

### ***STATE OF OKLAHOMA – CARES FORWARD***

**FINDING NO:** 2022-028

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Treasury (Treasury)

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA0028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR § 200.303 – *Internal Controls* states in part, “The Non-Federal entity must; (a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR § 200.334 – *Retention requirements for records* states in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”



## Schedule of Findings And Questioned Costs

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*The US Department of Treasury Emergency Rental Assistance Quarterly Reporting Special Tip (as of 1/24/2022) states, “The sum of the Expenditures in ERA Monthly Reports are expected to equal Quarterly total expenditures for the respective period less any necessary adjustments (for example, for returned checks)”.*

*The US Department of Treasury Emergency Rental Assistance Reallocation Guidance (as of 9/6/2022) states, “Grantees are encouraged to partner with local nonprofit organizations and governmental agencies to expedite the obligation process and delivery of assistance to eligible households. However, Grantees may not use subrecipient agreements with these entities to avoid meeting the statutory obligation deadlines, and funds will not be considered obligated based solely on the fact they are subject to an agreement that provides for another entity to administer assistance on the Grantee’s behalf.”.*

**Condition and Context:** While documenting controls over monthly and quarterly reports for the ERA 1 and ERA 2 programs, we noted that OMES incorrectly reported the total dollar amount of ERA award funds expended or approved (obligated) to or for participating households in the reporting period. The State reported all funds distributed to subrecipients as expended or obligated for the program, which was unallowable per Treasury guidance.

In our analysis of the monthly and quarterly reports for the ERA 1 and ERA 2 programs, we noted variances between the combined monthly reports and the applicable quarterly reports: ERA 1 – quarterly report was 5.64% higher than the sum of the monthly reports; ERA 2 – quarterly report was (10.41%) less than the sum of the monthly reports. The sum of three-monthly reports that comprise a quarterly report should be equal to the amount recorded on the quarterly report less adjustments. Adjustments should be documented and maintained as part of the reporting support. We noted the contractor completing the monthly and quarterly reports did not maintain support for adjustments.

OMES relied on a contractor of one of the two subrecipients to complete all compliance reports and did not obtain any supporting data used to compile the reports. In addition, the other subrecipient did not have a contractual relationship with this contractor and only provided to the contractor their final numbers to be included in the report. We verified the contractor did not obtain any supporting data from the subrecipients for any of the reports submitted. Therefore, the amounts reported were not properly reviewed or verified for accuracy by OMES prior to submission to Treasury.

One of the subrecipients was unable to provide the underlying data to support the amounts reported on the monthly reports. The subrecipient provided SAI the same report amounts given to the contractor used to compile the monthly reports. However, the subrecipient was unable to provide underlying data that would allow SAI to recalculate and verify the reported amounts were accurate. We noted the following:

- ERA 1 June 2021 Monthly report had program expenditures of \$9,555,349.00 and the unsupported amount was \$9,524,697.34.
- ERA 1 January 2022 Monthly report had program expenditures of \$7,262,211.00 and the unsupported amount was \$3,403,282.78.
- ERA 2 April 2022 Monthly report had program expenditures of \$19,685,712.00, of which the entire amount was unsupported.

We reviewed 3 monthly reports totaling \$36,503,272 of ERA program expenditures, of which \$32,613,692.12 (89.34%) was unsupported.

**Cause:** OMES did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the State is managing the Federal award in compliance with federal statutes, regulations, and the terms and conditions of the Federal award.

OMES personnel responsible for oversight of the ERA grant do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the reporting requirements.

OMES fully relied on the subrecipients to administer the program and meet reporting requirements with little guidance.

**Effect:** OMES did not accurately and correctly report ERA program expenditures on federal reports.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend that the OMES develop and implement internal controls to ensure that program obligations and expenditures are accurately reported. We also recommend OMES obtain and review reports and supporting documentation before submitting to the Federal agency.

We recommend that the OMES personnel responsible for oversight of the ERA grant obtain the necessary training and knowledge to ensure compliance with federal reporting requirements.

**Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** The Office of Management and Enterprise Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** All policy changes reflected in the corrective action as well as Treasury no longer requiring monthly reports, should resolve the issues regarding obligated and expended funds per the date of the guidance by Treasury. However, we would like to stress that OMES needs to obtain and review reports and supporting documentation before submitting the information to the Federal agency to ensure the reports are accurate and complete. We would also like to point out that when Treasury accepts the reports provided to them, they are not tying the figures to support and therefore aren't indicating the report is accurate but rather it has been received.

**FINDING NO:** 2022-030 (Repeat Finding 2021-083)

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA0028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** Per 2 CFR §200.303 states in part, “The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR §200.502 (a) states in part, “*Determining Federal awards expended.* The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs.”

2 CFR §200.510(b), states in part, “*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502.

...

(3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.”

**Condition and Context:** The State of Oklahoma's ERA State Fiscal Year (SFY) 2022 GAAP Package Z – Schedule of Expenditures of Federal Awards (SEFA) did not correctly report subrecipient expenditures in the “Amounts Transferred to Non-State Agency Subrecipients and Higher Education” column. The error was not detected during the State Interim Comptroller's review process.

**Cause:** OMES did not perform an adequate review of the SEFA to ensure it was properly completed and expenditures were properly reported.

## Schedule of Findings And Questioned Costs

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**Effect:** The amount provided to non-state agency subrecipients and higher education column was not accurately reported on the SEFA, resulting in a \$239,529,714 understatement.

**Recommendation:** We recommend the State of Oklahoma review their current procedures for completing GAAP Package Z and implement the necessary controls to ensure accurate reporting of subrecipient expenditures on the SEFA.

### **Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** Next SEFA/Package Z completion

**Corrective Action Planned:** The Office of Management and Enterprise Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** This is a repeat finding, and it should be noted that the agency's corrective action plan to the prior year finding was "We concur with this finding. We will review procedures and implement necessary controls to insure accurate reporting of subrecipient expenditures." However, the agency did not accurately report subrecipient expenditures again in fiscal year 2022.

SAI reiterates that the two non-profit entities in question determined eligibility for the ERA grant and are responsible for adherence to applicable Federal program requirements specified in the Federal award, therefore both parties are considered subrecipients not contractors. 2 CFR §200.331 states, "The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

(a) **Subrecipients.** A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See definition for *Subaward* in [§ 200.1 of this part](#). Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance.
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

(b) **Contractors.** A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See the definition of *contract* in [§ 200.1 of this part](#). Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

(c) **Use of judgment in making determination.** In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract."

## Schedule of Findings And Questioned Costs

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In addition, if the non-profit entities had truly been classified as contractors, the responsibility for determining eligibility would have fallen on OMES to determine participant eligibility. However, OMES was not involved in the eligibility determination, or decision-making role at all for ERA program during SFY 2022.

**FINDING NO:** 2022-032 (Repeat 2021-080)

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility

**QUESTIONED COSTS:** \$7,044,973

**Criteria:** U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, “a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury.”

Per the U.S. Department of the Treasury Emergency Rental Assistance Frequently Asked Questions document revised August 25, 2021, “The Department of the Treasury (Treasury) is providing these frequently asked questions (FAQs) as guidance regarding the requirements of the Emergency Rental Assistance program (ERA1) established by section 501 of Division N of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (Dec. 27, 2020) and the Emergency Rental Assistance program (ERA2) established by section 3201 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 (March 11, 2021). Grantees must establish policies and procedures to govern the implementation of their ERA programs consistent with the statutes and these FAQs. To the extent that these FAQs do not provide specific guidance on a particular issue, a grantee should establish its own policy or procedure that is consistent with the statutes and follow it consistently.”

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #1 states in part “A grantee may only use the funds provided in the ERA to provide financial assistance and housing stability services to eligible households. ***To be eligible, a household must be obligated to pay rent on a residential dwelling [emphasis added]*** and the grantee must determine that:

i. for ERA1:

- a. one or more individuals within the household has qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due, directly or indirectly, to the COVID-19 outbreak.
- b. one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability; and
- c. the household has a household income at or below 80 percent of area median income.

ii. for ERA2:

- a. one or more individuals within the household has qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship during or due, directly or indirectly, to the coronavirus pandemic.
- b. one or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability; and
- c. the household is a low-income family (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))).2.”

## Schedule of Findings And Questioned Costs

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The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #4 states in part “If a written attestation without further verification is relied on to document the majority of the applicant’s income, the grantee must reassess the household’s income every three months by obtaining appropriate documentation or a new self-attestation.”

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #5 states in part “Grantees must obtain, if available, a current lease, signed by the applicant and the landlord or sublessor, that identifies the unit where the applicant resides and establishes the rental payment amount.”

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #6 states in part “All payments for utilities and home energy costs should be supported by a bill, invoice, or evidence of payment to the provider of the utility or home energy service.”

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #10 states in part, “In ERA1, an eligible household may receive up to twelve (12) months of assistance (plus an additional three (3) months if necessary to ensure housing stability for the household, subject to the availability of funds). The aggregate amount of financial assistance an eligible household may receive under ERA2, when combined with financial assistance under ERA1, must not exceed 18 months.”

2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR § 200.334 – Retention requirements for records state in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

2 CFR § 200.337 Access to records states in part, “(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.”

Per Community Cares Partners Emergency Rental Assistance Policies and Procedures “Steps to Quality for Assistance, Section B, Qualifications - to be approved to receive assistance,

- a. Live in Oklahoma
- b. Rent [*Refers to a household being obligated to pay rent on a dwelling in order to be eligible*]
- c. Qualified for unemployment OR one of the three below due, directly or indirectly, to COVID-19
  - i. Reduction in household income
  - ii. Incurred significant costs
  - iii. Other financial hardship
- d. Risk of housing instability or homelessness
- e. 80% AMI”

The CCP application contains the following regarding “rent”:

### **\*Qualification Checklist**

Instructions: Use this form to verify eligibility for each applicant.

**USE THE CHECKBOXES BELOW TO CONFIRM THE APPLICANT QUALIFIES FOR CCP ASSISTANCE.**

### **Check 2**

- Verify Applicant is a Renter

### **Reason(s) for Denial**

## Schedule of Findings And Questioned Costs

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- Applicant owns home.

**Condition and Context:** The State of Oklahoma was awarded federal ERA program funds. The Office of Management Enterprise Services (OMES) passed the funds through to and contracted with two subrecipients to administer the ERA program: Communities Foundation of Oklahoma (CFO) and Restore Hope Ministries (RHM), which respectively administered 84% and 16% of ERA program assistance payments for rent and utilities. Community Cares Partners (CCP), a division of CFO was initially formed to administer the Eviction Mitigation Program and began administering the ERA program when OMES passed ERA funds through to CFO.

While testing 95 of 49,659 rent and utilities program expenditures, we noted the following:

- For 20 of 95, or 21.05% of items tested, the amount paid for utilities did not agree to the supporting utility bill.
- For 3 of 95, or 3.16% of items tested, we determined the applicant to potentially be fraudulent.
  - Two cases were flagged as fraudulent by CFO,
  - One case indicated the applicant applied for benefits three months after receiving the maximum number of benefits. Additionally, the applicant indicated on the second application they had not previously received ERA benefits.
- For 1 of 95, or 1.05% of items tested, SAI was unable to verify the landlord. The landlord's address on the lease from 2018 does not exist. The assistance payment for rent was sent to the tenant when CCP could not get ahold of the landlord.
- For 2 of 95, or 2.11% of items tested, the subrecipient was unable to provide documentation to support the applicant's eligibility.
- For 1 of 95, or 1.05% of items tested, payment was made to a check cashing center for two checks that were cashed by applicants but not honored by the financial institution as a stop payment was placed on these checks. The subrecipient determined the two payments to be for ineligible applicants and attempted to stop the payments but the checks were already cashed.
- For 1 of 95, or 1.05% of items tested, the payment was for Afghanistan refugees to live in hotels prior to applying to the ERA program. Since, at the time of application, they were not obligated to pay rent on a residential dwelling per Department of Treasury FAQ 1 and established CCP ERA policy, the cost is unallowable. This one item is made up of 498 individual payments made to hotels on behalf of Afghanistan refugees.
- For 1 of 95, or 1.05% of items tested, the subrecipient paid the wrong person and was unable to recoup the funds.
- For 5 of 95, or 5.26% of items tested, the payments were for Afghanistan refugees to move out of hotels and into apartments/houses. However, the refugees were not renters in Oklahoma at the time of their application and therefore were not eligible to receive ERA funds.
- For 19 of 95, or 20% of items tested, the amount paid for rental assistance does not agree to the supporting documentation and/or was not calculated correctly.
- For 13 of 95, or 13.68% of items tested, the subrecipient was unable to provide sufficient supporting documentation for the amount of rental assistance paid.
- For 11 of 95, or 11.58% of items tested, the subrecipient paid for an unallowable month(s).

While testing 75 of 498 Afghanistan refugee hotel charges, we noted 38 of 75 (50.67%) of the sample items tested, an additional \$381,703.38 in rent assistance was paid after receiving funds to stay in hotels. The applicants were ineligible; therefore, these payments were unallowable.

We also noted \$1,835,000 was paid to two contractors of CCP, Catholic Charities of the Archdiocese Oklahoma City (Catholic Charities) and OKC Afghanistan Legal Network to provide assistance to Afghanistan refugees prior to the refugees being obligated to pay rent on a dwelling and applying to the program, which we determined to be unallowable. Further, we noted \$28,627.57 was paid for incidental cleaning fees incurred during the refugee's stay in the hotels, which is also an unallowable cost. We also noted the contract between CCP and Catholic Charities was for \$1,340,000, however Catholic Charities was paid \$1,810,000 or \$470,000 more than the contract amount.

## Schedule of Findings And Questioned Costs

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Other sources of assistance were available to refugees. According to the Administration for Children and Families (ACF) Office of Refugee Resettlement (ORR) some Afghanistan humanitarian parolees are eligible to apply for federal mainstream benefits in their state, such as cash assistance through Supplemental Security Income (SSI) or Temporary Assistance for Needy Families (TANF), health insurance through Medicaid, and food assistance through Supplemental Nutrition Assistance Program (SNAP). If the refugee (parolee) is not eligible to receive these mainstream benefits, he/she can be screened for eligibility at Catholic Charities of the Archdiocese of Oklahoma City, the local resettlement agency for Oklahoma, for the following ORR benefits and services:

Initial ORR Benefits (up to 12 months from ORR eligibility date)

- Refugee Cash Assistance (RCA) - Counting from their date of eligibility, individuals may receive up to 12 months of RCA to help meet their most basic needs, such as food, shelter, and transportation.
- ORR Matching Grant Program - The MG Program provides cash assistance, intensive case management, and employment services to help clients immediately find and maintain employment. The goal of the program is to assist clients to become economically self-sufficient within the 240-day service period.
- Refugee Medical Assistance (RMA) - Those not eligible for Medicaid may receive up to 12 months of RMA from their date of eligibility. RMA provides the same health insurance coverage as Medicaid.
- Medical Screening - From their date of eligibility, Afghanistan humanitarian parolees may be eligible for a domestic medical screening examination funded by ORR. The screening supports client resettlement by identifying health conditions that threaten their well-being, providing vaccinations required for school and work, and referring them to primary care providers or specialists for ongoing health care. ORR recommends that medical screenings are completed soon after arrival in the U.S.

Services (up to March 31, 2023, or until the end of the individual's parole term, whichever is later)

- Employment Assistance: Refugee Support Services (RSS) - RSS helps provide employability services; job training and preparation; assistance with job search, placement, and retention; English language training; childcare; transportation; translation and interpreter services; and case management.
- Immigration-Related Legal Assistance – Afghanistan humanitarian parolees may be eligible for immigration-related legal assistance and other related activities to help them on their pathway to obtaining a permanent status, such as acquiring asylum, in the United States.
- Specialized Programs - Some clients may be eligible for specialized programs such as health services, technical assistance for small business start-ups, financial savings, youth mentoring, or other targeted support programs.

All issues noted above comprise the total questioned costs of \$7,044,973. Of the total questioned costs, the total related to ineligible Afghanistan refugees amounts to \$6,594,079.14.

**Cause:** OMES personnel responsible for oversight of the ERA 1 and ERA 2 grants do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA 1 and ERA 2 grants.

OMES did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that OMES is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

OMES did not monitor subrecipients to ensure they established and maintained effective internal control over the Federal award to provide reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The subrecipients did not maintain effective internal control over payments to applicants for rent and utility expenses to ensure compliance with allowability requirements and did not obtain all supporting documentation. In addition, CCP, and therefore the State of Oklahoma, did not follow their established ERA policies and procedures for determining eligibility.

**Effect:** Unallowable costs, totaling \$7 million were charged to the ERA program.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend that OMES develop and implement internal controls to ensure it administers current and future ERA grants in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of Federal requirements related to allowable costs and eligibility.

Further, we recommend OMES ensure subrecipients have established effective internal control over the Federal award to provide reasonable assurance that the subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

We recommend that OMES ensure the personnel responsible for oversight of the ERA grant obtain the necessary training and knowledge to ensure compliance with Federal grant requirements.

### **Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** June 2024

### **Corrective Action Planned:**

The State disagrees with this finding. CCP considered the spreadsheets returned by the utility companies to be acceptable supporting documentation for the amount that was paid, following Treasury's best practices.

**Auditor Response:** SAI would like to stress that OMES has not provided an adequate corrective action to address the major issues outlined in the finding.

Bullet 1 – Treasury's best practices include building a relationship with energy providers and establishing information sharing protocols, which SAI agrees with. However, the utility spreadsheet was internally created by CFO/CCP, which was provided to the utility companies and returned to CFO/CCP. The utility spreadsheet could be edited after it was returned; therefore, we cannot confirm those were the amounts owed per the utility company. SAI has informed OMES that if the utility company could provide a report on their letterhead that the utility spreadsheet could not be edited after the fact or if screenshots from the utility portal could be provided showing the amounts owed, we would be able to use that as adequate supporting documentation.

SAI would like to reiterate per Department of Treasury FAQ 1 and established CCP ERA policy, a household must be obligated to pay rent on a residential dwelling in order to be eligible and none of the Afghanistan refugees were paying rent prior to receiving assistance from the ERA program.

Remaining Bullets – No additional support was provided; therefore, these findings will stand.

**FINDING NO:** 2022-033 (Repeat Finding 2021-081)

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** *U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations*, states in part,

- a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award.
- b. Federal regulations applicable to this award include, without limitation, the following:
  - i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F



## Schedule of Findings And Questioned Costs

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-Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award...

- iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.

2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR § 200.332 Requirements for pass-through entities states in part, “All pass-through entities must:

(a) Ensure that every [subaward](#) is clearly identified to the [subrecipient](#) as a [subaward](#) and includes the following information at the time of the [subaward](#) and if any of these data elements change, include the changes in subsequent [subaward](#) modification. When some of this information is not available, the [pass-through entity](#) must provide the best information available to describe the Federal award and [subaward](#). Required information includes:

(1) Federal Award Identification.

(i) [Subrecipient](#) name (which must match the name associated with its unique entity identifier);

(ii) [Subrecipient](#)'s unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) [Federal Award Date](#) (see [§ 200.39](#) Federal award date) of award to the [recipient](#) by the [Federal agency](#);

(v) [Subaward Period of Performance](#) Start and End Date;

(vi) Amount of Federal Funds Obligated by this action by the [pass-through entity](#) to the [subrecipient](#);

(vii) Total Amount of Federal Funds Obligated to the [subrecipient](#) by the [pass-through entity](#) including the current obligation;

(viii) Total Amount of the Federal Award committed to the [subrecipient](#) by the [pass-through entity](#);

(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(x) Name of [Federal awarding agency](#), [pass-through entity](#), and contact information for awarding official of the [Pass-through entity](#);

(xi) [CFDA Number](#) and Name; the [pass-through entity](#) must identify the dollar amount made available under each Federal award and the [CFDA number](#) at time of disbursement;

(xii) Identification of whether the award is [R&D](#); and

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per [§ 200.414](#) Indirect (F&A) costs).”

(2) All requirements imposed by the [pass-through entity](#) on the [subrecipient](#) so that the [Federal award](#) is used in accordance with Federal statutes, regulations and the terms and conditions of the [Federal award](#);

(3) Any additional requirements that the [pass-through entity](#) imposes on the [subrecipient](#) in order for the [pass-through entity](#) to meet its own responsibility to the [Federal awarding agency](#) including identification of any required financial and performance reports; ...

(b) evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the [subaward](#) for purposes of determining the appropriate [subrecipient](#) monitoring, which may include consideration of such factors as:

(1) The [subrecipient](#)'s prior experience with the same or similar subawards;

(2) The results of previous audits including whether or not the [subrecipient](#) receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar [subaward](#) has been audited as a [major program](#);

(3) Whether the [subrecipient](#) has new personnel or new or substantially changed systems; and

(4) The extent and results of [Federal awarding agency](#) monitoring (e.g., if the [subrecipient](#) also receives Federal awards directly from a Federal awarding agency). ...

(d) Monitor the activities of the [subrecipient](#) as necessary to ensure that 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. [Pass-through entity](#) monitoring of the [subrecipient](#) must include: ...

## Schedule of Findings And Questioned Costs

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(2) Following-up and ensuring that the [subrecipient](#) takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the [subrecipient](#) from the [pass-through entity](#) detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward. ...

(f) Verify that every [subrecipient](#) is audited as required by [Subpart F](#) of this part when it is expected that the [subrecipient's Federal awards](#) expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.”

2 CFR § 200.334 – Retention requirements for records states in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

2 CFR [§ 200.337 Access to records states in part](#), “(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.”

**Condition and Context:** The State of Oklahoma entered into agreements with two non-profit entities to administer the ERA program for the State of Oklahoma. SAI reviewed the agreements for these two entities and determined that both agreements constituted a subrecipient relationship that would be subject to Part M Subrecipient Monitoring requirements. Office of Management Enterprise Services (OMES) contracted with Eide Bailly to perform the subrecipient monitoring for only one of the two subrecipients during SFY 2022; therefore, their monitoring procedures were not sufficient and could not be relied on.

OMES provided subrecipients advance payments based on expected program rental and utility expenditures for the month and then paid administrative costs on a set percentage, 9.3% for RHM for ERA 1; and 10 % and 15% for CFO for ERA 1 and ERA 2 respectively, of program funds advanced. OMES did not review any supporting documentation related to actual program expenditures for rental and utility assistance, housing stability activities, or administrative expenditures actually incurred by the subrecipients. While OMES did obtain summary information related to rental and utility payments and housing stability payments made for reporting purposes, OMES did not review any support for administrative costs to ensure that the administrative costs were attributable to providing financial assistance and housing stability services to eligible households.

OMES was unable to provide documentation to support that a risk assessment was performed in which each subrecipient would have been verified to have maintained an active status in the SAM.gov system and that subrecipients were not suspended or disbarred.

**Cause:** OMES did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Adequate subrecipient monitoring policies and procedures were not established by the State prior to entering into agreements with subrecipients.

The OMES personnel responsible for oversight of the ERA grants do not normally oversee Federal grant programs and, do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA grant.

**Effect:** The subrecipients may not be in compliance with the award terms and there is an increased risk of mismanagement and fraud by the subrecipients.

Unallowable administrative costs totaling \$8.9 million were paid to subrecipients with ERA funds during SFY 22. The failure to monitor administrative expenditures on an on-going basis could result in payment of millions of dollars of additional unallowable administrative charges to the subrecipient.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend that OMES develop and implement internal controls to ensure:

- Each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward is appropriately evaluated for monitoring purposes.
- Current and future ERA grants are administered in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are provided the proper award documentation.
- Adequate supporting documentation for actual program and administrative expenditures incurred is obtained, reviewed, and maintained by the State in order to ensure subrecipients are only expending ERA funds for allowable costs.
- Subrecipients are reimbursed for administrative costs based on supporting documentation for actual costs incurred rather than making advanced payments for a set percentage of program funds advanced.
- Subrecipient records are available for inspection for monitoring and other audit purposes as required by OMES.

**Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** June 2021

**Corrective Action Planned:** The Office of Management and Enterprise Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** This is a repeat finding, and it should be noted the agency’s corrective action plan to the prior year finding was to create the Grants Management Office. However, the creation of the GMO does not specifically address the State’s lack of internal controls for risk assessment and subrecipient monitoring. Further, the State only engaged with Eide Bailly for subrecipient monitoring activities over one of the two subrecipients, which is not sufficient subrecipient monitoring.

We do agree that Uniform Guidance indicates the substance of the relationship determines whether the entity is treated as a subrecipient or a contractor. The specific guidance is located at 2 CFR 200.331 and states in part, “(a) **Subrecipients.** A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See definition for *Subaward* in [§ 200.1 of this part](#). Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance.
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

(b) **Contractors.** A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See the definition of *contract* in [§ 200.1 of this part](#). Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.”

The non-profit entities both determined eligibility and made programmatic decisions related to participants for the ERA program. In addition, if the non-profit entities had truly been classified as contractors, the responsibility for determining eligibility would have fallen on OMES, who was not involved at all in the subrecipient monitoring process.

## Schedule of Findings And Questioned Costs

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**FINDING NO:** 2022-034

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1)

**FEDERAL AWARD NUMBER:** ERA0028

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

*Criteria:* U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part,

“a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award.

b. Federal regulations applicable to this award include, without limitation, the following:

1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury.”

2 CFR §200.303 Internal Controls states in part, “The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR § 200.332 Requirements for pass-through entities states in part, “All pass-through entities must:

(a) Ensure that every [subaward](#) is clearly identified to the [subrecipient](#) as a [subaward](#) and includes the following information at the time of the [subaward](#) and if any of these data elements change, include the changes in subsequent [subaward](#) modification. When some of this information is not available, the [pass-through entity](#) must provide the best information available to describe the Federal award and [subaward](#). Required information includes:

(1) Federal Award Identification.

(i) [Subrecipient](#) name (which must match the name associated with its unique entity identifier);

(ii) [Subrecipient](#)'s unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) [Federal Award Date](#) (see [§ 200.39](#) Federal award date) of award to the [recipient](#) by the [Federal agency](#);

(v) [Subaward Period of Performance](#) Start and End Date;

(vi) Amount of Federal Funds Obligated by this action by the [pass-through entity](#) to the [subrecipient](#);

(vii) Total Amount of Federal Funds Obligated to the [subrecipient](#) by the [pass-through entity](#) including the current obligation;

(viii) Total Amount of the Federal Award committed to the [subrecipient](#) by the [pass-through entity](#);

(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(x) Name of [Federal awarding agency](#), [pass-through entity](#), and contact information for awarding official of the [Pass-through entity](#);

(xi) [CFDA Number](#) and Name; the [pass-through entity](#) must identify the dollar amount made available under each Federal award and the [CFDA number](#) at time of disbursement;

(xii) Identification of whether the award is [R&D](#); and

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per [§ 200.414](#) Indirect (F&A) costs).”

(2) All requirements imposed by the [pass-through entity](#) on the [subrecipient](#) so that the [Federal award](#) is used in accordance with Federal statutes, regulations and the terms and conditions of the [Federal award](#);

(3) Any additional requirements that the [pass-through entity](#) imposes on the [subrecipient](#) in order for the [pass-through entity](#) to meet its own responsibility to the [Federal awarding agency](#) including identification of any required financial and performance reports; ...”

## Schedule of Findings And Questioned Costs

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**Condition and Context:** The State of Oklahoma’s agreement with one subrecipient to administer the ERA 1 program ended on March 31, 2022, and stated funds were “to be used for necessary expenditures/obligations that were or will be incurred through March 31, 2022.” The State did not obtain a new agreement to cover the remainder of SFY 2022. While the State did not advance any payments to the subrecipient after January 21, 2022, we noted that from April 1, 2022 through June 30, 2022, the subrecipient expended \$5,293,134.71 in ERA 1 funds that were not within the timeframe of the State’s agreement with the subrecipient.

**Cause:** The OMES personnel responsible for oversight of the ERA grant do not normally oversee Federal grant programs, and do not have an adequate understanding or experience with administering Federal grant funds. OMES thought an amended agreement was not needed because payments to the subrecipient were not made beyond March of 2022.

**Effect:** Failure to ensure subrecipient agreements are appropriately updated to cover the Federal grant period could result in inappropriate use of federal funds past the expiration date of the agreement.

**Recommendation:** We recommend OMES develop internal controls to ensure subrecipient agreements are reviewed and updated regularly so the subrecipient is not operating under an expired agreement.

**Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** June 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-036

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA0028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed/Unallowed and Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR § 200.303 Internal controls states in part, “The Non-Federal entity must: (a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR § 200.334 Retention requirements for records states in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

*US Department of Treasury FAQ #10* states, “In ERA1 an eligible household may receive up to twelve (12) months of assistance (plus an additional three (3) months if necessary to ensure housing stability for the household, subject to the availability of funds). The aggregate amount of financial assistance an eligible household may receive under ERA2, when combined with financial assistance under ERA1, must not exceed 18 months.”

**Condition and Context:** While documenting controls over activities allowed or unallowed and allowable costs/cost principles, we noted that OMES did not obtain any supporting documentation for actual program expenditures.

## Schedule of Findings And Questioned Costs

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The subrecipients used Excel to track the number of months of assistance provided to each household. We noted that one subrecipient did not maintain the Excel tracking sheet consistently throughout the year; thus, it was insufficient to determine the total number of months paid to each household. The spreadsheet was not designed to allow a user to see at a glance the number of arrears and prospective months of assistance paid to each household; therefore, the subrecipient did not ensure all assistance payment to households were in compliance with program assistance limits.

**Cause:** OMES personnel responsible for oversight of the ERA grant do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the types and limits of activities that may be supported by the ERA grant.

The State of Oklahoma did not establish and maintain effective internal control over the Federal award to provide reasonable assurance that the State and the subrecipients are managed the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Effect:** Failure to properly track the number of months of assistance provided to each household could result in noncompliance with the federal award requirements. In addition, assistance payments to households for more than 15 months for ERA 1 or 18 months for ERA 2 could cause less ERA funds to be available for other eligible households in need.

Failure to secure adequate supporting records from the subrecipient leads to increased risk that documentation may not be properly retained and available for monitoring and audit purposes.

**Recommendation:** We recommend the OMES develop and implement internal controls to ensure subrecipients establish effective internal controls over Federal awards to provide reasonable assurance that subrecipients manage Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. We recommend OMES develop and implement internal controls to ensure subrecipient records are available for inspection for monitoring and other audit purposes as required. We also recommend that OMES ensure subrecipients develop and implement an appropriate method to track the number of months of assistance provided to each household for ERA 1 and ERA 2 to ensure all payments comply with program requirements and assistance limits per Treasury guidance.

### **Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** While the Neighborly system may track the total number of months spent on each applicant, the subrecipient was unable to provide data that would allow us to perform procedures to verify if the number of months of assistance provided to each applicant was within the allowable limit. Further, the State did not obtain any such data and relied entirely on the subrecipient's Neighborly system. Additionally, the Neighborly system was implemented on October 18, 2021, and was not the only system used during FY22, and thus could not be relied on for tracking of the number of months paid to an applicant during the beginning of the fiscal year. SAI reiterates the State should obtain and review such data from the subrecipients to ensure all grant requirements are met.

**FINDING NO:** 2022-046

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA0028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed/Unallowed; Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$4,363,195

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**Criteria:** 2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #23 *ERA 1 and ERA 2 both allow for up to 10 percent of the funds received by a grantee to be used for certain housing stability services. What are some examples of these services?* States in part, “Under ERA 1, these funds may be used to provide eligible households with case management and other services, related to the COVID-19 outbreak.

Under ERA2, these services do not have to be related to the COVID-19 outbreak and the ERA2 statute does not restrict the provision of housing stability services to “eligible households.”

For purposes of ERA1 and ERA2, housing stability services include those that enable households to maintain or obtain housing. Such services may include, among other things, eviction prevention and eviction diversion programs; mediation between landlords and tenants; housing counseling; fair housing counseling; housing navigators or promoters that help households access ERA programs or find housing; case management related to housing stability; housing-related services for survivors of domestic abuse or human trafficking; legal services or attorney’s fees related to eviction proceedings and maintaining housing stability; and specialized services for individuals with disabilities or seniors that support their ability to access or maintain housing. Grantees using ERA funds for housing stability services must maintain records regarding such services and the amount of funds provided to them.”

**Condition and Context:** While documenting controls over housing stability expenditures for the ERA 1 and ERA 2 programs, we noted that OMES did not review any supporting documentation to ensure allowability. Further, we noted one of the two subrecipients administering the ERA grant did not have proper internal controls for the approval process of housing stability expenditures.

While testing 32 of 163 housing stability services expenditures for one of the two subrecipients, we noted the following:

- For 2 of 32, or 6.25% of items tested, the expenditure was for an unallowable management fee or moving the management fee from ERA 1 to ERA 2, resulting in \$984,077.49 in questioned costs that are accounted for in finding #2022-087.
- For 24 of 32, or 75% of items tested, the subrecipient was unable to provide documentation supporting the allowability of the expenditure, resulting in \$4,359,422.12 in questioned costs.
- For 1 of 32, or 3.13% of items tested, the expenditure was for a payment to a housing stability partner that billed CFO for unallowable items, resulting in \$3,772.50 in questioned costs.
- For 1 of 32, or 3.13% of items tested an administrative expenditure was incorrectly recorded as a housing stability services expenditure.

**Cause:** OMES did not ensure that the subrecipient established and maintained effective internal control over the Federal award to provide reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The subrecipient did not maintain effective internal control over housing stability expenditures to ensure compliance with allowability requirements and did not obtain supporting documentation for the costs actually incurred by the vendor.

The subrecipients were not properly informed of the Federal requirements regarding allowable costs for the grant.

**Effect:** Unallowable costs were charged to the ERA program as housing stability expenditures. Administrative costs were incorrectly charged as housing stability services costs.

**Recommendation:** We recommend that the OMES develop and implement internal controls to ensure it administers current and future ERA 1 and ERA 2 awards in accordance with applicable Federal laws and grant requirements,

## Schedule of Findings And Questioned Costs

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including ensuring that grant subrecipients are properly informed of federal requirements related to allowable costs and, that subrecipients have established effective internal control to ensure expenditures are allowable.

### *Views of Responsible Official(s)*

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services partially agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** SAI is not questioning any work performed by the CPA firms of the two subrecipients. However, for the sample items we tested that had exceptions, the agency failed to address most of the bullets noted in the finding.

Bullet 1 – No additional support was provided; therefore, this finding will stand. The management fees were not supported with actual administrative expenditures applicable to the ERA program.

Bullet 2 - No additional support was provided; therefore, this finding will stand. SAI only received contracts on behalf of the housing stability partners. We did not receive any invoice or claim support for the amounts paid.

Bullet 3 – OMES concurred with this bullet.

Bullet 4 - No additional support was provided; therefore, this finding will stand. This transaction did not result in questioned costs as it was an allowable expenditure; however, it was recoded incorrectly.

**FINDING NO:** 2022-071 (Repeat Finding 2021-084)

**STATE AGENCY:** State of Oklahoma

**FEDERAL AGENCY:** US Department of the Treasury

**ALN:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund (CRF)

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Subrecipient Monitoring

**QUESTIONED COSTS:** \$3,981,376

**Criteria:** 2 CFR §200.303 - *Internal controls* states in part, “The *Non-Federal* entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR §200.332 - *Requirements for pass-through entities* states in part, “All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal award identification.

(i) Subrecipient name (which must match the name associated with its unique entity identifier);

(ii) Subrecipient's unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see the definition of *Federal award date* in [§ 200.1 of this part](#)) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(vi) Subaward Budget Period Start and End Date;

(vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;



## Schedule of Findings And Questioned Costs

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- (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- (xiii) Identification of whether the award is R&D; and
- xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per [§ 200.414](#).

...

- (d) Monitor the activities of the subrecipient as necessary to ensure that 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. Pass-through entity monitoring of the subrecipient must include:
  - (1) Reviewing financial and performance reports required by the pass-through entity.
  - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
  - (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.”

The Department of the Treasury Federal Register, Vol. 86, No. 10 from January 15, 2021 states in part, “The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

...

for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time.

...

Recipients may not apply their indirect costs rates to payments received from the Fund.”

**Condition and Context:** Per the GAAP Package Z - Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported \$6,585,655.31 in CRF cash basis expenditures reimbursed to subrecipients by the CARES FORWARD<sup>1</sup> team. We tested eleven (11) reimbursement transactions to three (3) subrecipients totaling \$5,775,994.78 and noted the following:

- Ten (10), or 91%, of the eleven (11) subrecipient reimbursements were approved by an appropriate authority; however, the CARES FORWARD review process to determine whether expenditures qualified for reimbursement from CRF consisted of only a summary level cost reimbursement spreadsheet and attestations, including that the expenditure had not been accounted for in a prior budget.
- One (1), or 9%, of the eleven (11) subrecipient reimbursement requests contained expenditures for items/services that were not within the period of performance of March 1, 2020 and prior to June 30, 2022.

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<sup>1</sup> Governor Kevin Stitt established [CARES FORWARD](#) to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

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- For eleven (11), or 100%, of the eleven (11) subrecipient reimbursement requests, a Federal funding Certification was utilized as the subrecipient agreement; however, it did not outline all applicable award information required to be given to the subrecipient.
- Ten (10), or 91%, of the eleven (11) subrecipient reimbursements included costs that were not for necessary expenditures incurred due to the public health emergency with respect to COVID-19. Of the ten unallowable expenditure transactions, seven were for subrecipient 1 totaling \$439,743.51; 2 transactions were to subrecipient 2 totaling \$1,306,316.47; and one transaction was for subrecipient 3 for \$2,235,316. The detailed questioned costs related to subrecipient 1 was approximately \$60k for indirect costs, approximately \$80k for costs with either no receiving document, only a quote but no invoice (\$48k tile flooring), or no support at all. The last questioned cost for subrecipient 1 was approximately \$300k where the costs did not align with the IDEA Project submission form, such as approximately \$180k for an outdoor basketball court and cover (roof); and approximately \$69k for LED lights throughout main building and gym. The majority of the questioned costs for subrecipient 2 related to \$1,181,539 in non-health service payroll that didn't align with IDEA Project submission form, which stated the expenses would be for clothing, feeding, and resettling of individuals and families to avoid congregate housing (shelters). The details behind questioned costs of \$2,235,316 for subrecipient 3 is covered in bullet 5.
- For one (1), or 9%, of the eleven (11) subrecipient reimbursement requests, the subrecipient disclosed that the funds requested and expended were in their most recently approved budgeted prior to March 27, 2020. The costs were for payroll and operating expenses for subrecipient 3 totaling \$2,235,316 to help with the shortage in their capital campaign fundraiser for a new arts center, as a result of the COVID-19 pandemic. Further, since the costs were budgeted prior to March 27, 2020; per IDEA Submission Project Follow-up form (question #1), the expenditures were unallowable per U.S. Treasury Federal Register, Vol. 86, No. 10. Lastly, per Treasury guidance, funds were not to be expended for Revenue Replacement because of COVID-19 shortages. [Questioned costs of \$2,235,316 are covered in bullet 4]
- Five (5), or 45%, of the eleven (11) subrecipient reimbursements did not contain receiving documentation such as, a packing slip, bill of lading, or internally created receiving form/statement; or notations on the invoice did not document that all items had been received by the intended recipient. [Questioned costs of \$231,574.60 are already accounted for in bullet 4]

**Cause:** The CARES FORWARD team failed to review detailed transactions at the time of reimbursement to ensure the costs were for a necessary COVID-19 expenditure due to the public health emergency. The CARES FORWARD review process consisted of only reviewing a summary level cost reimbursement spreadsheet and attestations, including that the expenditure had not been accounted for in a prior budget, signed by the agencies.

**Effect:** The CARES FORWARD team reimbursed unallowable costs of \$3,981,376 by not performing an adequate review of the supporting documentation, and instead relying on the attestation & summary level reimbursement request as their support. Also, the State of Oklahoma may have utilized CARES FORWARD to pay for products/services that were not received/performed. Lastly, without a process to ensure that items were received, services were performed, and costs were allowable and expenditures were made within the period of performance, the State of Oklahoma is noncompliant with Federal statutes, regulations, and the terms and conditions for the Federal award.

**Recommendation:** We recommend CARES FORWARD review all reimbursements from the CRF to ensure that the relevant supporting documentation is present to support allowability of the expenditure and to prevent potential recoupment by the Department of the Treasury.

### **Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** On or before June 30, 2024

**Corrective Action Planned:** The CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The State Auditor & Inspector's Office questioned \$3,981,376 to three subrecipients based on the expenditures being for budgeted payroll, indirect costs, purchases with no receiving documents to show proof of receipt, and costs that did not meet the objective of the program, which was a necessary COVID-19 expenditure to

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mitigate the risk due to the public health emergency. Of this total, approximately \$3.4 million was for non-health service-related payroll and operating costs that had been budgeted, which is unallowable per The Department of the Treasury Federal Register, Vol. 86, No. 10. As a result, the finding will stand.

**FINDING NO:** 2022-076 (Repeat Finding 2021-094)

**STATE AGENCY:** State of Oklahoma and Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of the Treasury

**ALN:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund (CRF)

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance

**QUESTIONED COSTS:** \$637,653

**Criteria:** 2 CFR §200.303 - *Internal controls* states in part, “The *Non-Federal* entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The Department of the Treasury Federal Register, Vol. 86, No. 10 from January 15, 2021 states in part, “The CARES [Coronavirus Aid, Relief, & Economic Security] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.”

Treasury Federal Register, Vol. 86, No. 10 also states in part, “for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time.”

Coronavirus Relief Fund - Guidance for State, Territorial, Local, and Tribal Governments - Updated September 2, 2020 states “Recipients may not apply their indirect costs rates to payments received from the Fund.”

Treasury Federal Register, Vol. 86, No. 10 also states, “Recipients may not apply their indirect costs rates to payments received from the Fund.”

### Applicable State Rules and Regulations

74 O.S. §85.42 *Certain Contracts Prohibited - Contract Limitations - Certain Contracts Allowed* states in part,

“A. 1. Except as otherwise provided for in this section or other applicable law, any agency, whether or not such agency is subject to the Oklahoma Central Purchasing Act, is prohibited from entering into a sole source contract or a contract for professional services with or for the services of any person, who has terminated employment with or who has been terminated by that agency for one (1) year after the termination date of the employee from the agency.

...

C. As used in this section, person is defined as any state official or employee of a department, board, bureau, commission, agency, trusteeship, authority, council, committee, trust, school district, fair board, court, executive office, advisory group, task force, study group, supported in whole or in part by public funds or entrusted with the expenditure of public funds or administering or operating public property, and all committees, or subcommittees thereof, judges, justices and state legislators.”

**Condition and Context:** Per the GAAP Package Z - Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported \$43,421,196 in CRF cash basis expenditures transferred to state agencies and consultants during SFY22. Of this total, \$27,777,965 was *reimbursed* to state agencies and consultants from CRF dollars by the CARES

## Schedule of Findings And Questioned Costs

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FORWARD<sup>2</sup> team. In reviewing the consulting contract for the CRF program, the scope of the agreement was to provide a review of claims, perform subrecipient monitoring, and provide program reporting for the CARES FORWARD team. Further, we noted CARES FORWARD entered into a non-competitively bid contract with a former OMES employee prior to the one (1) year limitation period per 74 O.S. §85.42(A)(1). The principal agent of the consulting firm terminated their employment at OMES as the Budget Director on June 8, 2019; however, the consulting contract included the period starting May 1, 2020, which is 37 days prior to one year after termination of regular employment at OMES. In addition, 74 O.S. §85.42(C), states that a person serving in certain positions [i.e., board, authority, committee, advisory group] “supported in whole or in part by public funds or entrusted with the expenditure of public funds...” is also considered an employee of the State. Starting in April of 2020, the principal agent of the consulting firm began serving on CARES FORWARD team. The CARES FORWARD team is supported by public funds and is entrusted with the expenditures of public funds and therefore, membership on this team constitutes employment with the State per 74 O.S. §85.42. This means the principal agent of the consulting firm was effectively employed by the state before and during the entire agreement periods.

The CARES FORWARD team, including the principal agent of the consulting firm, was tasked with selecting the individuals/outside firms to award the service contract for administration of the State of Oklahoma CRF funds and was also tasked with selecting entities that would receive funding. Several of the team members were OMES employees that had worked closely at OMES with the principal agent of the consulting firm. Instead of obtaining bids from outside parties with experience in administering federal funds, the CARES FORWARD team awarded the no bid contract to the newly formed consulting firm owned by the former OMES employee that was currently serving as the CARES FORWARD Project Director and Team Lead, and thus currently a state employee. Then once the projects were awarded to CRF recipients, the consulting firm was responsible for reviewing the claims for allowability.

Further, the contract signed by the consultant did not comply with State purchasing laws and regulations. When reviewing the supporting documentation for the deliverables-based contract, we noted the following:

- The invoices contained no detail of the work performed.
- The number of hours worked by each consultant was not listed on the invoices.
- There were no regular (at least weekly) reporting updating progress and status.
- The services to be performed by a specific date was not clearly documented.
- The services to be performed or scope of work for the deliverables-based contract was not supported.

As a result, we are questioning the \$469,083 in consulting fees paid during SFY 2022 because the State of Oklahoma/CARES Forward did not have adequate supporting documentation to show that the deliverables-based contract was met by the consultant. The total consulting fees paid to this consultant by the CRF program as of June 30, 2022, was \$719,500.

We tested a sample of 9 reimbursements (including Projects that were scored prior to award and non-Projects) to state agencies totaling \$12,354,213. Each reimbursement can consist of a single line item or multiple line items per each Journal Entry/Reimbursement. During our testing we noted the following:

- For nine (9) sampled reimbursements tested for controls, the CARES FORWARD review process for expenditure allowability consisted of on a summary level cost reimbursement spreadsheet describing what the costs were or would be expended for, and attestations signed by the agencies stating the costs were allowable. This is the only information provided by OMES as proof of subrecipient monitoring.
- For one (1) reimbursement, we noted line items totaling \$24,159 for catering and Department of Tourism (venues) for a Public Health Worker Appreciation Day held by Oklahoma State Department of Health (OSDH). We are questioning the \$24,159 in reimbursements since they do not appear to be necessary expenditures due to the public health emergency with respect to COVID-19.

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<sup>2</sup> Governor Kevin Stitt established [CARES FORWARD](#) to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards. The consulting company charged with reviewing claims for allowability was considered part of the CRF structure.

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- For one (1) reimbursement, we noted part of the reimbursement was for administrative costs which are not allowed to be paid from CRF funds. We are questioning the \$121,929 in administrative costs.

In addition to the sampled reimbursements above, we also performed tests for duplicate reimbursements. We noted a 07/19/2021 reimbursement to the Oklahoma Employment Security Commission (OESC) for services that were later reimbursed again on 8/24/2021, resulting in a duplicate payment of \$22,482. We are questioning this amount.

**Cause:** CARES FORWARD failed to perform a detailed review of transactions at the time of reimbursement to ensure the costs were for a necessary and allowable COVID-19 expenditure due to the public health emergency.

OMES did not have proper controls in place to ensure State purchasing rules were followed for CRF consulting contracts.

OMES did not ensure that individuals responsible for procurement of services did not have conflicts of interest with parties they contracted with.

**Effect:** CARES FORWARD may have reimbursed unallowable costs by not performing an adequate review of the supporting documentation and instead relying on the attestation & reimbursement request as their support.

In addition, by not requiring a detailed breakout of consulting services and hours performed related to the CRF consulting contract, we are unable to determine whether the consultant met the requirements of the contract, and therefore the requirements of the federal award.

**Recommendation:** We recommend the CARES FORWARD team design and implement appropriate controls to ensure expenditures are incurred, per the Department of Treasury guidance, prior to reimbursement approval. Additionally, we recommend CARES FORWARD review all reimbursements and ensure that relevant documentation is present to support allowability of the expenditure and to prevent potential recoupment by the Department of the Treasury. We recommend that OMES ensure all employees responsible for the administration of federal awards provide adequate oversight of any contracted services applicable to those federal awards. Lastly, we recommend that OMES provide training to all employees involved in the procurement of consulting service contracts to ensure compliance with State Statutes.

### *Views of Responsible Official(s)*

**Response from the State of Oklahoma CARES FORWARD team:**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** On or before June 30, 2024

**Corrective Action Planned:** The CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** Based on management's corrective action and review of further supporting documentation, the finding stands that the consultant invoices contained no detail of the work performed; no listing of the number of hours worked by each consultant; and no support for the services that needed to be completed to meet the deliverables-based contract. In addition, the payments were made at a regular monthly fixed-rate invoice amount. As a result, we are unsure how OMES reviewed the consultant invoices and determined the deliverables-based contract was met without adequate supporting documentation. Further, since the consultant was responsible for the review of state agency reimbursements per this finding, and review of subrecipients per finding 2022-071, we do not feel the consultant met the deliverables-based contract requirements for the CRF program.

**FINDING NO:** 2022-078

**STATE AGENCY:** State of Oklahoma

**FEDERAL AGENCY:** US Department of the Treasury

**ALN:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund (CRF)

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

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**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance

**QUESTIONED COSTS:** \$12,000

**Criteria:** 2 CFR §200.303 - *Internal controls* states in part, “The *Non-Federal* entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The Department of the Treasury Federal Register, Vol. 86, No. 10 from January 15, 2021 states in part, “The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.”

Treasury Federal Register, Vol. 86, No. 10 states in part, “for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time.”

Amended Executive Order 2021-15 states in part, “2. In their place, The Oklahoma Back-to-Work Initiative will offer a one-time \$1,200.00 incentive to assist those returning to the workforce. Oklahomans may receive this one-time incentive upon leaving any unemployment insurance program, including Unemployment Insurance, and providing pay stubs for six weeks of consecutive employment with the same employer, that pays into the Unemployment Insurance Trust Fund, or a company with a FEIN number. The duration of the incentive program is from May 17, 2021, through September 4, 2021, or until 20,000 people have received the incentive, whichever is earlier. Applicants may begin applying June 28, 2021.”

**Condition and Context:** Per the GAAP Package Z - Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported \$43,421,196 in CRF cash basis expenditures transferred to state agencies during SFY22. Of this total, \$15,643,139 was **advanced** to state agencies from CRF dollars by the CARES FORWARD<sup>3</sup> team. Because the funds were advanced, we tested the CRF payment controls at the agency level. We noted the following for our sample of 65 CRF transactions at state agencies totaling \$6,302,637:

- Thirty-four (34) of the transactions we tested were from the Oklahoma Employment Security Commission (OESC) – Oklahoma Back-to-Work Initiative. Seven of those payments were to applicants who did not meet the 32 hours per week for six consecutive weeks requirement. For one (1) additional payment, we did not consider the supporting pay stub valid for proof of employment because the applicant’s name was not present on the pay stub. As a result, we are questioning a total of \$9,600 in payments made to these applicants.

In addition to the sampled advance transactions above, we also performed tests for duplicate payments. We noted two payments from the OESC Oklahoma Back-to-Work Initiative to one individual that appear to be based on fraudulent claims. Based on our discussion with OESC staff, the two payments were referred to their fraud department for further investigation. As a result, we are questioning the \$2,400 in payments made to the applicant.

**Cause:** Proper eligibility reviews were not performed on OESC Oklahoma Back-to-Work Initiative claims. OESC used a contractor to review applications for eligibility; however, OESC staff also performed reviews.

**Effect:** Payments were made to individuals who did not meet the eligibility requirements for the OESC Oklahoma Back-to-Work Initiative.

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<sup>3</sup> Governor Kevin Stitt established [CARES FORWARD](#) to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend OESC work to strengthen their eligibility verification process to help prevent ineligible and/or fraudulent payments.

**Views of Responsible Official(s)**

**Response from the Oklahoma Employment Security Commission:**

**Contact Person:** Michelle Britten, Chief Financial Officer

**Anticipated Completion Date:** Ongoing

**Corrective Action Planned:** The agency concurs with the audit finding and agrees with the recommendation. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-085

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed/Unallowed and Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$834,521

**Criteria:** U.S. Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, “a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury.”

2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The Consolidated Appropriations Act § Section 501 (c)(5) Use of Funds - Administrative Costs states in part, “A. IN GENERAL.- Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds. B. No OTHER ADMINISTRATIVE COSTS.- Amounts paid under this section shall not be used for any administrative costs other than to the extent allowed under subparagraph (A)”

2 CFR § 200.334 – Retention requirements for records state in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

2 CFR § 200.337 Access to records states in part, “(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.”

## Schedule of Findings And Questioned Costs

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2 CFR § 200.430(f) - *Incentive compensation states*, “Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.”

**Condition and Context:** While testing 70 of 8,523 payroll administrative expenditures (\$285,848.30) we noted the following:

- For 7 of 70, or 10% of claims tested, the invoice was not itemized to show the hours worked on each task, and the description of work done was not specific enough to determine if the time spent was for an allowable activity related to ERA 1 or ERA 2 (\$24,482.82). In addition, 3 of the 7 invoices included bonus payments, totaling \$14,822.77, that are separate from the bonus payments allowed per the contract. (Questioned Costs - \$39,305.59)
- For 6 of 70, or 8.57% of claims tested, the subrecipient was unable to provide a contract that covered the time period paid; therefore, we are unable to determine whether the amount paid is allowable or accurate. (Questioned Costs -\$5,959.26).
- For 6 of 70, or 8.57% of claims tested, the contractor was paid more than their stated hourly rate per the contract. (Questioned Costs - \$480.07).

A bonus policy was provided by Communities Foundation of Oklahoma to the State Auditor and Inspector office. This policy did not state how bonuses would be calculated and how contractors could achieve the bonus. We also determined through email conversation this policy was not in place during SFY 2022 and had not been provided to contractors prior to them rendering services. (Questioned Costs - \$786,989.74)

There is no verbiage in the contract that allowed for vaccination incentive. Therefore, 100% of vaccination incentives will be questioned. (Questioned Costs \$1,786.05)

**Cause:** OMES personnel responsible for oversight of the ERA 1 and ERA 2 grants do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA 1 and ERA 2 grants.

OMES did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that OMES is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

OMES did not ensure that the subrecipients established and maintained effective internal control over the Federal award to provide reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Effect:** Unallowable payroll costs, totaling \$834,521, were charged to the ERA program as payroll administrative expenditures.

**Recommendation:** We recommend that OMES develop and implement internal controls to ensure it administers current and future ERA grants in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of federal requirements related to allowable costs. In addition, we recommend that OMES ensure the subrecipient has established effective internal controls over the Federal award to provide reasonable assurance that the subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

We recommend that OMES ensure adequate supporting documentation for administrative expenditures incurred is obtained, reviewed, and maintained by OMES to ensure subrecipients only expend ERA funds for allowable activities and costs.



## Schedule of Findings And Questioned Costs

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We recommend that OMES only reimburse subrecipients for administrative costs based on supporting documentation of actual costs incurred.

We recommend OMES ensure the personnel responsible for oversight for the ERA grant obtain the necessary training and knowledge to ensure compliance with the Federal grant requirements.

### *Views of Responsible Official(s)*

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** SAI would like to stress that OMES has not provided an adequate corrective action to address the major issues outlined in the finding.

Bullet 1 – The invoice included items that did not appear to be allowable per the program. Because the invoice was not itemized to show the number of hours worked for each task, SAI was unable to calculate the individual questioned costs; therefore, the entire invoice was questioned. In addition, the contracts for both individuals stated that signing bonuses could be paid; however, the bonuses that were paid, were well after the time the contract was signed. See additional comment in Bullet 5 below regarding bonus payments.

Bullets 2 and 3 – No additional support was provided; therefore, the finding will stand.

Bullet 4 – The contracts did not contain any verbiage regarding vaccination bonuses. In addition, the bonus policies provided did not state any verbiage regarding this type of payment. See additional comment in Bullet 5 below regarding bonus payments.

Bullet 5 – SAI originally requested all CFO/CCP policies and procedures on 2/14/2023. No additional bonus policies were provided to SAI at that time. When SAI reviewed the contracts as part of our testwork, most contracts stated that bonuses could be paid within 30 days of the contract date; however, most payments were made outside of the 30 days. SAI was then provided a document labeled, ‘13.15 Bonus Section of Draft Policies’ on 12/6/2023, and we were informed that these policies were ‘still being cleaned up.’ SAI was provided another document on 2/13/2024 regarding bonus determinations and justifications.

SAI determined that the bonus policies could not be relied upon because 1) they were not finalized in SFY 2022, and 2) separate bonus policies were not provided to SAI at any point prior to CFO/CCP receiving the finding.

**FINDING NO:** 2022-086 (Repeat Finding 2021-080)

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services

**FEDERAL AGENCY:** US Department of Treasury

**ALN:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; and Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$33,399

**Criteria:** U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, “a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury.”

## Schedule of Findings And Questioned Costs

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2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The Consolidated Appropriations Act § Section 501 (c)(5) Use of Funds - Administrative Costs states in part, “A. IN GENERAL.- Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds. B. No OTHER ADMINISTRATIVE COSTS.- Amounts paid under this section shall not be used for any administrative costs other than to the extent allowed under subparagraph (A)”

The American Rescue Plan Act of 2021 § Section 3201 (d)(1)(C) Use of Funds – Administrative Costs states in part, “Not more than 15 percent of the total amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance, housing stability services, and other affordable rental housing and eviction prevention activities, including for data collection and reporting requirements related to such funds.”

2 CFR § 200.334 – Retention requirements for records state in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

2 CFR [§ 200.337 Access to records states in part](#), “(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.”

**Condition and Context:** While testing 30 (100%) credit card administrative expenditures totaling \$87,871.40 for one subrecipient, we noted the following:

- For 24 of 30, or 80% of claims tested, the payment included at least one expenditure for unallowable costs. These unallowable costs include gift cards (\$12,303.47), flowers (\$1,096.29), and entertainment/food (\$18,285.57) such as Top Golf, bowling, Paint N Cheers, cooking classes, and Chicken N Pickle, which are not necessary expenses for the distribution of ERA funds. (Questioned Costs - \$31,809.89)
- For 7 of 30, or 23.33% of claims tested, the subrecipient was unable to provide supporting documentation, and we were unable to determine if the cost was allowable. Questioned costs have been included in the first bullet.
- For 1 of 30, or 3.33% of claims tested, the cost did not agree to the supporting documentation, and we were unable to determine if the cost was allowable. Questioned costs have been included in the first bullet.
- For 4 of 30, or 13.33% of claims tested, the claim included duplicate payments. (Questioned Costs - \$1,349.23)
- For 5 of 30, or 16.67% of claims tested, the cost appeared allowable based on the vendor's name and the service they provided, however, the subrecipient was unable to provide supporting documentation. These vendors include Ink cartridges, Quickbooks, Dial My Calls, E-File, and LAZ Parking. (Questioned Costs - \$179.60)

We also noted that OMES performed no reviews of the credit card payments to ensure ERA program funds were expended only for allowable activities. As the pass-through entity, OMES is ultimately responsible for ensuring program funds are administered in accordance with federal regulations.

**Cause:** OMES personnel responsible for oversight of the ERA 1 and ERA 2 grants do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA 1 and ERA 2 grants.

## Schedule of Findings And Questioned Costs

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OMES did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that OMES is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

OMES did not ensure that the subrecipients established and maintained effective internal control over the Federal award to provide reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

OMES advanced the subrecipients a set rate of 10% (ERA 1) and 15% (ERA 2) of program funds for administrative costs instead of paying administrative costs on a reimbursement basis for costs actually incurred by the subrecipient and attributable to providing financial assistance and housing stability services under the ERA 1 and ERA 2 programs.

**Effect:** Unallowable and/or unsupported costs totaling \$33,399 or 38% of total credit card administrative expenditures attributed to the State portion of the ERA grant being administered by one subrecipient, were charged to the ERA program.

**Recommendation:** We recommend that OMES develop and implement internal controls to ensure it administers current and future ERA grants in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of Federal requirements related to allowable costs and, that subrecipients have established effective internal control over the Federal award to provide reasonable assurance that the subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

We recommend that OMES ensure adequate supporting documentation for actual program and administrative expenditures incurred is obtained, reviewed, and maintained by OMES to ensure subrecipients only expend ERA funds for allowable activities and costs.

We recommend that OMES only reimburse subrecipients for administrative costs based on supporting documentation for actual costs incurred.

We recommend OMES ensure that personnel responsible for oversight of the ERA grant obtain the necessary training and knowledge to ensure compliance with Federal grant requirements.

### **Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The agency response states, . . . “We disagree with the questioned expenses in the first bullet. These expenses were appropriate as a contractor and necessary expenses for the distribution of the ERA funds and fulfillment of the contract.” The expenses in question were for gift cards, flowers, and entertainment/food such as Top Golf, bowling, Paint N Cheers, cooking classes, and Chicken N Pickle, which are not necessary expenses for the distribution of ERA funds. SAI would like to stress that the State of Oklahoma/OMES did not provide an adequate corrective action to address the unallowable costs totaling \$42,424.52 in the first bullet point of the finding. SAI would like to reiterate that the State of Oklahoma/OMES did not review any of the supporting documentation related to the administrative expenses and our recommendation is for the State of Oklahoma/OMES to implement internal controls to ensure expenses are only paid on a reimbursement basis after the supporting documentation has been reviewed and the cost has been determined to be allowable within the grant guidelines. Although this grant has already been closed, our recommendation should be implemented for any future grants passed through OMES.

**FINDING NO:** 2022-087 (Repeat Finding 2021-080)

**STATE AGENCY:** State of Oklahoma, Office of Management and Enterprise Services

**FEDERAL AGENCY:** US Department of Treasury

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ALN: 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA 1 and ERA 2)

**FEDERAL AWARD NUMBER:** ERA028 and ERAE0259

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; and Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$8,667,947

**Criteria:** U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, “a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury.”

2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The Consolidated Appropriations Act § Section 501 (c)(5) Use of Funds - Administrative Costs states in part, “A. IN GENERAL.- Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds. B. No OTHER ADMINISTRATIVE COSTS.- Amounts paid under this section shall not be used for any administrative costs other than to the extent allowed under subparagraph (A)”

The American Rescue Plan Act of 2021 § Section 3201 (d)(1)(C) Use of Funds – Administrative Costs states in part, “Not more than 15 percent of the total amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance, housing stability services, and other affordable rental housing and eviction prevention activities, including for data collection and reporting requirements related to such funds.”

2 CFR § 200.334 – Retention requirements for records states in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

2 CFR § 200.337 Access to records states in part, “(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.”

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #29 states in part “A grantee may permit a subrecipient to incur more than 10 or 15 percent, as applicable, of the amount of the subaward issued to that subrecipient as long as the total of all administrative costs incurred by the grantee and all subrecipients, whether as direct or indirect costs, does not exceed 10 or 15 percent, as applicable, of the total amount of the award provided to the grantee from Treasury.”

**Condition and Context:** While documenting controls over subrecipient program and administrative expenditures for the ERA 1 and ERA 2 grants, we noted that OMES did not require the subrecipients to submit supporting documentation for administrative expenditures charged to the programs. Further, we determined the subrecipients did

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not have sufficient internal controls over program or administrative expenditures to ensure they were for allowable costs and activities.

While reviewing all administrative management fees, we noted one of the subrecipients charged the ERA 1 and ERA 2 grants \$8,625,873.61 in unallowable management fees – costs that were not attributable to providing financial assistance and housing stability services. These management fees the subrecipient recorded and charged to the grant are equal to the amount of funds advanced to the subrecipient for the purposes of paying administrative costs in excess of actual administrative expenditures. (Questioned costs - \$8,625,873.61)

In addition, when reviewing the subrecipient’s journal entries and other adjustments we noted the following for one of the subrecipients:

- For 12 of 62, or 19.35% transactions tested, the transaction had a description of “Refund for unknown tenant” and the subrecipient was unable to provide an explanation or supporting documentation for these transactions. We did not question these costs as they were credit transactions.
- For 2 of 62, or 3.23% transactions tested, the transactions had descriptions of “Reconciled Difference” and “Charge back according to bank stmt.” The subrecipient was unable to provide an explanation or supporting documentation for these transactions; therefore, we were unable to determine if they were allowable, which results in \$5,990 in questioned costs.

Lastly, in testing 71 of 366 non-payroll and non-credit card administrative expenditures we noted the following:

- For 5 of 71, or 7.04% of claims tested, the payment was for management fees to one of the subrecipients that were determined to be unallowable. The five exceptions are part of the \$8,625,873.61 in questioned costs noted above.
- For 7 of 71, or 9.86% of claims tested, the transaction was to cancel out originally recorded management fees and then record “accrued management fees” throughout the year. Because the management fees are unallowable, we determined the offsetting transactions are also unallowable. See management fee questioned costs noted above.
- For 7 of 71, or 9.86% of claims tested, one or more of the expenditures in the transaction were not for an allowable activity or cost. (Questioned Costs \$681.47)
- For 2 of 71, or 2.82% of claims tested, the contract stated the contractor would be paid \$100 per hour; however, the timesheet and invoice showed a billing rate of \$250 per hour. SAI was provided additional support for a project with the contractor. We determined the following: 1) the subrecipient did not need to create a new comprehensive change to their management process for a program with which funding expires on September 30, 2025 and was expected to be fully disbursed by 2023; 2) this is an organizational issue and therefore, should not be paid with ERA 2 funds; and 3) the support provided was not a contract, but rather an ‘agreement’ that has no start/end date and was signed after the State Auditor’s Office noted no signatures were present. We determined we would question these costs (Questioned Costs - \$28,334.58). We also noted \$13,057.37 in payments under this agreement in addition to our sample items that will result in questioned costs. (Total Questioned Costs - \$41,391.94)

**Cause:** OMES personnel responsible for oversight of the ERA 1 and ERA 2 grants do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA 1 and ERA 2 grants.

OMES did not ensure the personnel responsible for oversight of the ERA 1 And ERA 2 grants received the proper training to understand and did not ensure they used available resources to help them understand, the grant requirements.

OMES did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that OMES manages the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

OMES did not ensure that the subrecipients established and maintained effective internal control over the Federal award to provide reasonable assurance that the non-Federal entity was managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The State relied entirely on a

## Schedule of Findings And Questioned Costs

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public accounting firm to perform subrecipient monitoring procedures during SFY 2022. We noted that this firm only monitored the eligibility and allowability compliance requirements for the program expenditures for one of the two subrecipients. The State did not ensure the subrecipient was appropriately monitored by the third party for compliance with activities allowed and allowable costs.

OMES advanced to one subrecipient a set rate of 10% (ERA 1) and 15% (ERA 2) and to another subrecipient 9.3% (ERA 1) of program funds for administrative costs instead of reimbursing administrative costs actually incurred by the subrecipient that were attributable to providing financial assistance and housing stability services under the ERA 1 and ERA 2 programs.

OMES did not obtain, review, approve, or maintain adequate supporting documentation for administrative costs.

**Effect:** Unallowable costs, totaling \$8.7 million, were charged to the ERA program as administrative expenditures.

**Recommendation:** We recommend that OMES develop and implement internal controls to ensure it has the knowledge and experience to administer current and future ERA grants in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of Federal requirements related to allowable costs. In addition, we recommend that OMES ensure subrecipients have established effective internal controls over the Federal award to provide reasonable assurance that the subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

We recommend that OMES ensure adequate supporting documentation for administrative costs charged to the program is obtained, reviewed, approved, and maintained by OMES to ensure subrecipients are only paid or reimbursed for allowable activities and costs based on that supporting documentation.

### **Views of Responsible Official(s)**

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** June 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** SAI would like to stress that OMES has not provided an adequate corrective action to address the major issues outlined in the finding.

Paragraph 1 – No additional support was provided; therefore, the finding will stand.

Paragraph 2 - H.R. 133-888 Section 501 (ERA 1) (c)(5) ‘Administrative Costs’ (A) states “In General – Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds”.

Further, H.R. 1319-51(ERA 2) (d)(1)(C) “Administrative Costs” states “Not more than 15% of the total amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance, housing stability services, and other affordable housing and eviction prevention activities, including for data collection and reporting requirements related to such funds.”

All administrative costs must be directly related to providing assistance under the ERA program. SAI determined that CFO is retaining a management fee that is not associated with expenditures directly attributable to providing financial assistance and housing stability services for this grant. Therefore, the state advanced funds to CFO for management fees that were not incurred for the ERA program, which is unallowable per 2 CFR § 200.403(g). To be allowed to charge the maximum 10% for ERA 1, or 15% for ERA 2 for administrative expenditures, CFO must provide proof they had administrative costs that reached those thresholds.

Paragraph 3 bullet 1 and 2 - No additional support was provided; therefore, the finding will stand.

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Paragraph 4 bullets 1 through 3 - No additional support was provided; therefore, the finding will stand.

Paragraph 4 bullet 4 – It was communicated to SAI that once the subrecipient made the change from Foundant to the Neighborly system, applications were then processed at a spending rate of \$4-5 million. While we agree with the PIP in a system change, SAI reiterates the following in regards to the agreement with the subcontractor: 1) the subrecipient did not need to create a new comprehensive change to their management process for a program with which funding expires on September 30, 2025 and was expected to be fully disbursed by 2023; 2) this is an organizational issue and therefore, should not be paid with ERA 2 funds; and 3) the support provided was not a contract, but rather an ‘agreement’ that has no start/end date and was signed after the State Auditor’s Office noted no signatures were present. Additionally, the payment for Finding the Key was made to JGC, not the subcontractor, therefore the original contract amount of \$100 per hour would still be applicable.

### STATE OF OKLAHOMA / OFFICE OF MANAGEMENT & ENTERPRISE SERVICES

**FINDING NO:** 2022-081 (Partial Repeat 2021-019 and 2021-109)

**STATE AGENCY:** Governor's Office and Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Education

**ALN:** 84.425C

**FEDERAL PROGRAM NAME:** Education Stabilization Fund – GEER

**FEDERAL AWARD NUMBER:** S425C200006

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs and Cost Principles; Subrecipient Monitoring

**QUESTIONED COSTS:** \$249,333

**Criteria:** 2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 CFR § 200.332 (d) - *Requirements for pass-through entities* states in part, “All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that 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. Pass-through entity monitoring of the subrecipient must include: ...

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.”

The U.S. Department of Education’s Certification and Agreement for Funding under the Education Stabilization Fund Program Governor’s Emergency Education Relief; Governor’s Emergency Education Relief Fund, Part D: *Other Assurances and Certifications*, states “The State and other entities will comply with the provisions of all applicable acts, regulations, and assurances: ...and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 [Code of Federal Regulations (C.F.R.)] part 200, as adopted and amended in regulations of the Department in C.F.R. part 3474.”

2 CFR § 200.334 – *Retention requirements for records* state in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

## Schedule of Findings And Questioned Costs

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2 CFR § 200.337 *Access to records* states in part, “(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.”

### Applicable Federal Rules and Regulations

2 CFR part 200, subpart E § 200.404 Reasonable costs, states in part, “A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to ... :

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.”

2 CFR part 200, subpart E § 200.459 (a) Professional service costs, states,

“(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity, are allowable, subject to paragraphs (b) and (c) of this section when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under § 200.435.

(b) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

- (1) The nature and scope of the service rendered in relation to the service required.
- (2) The necessity of contracting for the service, considering the non-Federal entity's capability in the particular area.
- (3) The past pattern of such costs, particularly in the years prior to Federal awards.
- (4) The impact of Federal awards on the non-Federal entity's business (i.e., what new problems have arisen).
- (5) Whether the proportion of Federal work to the non-Federal entity's total business is such as to influence the non-Federal entity in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal awards.
- (6) Whether the service can be performed more economically by direct employment rather than contracting.
- (7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.
- (8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

(c) In addition to the factors in paragraph (b) of this section, to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered.”

### Applicable State Rules and Regulations

74 O.S. §85.42 Certain Contracts Prohibited - Contract Limitations - Certain Contracts Allowed states in part:

“A. 1. Except as otherwise provided for in this section or other applicable law, any agency, whether or not such agency is subject to the Oklahoma Central Purchasing Act, is prohibited from entering into a sole source contract or a contract



## Schedule of Findings And Questioned Costs

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for professional services with or for the services of any person, who has terminated employment with or who has been terminated by that agency for one (1) year after the termination date of the employee from the agency.

...

C. As used in this section, person is defined as any state official or employee of a department, board, bureau, commission, agency, trusteeship, authority, council, committee, trust, school district, fair board, court, executive office, advisory group, task force, study group, supported in whole or in part by public funds or entrusted with the expenditure of public funds or administering or operating public property, and all committees, or subcommittees thereof, judges, justices and state legislators.”

74 O.S. § 85.7 - Competitive Bid Procedures states in part...”A. Except as otherwise provided by the Oklahoma Central Purchasing Act, or associated rules: ... 6. Competitive bidding requirements of this section shall not be required for the following: ... f. any acquisition of a service which the Office of Management and Enterprise Services has approved as qualifying for a fixed and uniform rate, subject to the following: (2) fixed and uniform rate contracts authorized by this subsection shall be limited to contracts for those services furnished to persons directly benefiting from such services and shall not be used by a state agency to employ consultants or to make other acquisitions”

74 O.S. § 85.44B Payment for Contracted Products or Services – Payment for Acquisition from the Federal Government or Agency, states in part, “A. Payment for products or services pursuant to a contract executed by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act shall be made only after products or services have been accepted as satisfactory.”

OAS 260:115-7-3 (g)(2)(b)(ii) State agency acquisitions, states in part, “Certifications for services contracts.

Additional documents required to be included in contracts for professional or nonprofessional services include... Each contract for services shall include a statement certifying that no person who has been involved in any manner in the development of that contract while employed by the State of Oklahoma shall be employed to fulfill any of the services provided for under said contract.” [Reference 74 O.S. §85.42]

Procurement Information Memorandum 2 007-01; Fixed and Uniform Rate Contracts - Criteria and Guidelines, states in part, “2 (7) A state agency shall not use the fixed rates contracting process to employ consultants or purchase products.”

**Condition and Context:** The Office of Management and Enterprise Services (OMES) did not obtain, or ensure the availability of, the books and records of subrecipients [Tri-county Tech and Class Wallet] administering the Skills to Rebuild, Bridge the Gap Digital Wallet (BTGDW) and Stay in School (SIS) programs during the audit period; therefore, appropriate subrecipient monitoring was not performed during the audit period.

OMES made payments totaling \$249,333 to a consulting firm for consulting services, including subrecipient monitoring of the GEER I and GEER II programs, that did not conform with the criteria contained in 2 CFR part 200, Subpart E ‘Basic Guidelines’, or the cost principles set forth in 2 CFR, subpart E § 200.404 *Reasonable costs* and 2 CFR, subpart E § **200.459 (a) Professional service costs**, specifically:

- The contracts/agreements with the consulting firm did not comply with State purchasing laws and regulations.
- The contracts/agreements were not arm’s-length transactions.
- The contracts/agreements constituted unallowable fixed rate agreements.
- The consulting firm was paid prior to performing any services and, was paid for some services that were not performed.
- The consulting firm was newly formed and had no previous contracts for or experience in administering federal grants or performing subrecipient monitoring.
- The contractual agreement was not adequate for the service required, (e.g., description of the service, estimate of time required, rate of compensation).

## Schedule of Findings And Questioned Costs

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- The contract/agreement rate did not reflect the market prices for comparable goods or services and was significantly excessive in relation to amounts paid to State employees performing the same type of services OMES contracted for (i.e., review of federal grant claims, subrecipient monitoring, federal reporting).
- The nature and scope of the service rendered were not adequate to ensure compliance with subrecipient monitoring and reporting requirements.
- The contract costs were not adequately documented. OMES paid for invoiced services that were not supported by 1) adequate verification of the actual hours worked per day by specific staff members and, 2) documentation of the activities (per the scope of work in the contract agreement) completed for the period.

*Noncompliance with State Purchasing Laws and Regulations:* The contract/agreements with the consulting firm did not comply with following State purchasing laws and regulations as required:

- 74 O.S. §85.42 Certain Contracts Prohibited – OMES entered into a contract (that included an addendum for GEER I subrecipient monitoring and reporting consulting services) with a former OMES employee prior to the one (1) year limitation period. The principal agent of the consulting firm terminated their employment at OMES as the Budget Director on June 8, 2019, however, the agreement included the period starting May 1, 2020, which is 37 days prior to one year after termination of regular employment at OMES.

In addition, 74 O.S. §85.42 (3), also states that a person serving in certain positions [i.e., board, authority, committee, advisory group] “supported in whole or in part by public funds **or entrusted with the expenditure of public funds...**” is also considered an employee of the State. Starting in April of 2020, the principal agent of the consulting firm was serving on CARES FORWARD which is a team of Cabinet Secretaries and public employees established by the Governor to provide oversight of Oklahoma’s \$1.2 billion in Coronavirus Relief Funds (CRF). **The CARES FORWARD team is supported by public funds and is entrusted with the expenditure of public funds and therefore, membership on this team constitutes employment with the State per 74 O.S. §85.42.** This means the principal agent of the consulting firm was effectively employed by the state before and during the entire agreement periods for both the GEER I and GEER II service agreements.

- OAS 260:115-7-3 (g.2.b. ii) *State agency acquisitions - Certifications for services contracts* - The agreements did not contain the required certification and, it appears that the agreements were not arms-length transactions.
  - GEER I agreement - The CARES FORWARD team was tasked with selecting the individuals/outside firms to award the service contract for administration of the State of Oklahoma CRF funds. Several of the team members were OMES employees that had worked closely at OMES with the principal agent of the consulting firm. Instead of obtaining bids from outside parties with experience in administering federal funds, the CARES FORWARD team awarded the no bid contract to the newly formed consulting firm owned by the former OMES employee that was currently serving as the CARES FORWARD Project Director and Team Lead, and thus currently a state employee.
  - GEER II agreement – Individuals facilitating the awarding of this \$330,000 contract included OMES employees that were also part of the CARES FORWARD team and had worked closely at OMES with the principal agent of the consulting firm.
- 74 O.S. § 85.7 - *Competitive Bid Procedures and Procurement Information Memorandum 2 007-01; Fixed and Uniform Rate Contracts* – The GEER I and GEER II agreements were fixed rate contracts which cannot be used to employ consultants.
- 74 O.S. § 85.44B (A) - *Payment for Goods or Services Pursuant to Contract*, payment for services pursuant to a contract executed by a state agency shall be made only after services have been accepted as satisfactory.

GEER I - The State Auditor and Inspector’s office (SAI) determined that OMES paid the consulting firm the full agreement amount of \$49,500 (\$16,500 per month for October, November and December 2020), for GEER I subrecipient monitoring and reporting services. SAI reviewed the documentation for the subrecipient monitoring activities OMES provided us with, and it appears that the consulting firm only performed the following subrecipient monitoring procedures applicable to GEER I programs:

## Schedule of Findings And Questioned Costs

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- A review of the partial (as of 12/31/2020) Bridge the Gap expenditure data that identified possible unallowable expenditures per a key word search. According to OMES, the consulting firm provided this reviewed data to OMES in December of 2022, 12 months after the agreement amount was paid in full.
- A review of the remaining (post 12/31/2020) Bridge the Gap expenditure data that identified possible unallowable expenditures per a key word search. According to OMES, the consulting firm provided this reviewed data to OMES in July of 2023, 18 months after the agreement amount was paid in full.
- Prepared 'Project Closeout Reports' for GEER I programs in August of 2021. These two-page reports were sent to the awardees to fill out and only included summary information: specifically, the total amount of funds awarded and expended, a brief description of the program objectives and metrics met per the awardee, and questions about whether the entity has subrecipients, and if so, whether the awardee had a subrecipient monitoring process. These reports do not fulfill any significant federal subrecipient monitoring requirements applicable to GEER I funds.

SAI determined that, as of 6/30/2022, OMES had still not obtained, or ensured the availability of, the books and records of subrecipients [Tri-county Tech and Class Wallet] administering the Skills to Rebuild, Bridge the Gap Digital Wallet (BTGDW) and Stay in School (SIS) programs which would be necessary to perform adequate subrecipient monitoring and reporting. Therefore, OMES paid the consulting firm the full agreement amount without ensuring the following subrecipient monitoring activities were performed for GEER I programs not administered by OSDE:

- Skills to Rebuild – Tri-County Tech was paid \$1,000,000 up front for scholarships and employee payroll applicable to future periods. Monitoring activities should have included, 1) A review of scholarships awarded to determine if the scholarships were awarded appropriately and to determine if students awarded scholarships actually enrolled and completed the programs. 2) A reconciliation between the funds paid up front to Tri-county Tech for estimated employee payroll costs vs. actual employee payroll costs.
- BTG Program - A review of the supporting documentation applicable to eligibility determinations for family income limits.
- Stay in School program - A review of the supporting documentation applicable to eligibility determinations for family income limits and school enrollment requirements.

GEER II - SAI determined that OMES paid the consulting firm \$254,833.33 in monthly payments starting in November of 2021, through August of 2022 (\$7,333.33 for November 2021, and \$27,500 for December 2021 to August 2022). Of the total paid, \$192,500 was applicable to SFY 22 federal expenditures and \$55,000 was applicable for SFY23 federal expenditures). However, no GEER II projects were approved by OMES until September of 2023 and no GEER II funds were expended for projects until 9/28/2023. Based on SAI's conversations with the OMES and review of supporting documents, the only services the consulting firm provided were a review and scoring of 19 GEER II project proposals (which was completed by early January 2022) and a revision of OMES ARPA federal grant policies and procedures in order to align them with GEER requirements. OMES continued to make monthly payments of \$27,500 from January 2022 to August 2022 even though they were aware that no work was being performed related to review and monitoring of GEER II projects and expenditures as there were no GEER II projects approved during this time.

**Cause:** OMES did not gain an understanding of the applicable Federal laws and grant requirements and did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award as required by the criteria contained in 2 CFR part 200, Subpart E 'Basic Guidelines', or the cost principles set forth in 2 CFR, subpart E § 200.404 *Reasonable costs* and 2 CFR, subpart E § **200.459 (a) Professional service costs**.

OMES did not ensure State purchasing rules were followed appropriately.

OMES did not ensure that individuals responsible for procurement of services did not have a conflict of interest with parties OMES contracts with.

## Schedule of Findings And Questioned Costs

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OMES did not ensure contract invoices included adequate supporting documentation to verify that services were performed appropriately prior to payment being made.

With regard to the initial contracting process and oversight of the contract performance, OMES did not act with prudence in the circumstances considering their responsibilities to the non-Federal entity, the public at large, or the Federal Government.

**Effect:** Federal funds were expended for services that are either unallowable or were not actually performed. Also, per 2 CFR part 200, subpart E § 200.459 (a) Professional Service Costs [esp. #s 1 & 6-8] and 2 CFR part 200, subpart E § 200.404 Reasonable Costs [a - e], the costs charged to the program for consulting services is not reasonable.

The required subrecipient monitoring activities were not performed appropriately.

**Recommendation:** We recommend that OMES gain an understanding of the requirements of federal awards applicable to activities allowed and allowable costs.

We recommend that OMES ensure all employees responsible for the administration of federal awards provides adequate oversight of any contracted services applicable to those federal awards.

We recommend that OMES provide training to all employees involved in the procurement of services with regard to federal requirements and State purchasing rules including ethical considerations.

We recommend that OMES ensure individuals responsible for procurement of services do not have a conflict of interest with parties OMES contracts with.

We recommend that OMES does not pay for any services until the services are appropriately performed and the invoiced services are supported by adequate documentation verifying the number of hours actually worked and the services actually performed.

### **Views of Responsible Official(s)**

**Contact Person:** Caden Cleveland, OMES Director of Public Affairs and Grants Management, John Laws, Chief Financial Officer for the State of Oklahoma

**Anticipated Completion Date:** Complete as of January 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services (OMES) partially agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

### **Auditor Response:**

**GEER I** - OMES failed to provide appropriate corrective action to address the issues noted in the finding related to the GEER I contract agreement.

### **GEER II**

#### **RE: OMES Response to Rec. 3, 4 & 5 and other finding issues (claim a, b & c):**

**Fixed Rate Issues and payment for services not performed** – For clarification purposes, SAI is not asserting that the GEER II agreement constituted a fixed rate agreement per the requirements for entering a fixed rate agreement documented in 74 O.S. § 85.7(A)(6)(f)(2). Rather, SAI is stating that the GEER II agreement was invoiced and paid on a fixed rate per month regardless of the actual hours worked or services that were performed and, the services included in the GEER II agreement did **not meet** the requirements in 74 O.S. § 85.7(A)(6)(f)(2) that would allow a fixed rate to be charged/paid for these consulting services.

## Schedule of Findings And Questioned Costs

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In the finding response, OMES states that the GEER II contract was a deliverables-based contract. However, there are only two items identified as ‘deliverables’ listed on the contract’s Scope of Work, and neither were completed. In addition, the contract does not specify the amount to be paid for each deliverable or type of service. SAI noted the majority of the services included in the Scope of Work were for project tracking, performance analysis, reconciliation and review of expenditures, federal reporting, and subrecipient monitoring, and that these consulting services were not performed (and could not have been because no GEER II project funds were expended until September 2023. However, OMES continued paying the vendor \$27,500 per month through August of 2022, paying in total \$254,833 or 77% of the contract amount.

*Competitive Bidding Issues and other Contract Support Issues* - During the audit, SAI requested that OMES provide all contracts/agreements with outside entities to review, monitor or administer the GEER II program. In response to this request, OMES only provided a purchase order for this vendor to SAI and did not inform SAI that they had a signed contract with this vendor. OMES did not provide the GEER II contract with this vendor until after OMES received this finding. After reviewing the contract and attachments, it appeared that public solicitation documents were attached. SAI then requested and obtained the solicitation file associated with the solicitation number from OMES and reviewed the supporting documents. Based on our review and communications with OMES, we noted the following issues with the procurement file:

- a. *Issues with Public Posting of Solicitation and Vendor Notifications* – OMES claimed that the solicitation was publicly posted on the Oklahoma Central Purchasing Website, however, SAI noted that the solicitation was not listed/posted on the Oklahoma Central Purchasing Website.
- b. *Less than Arm’s Length Transaction* - The four OMES employees interviewing and rating the vendor had all worked closely with the vendor either currently or previously.
- c. *Issues with Information Submitted by the Vendor* - The vendor provided misleading and incomplete information on the forms used in the evaluation process.
- d. *Evidence of bias in OMES vendor evaluation* - The notes entered on the Interview Rating Sheet by one OMES employee stated, “**Intend to keep this in house.**” SAI notes that this statement is inappropriate for a person involved in rating a competitively bid solicitation.

*Continued issues with nonallowable fixed rate contracts for consulting contracts* - OMES contracted with another vendor in June of 2023 (\$250,000 contract amount) to perform basically the same GEER II services OMES had previously paid the vendor referenced in this finding \$254,833 (as of August 2022) to perform. The current vendor contract is also a consulting service contract that is paid by OMES at a flat rate of \$25,000 per month.

**FINDING NO:** 2022-082 (Repeat 2021-060)

**STATE AGENCY:** The Governor's Office and Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** US Department of Education

**ALN:** 84.425C

**FEDERAL PROGRAM NAME:** Education Stabilization Fund – GEER

**FEDERAL AWARD NUMBER:** S425C200006

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**Criteria:** 2 CFR Subpart B [§ 170.200 Federal awarding agency reporting requirements](#) states in part, “(a) Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation.”

2 CFR Subpart B [§ 170.220 Award term](#) states in part, “(a) To accomplish the purposes described in [§ 170.100](#), a Federal awarding agency must include the award term in appendix A to this part in each Federal award to a recipient under which the total funding is anticipated to equal or exceed \$30,000 in Federal funding.”

2 CFR Subpart B [§ 170.220 Award term](#) - [Appendix A states in part](#),

## Schedule of Findings And Questioned Costs

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### “I. Reporting Subawards and Executive Compensation

#### a. *Reporting of first-tier subawards.*

*Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).

#### 2. *Where and when to report.*

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.”

Unites States Department of Education website *GEER Annual Reporting* states in part, “All grantees are required to report on GEER funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Grantees must submit an annual report describing how the State and subrecipients used the awarded funds during the performance period. Similar to CARES Act Year 1 annual reporting, grantees will use the Annual Report Data Collection Tool to submit the State report.”

### **Condition and Context:**

#### **FFATA Reports**

- The State of Oklahoma (Governor’s Office) has not reported the initial subaward information in the FFATA Subaward Reporting System (FSRS), for the following:
  - One GEER I (84.425C) subaward totaling \$49,500 made on October 1, 2021, with a FFATA submission due date of 11/30/2021.
  - One GEER II (84.425C) subaward totaling \$330,000 made on November 1, 2020, with a FFATA submission due date of 12/31/2021.
- OMES did not report the revised subaward information on the FFATA for 2 sub-awards totaling \$3,322,030.17 until over two years after the due date, specifically.
  - Incentive/Reallocation award to OSDE revised by \$2,902,345.32 on 3/14/2021; however, the FFATA was not revised until 9/28/2023, 881 days after the 4/30/2021 due date.
  - Learn Anywhere award to the Statewide Virtual Charter School Board (SVCSB) revised by \$419,684.85 on 4/28/2021; however, the FFATA was not revised until 9/28/2023, 850 days after the 5/31/2021 due date.
- OMES overstated amounts reported for one revised subaward. A total of \$76,565.15 was included under the subaward amount for Edmentum, however, this amount was never paid to Edmentum and should have been reported under SVCSB.

#### **GEER Annual Reports**

## Schedule of Findings And Questioned Costs

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### *GEER I Year 1 Annual Report:*

- The amount reported as current year funds expended by two sub awardees does not agree to the supporting expenditure records and is overstated by \$8,689,866.13.
- The amount reported as current year funds expended by one sub awardee is not supported by actual expenditure records applicable to the reporting period. OMES reported the total award amount of \$1,000,000 as expended as of 9/30/2021; however, the award amount included scholarships that were awarded for both current and future periods and estimated payroll costs that were also applicable to current and future periods. OMES did not provide support for the expenditures applicable to the report period.
- The subaward information for one Higher Education related subaward was incorrectly included under the 'Other Education Related Entities' section of the annual report instead of the Higher Education section.
- The total award amount for one contract subaward was overstated by \$496,750. This amount was not awarded to the contractor but was reattained by the State agency for administrative expenditures.
- OMES did not provide the supporting records for the FTE position data required, therefore, SAI was unable to verify that the numbers reported were correct.

### *GEER I Year 2 Annual Report:*

- The GEER I Year 2 Annual Report was due June 10, 2022, for the applicable reporting period October 1, 2020, to September 30, 2021. However, OMES did not submit the annual report for GEER I until March 24, 2022, 440 days late.
- A contractor awarded a subaward of \$49,500 was not reported on the annual report. In addition, current period expenditures of \$49,500 for this contractor were not reported under current admin expenditures.
- The Prime Recipient and sub awardee amounts reported for current period expenditures and prior period expenditures do not agree to the supporting records for 4 sub awardees because OMES reported the total for both the current year and the prior year under current year expenditures and reported \$0 under prior year expenditures.
- The Prime Recipient total GEER I funds expended is incorrect and only includes the total expenditures for the Stay in School program.
- The amount reported as current year funds expended by one sub awardee is not supported by actual expenditure records applicable to the reporting period. OMES reported the total award amount of \$1,000,000 as expended as of 9/30/2021; however, the award amount included scholarships that were awarded for both current and future periods and estimated payroll costs that were also applicable to current and future periods. OMES did not provide support for the expenditures applicable to the report period.
- The subaward information for one Higher Education related subaward was incorrectly included under the 'LEAs' section of the annual report and, certain information related to financial aid for students and funds used to maintain staff were not reported as required for higher education awards.
- OMES did not provide the supporting records for the following report fields, therefore, SAI was unable to verify that the numbers reported were correct:

#### *Prime Awardee -*

- Number of Public Schools Funded with GEER I funds.
- Number of Students Receiving Vouchers

#### *Other Education Related Entities – Number of Students Receiving Financial Aid*

- Scholarships awarded under the Stay in School program and Skills to Rebuild program were incorrectly reported as voucher awards instead of scholarships.

### *GEER II Year 1 Annual Report:*

- The GEER II Year I Annual Report was not submitted. While there were no program expenditures in the reporting period, OMES made a subaward in the amount of \$330,000 (as of 11/1/2021) to a contractor for GEER II consulting services, and current period admin expenditures for this subaward were, \$34,833 (\$7,333 for Nov 2021 and \$27,500 for Dec 2021).

## Schedule of Findings And Questioned Costs

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**Cause:** The State of Oklahoma did not gain an understanding of the applicable Federal laws and grant requirements and did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award as required by 2 CFR 200.303.

OMES does not have adequate policies and procedures to ensure that FFATA reports and GEER annual reports, and applicable revisions are submitted within the required timeframes, and that information reported is accurate.

OMES failed to obtain all the supporting books and records from sub awardees required for reporting and audit purposes.

**Effect:** FFATA reports were not submitted timely and did not include all applicable sub awards.

GEER I Annual reports were not submitted timely, did not include all applicable sub awards, and contained inaccurate and incomplete information.

GEER II Annual report was not submitted.

**Recommendation:** We recommend that OMES develop policies and procedures to ensure that FFATA reports, and applicable revisions are submitted timely, and information is complete.

We recommend that OMES develop policies and procedures to ensure that GEER Annual reports are submitted timely, and information is accurate and complete.

We recommend that OMES revise the FFATA reports and GEER Annual reports to correct all inaccurate and incomplete information previously reported.

### **Views of Responsible Official(s)**

Caden Cleveland, OMES Director of Public Affairs and Grants Management, John Laws, Chief Financial Officer for the State of Oklahoma

**Anticipated Completion Date:** June 30, 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services (OMES) partially agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

### **Auditor Response:**

**FFATA** –SAI does not agree that corrective action for the FFATA reports is complete.

1. Specifically regarding the subawards to sub awardees not yet reported on the FFATA for GEER I in the amount \$49,500 and for GEER II in the amount of \$330,000, both of these subawards were for subrecipient monitoring activities, federal grant reporting, and oversight of the federal program activities and meet the US Department of Education (USDOE) requirements for inclusion on the FFATA reports (See excerpts from the USDOE FFATA reporting guidance below).

Source: *US Department of Education FFATA Reporting Webinar & Forum Tips & Guidance for Grantees provided to SAI by OMES, (Slide 9), states in part,*

- “First-tier subawards, regardless of the instrument used to make the award (e.g., a subgrant or contract), must be reported when they meet the FFATA criteria for reporting, and when the **subawards perform programmatic work under the prime recipient's approved grant.**
- Subawards differ from contracts (under FFATA) as sub-awardees maintain day-to-day **oversight of the activities.”**



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*(Slide 10) eCFR :: 2 CFR 200.331-- Subrecipient and contractor determinations*, states in part, “If it is determined by the SEA/Pass-through entity that **any of the following apply**, it would be determined to be a subrecipient relationship and the subaward would need to be reported through FFATA:

- ...
- Has its performance measured in relation to whether objectives of a Federal program were met;
- ...
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.”

SAI notes that the subrecipient monitoring services the vendor was paid to perform for GEER I and many of the services included in the GEER II contract Scope of Work result in a vendor relationship in which the vendor is 1) part of the selection committee determining which projects will be awarded GEER II funds and, is responsible for determining whether projects are eligible for and in compliance with GEER II requirements and/or, 2) responsible for ensuring the objectives of the federal program are met and that Federal program requirements are adhered to via claim reviews, federal reporting, subrecipient monitoring and contractor oversight. Therefore, the contracted services should be reported on the FFATA.

2. OMES is required to report new subawards exceeding \$30,000 on the FFATA per FFATA regulations. OMES also provided SAI with email correspondence from the US Department of Education (USDOE) to OMES regarding the revision of subaward amounts on the FFATA:

“Generally speaking, the subawards reported on FSRS should reflect the amount that the subrecipient had access to through the subaward, even if the subrecipient did not liquidate all funds it had been subawarded. However, in the event that a subrecipient returns funds to the grantee and those funds are then redistributed (newly subawarded) to another subrecipient, the grantee may either decrease the original subaward in order to reallocate them to another subrecipient or may leave those funds with the original subrecipient, **so long as an overallocation does not occur as a result of redistributing the funds (i.e., reported subawards equal/total more than 100% of the grant award). OMES should verify that the amounts reported through FSRS and reflected on USASpending reflect the subawards provided to each entity and should only decrease the subawards where funds that were returned to OMES were then redistributed/newly subawarded to another subrecipient.**”

**GEER I FFATA:** Adding the new subaward for GEER I of \$49,500 to the GEER I FFATA would cause the GEER I award amounts reported to exceed 100% of the grant award. Therefore, an appropriate revision to the existing awards would need to be made in order avoid overallocation.

**GEER II FFATA:** SAI is not aware of any USDOE guidance that exempts OMES from reporting this \$330,000 subaward.

3. Although USDOE email communications state that “the grantee may either decrease the original subaward in order to reallocate them to another subrecipient or may leave those funds with the original subrecipient, so long as an overallocation does not occur as a result of redistributing the funds”, this practice may result in difficulties reconciling the FFATA data to the GEER annual reports as required per Uniform Guidance Compliance Requirements for Part L, Reporting which state in part, “Depending on the time the audit is conducted, auditors should examine the annual report and reconcile that reported data with underlying documentation and the public quarterly reporting amounts [FFATA] to ensure accuracy.”

## Schedule of Findings And Questioned Costs

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SAI notes that, if the FFATA report has not been revised to reflect the actual amount expended/liquidated by a subawardee, or the subaward has not even been reported on the FFATA, the amount reported on the FFATA will not trace to the annual report per 1) the total amount, 2) the proportion of the reported use of funds or, 3) the number of FTE's, students, scholarships or other categories required to be reported that compare to a certain amount awarded.

**FINDING NO:** 2022-090

**STATE AGENCY:** State of Oklahoma and Office of Management and Enterprise Services

**FEDERAL AGENCY:** Multiple

**ALN:** Multiple

**FEDERAL PROGRAM NAME:** Multiple

**FEDERAL AWARD NUMBER:** Multiple

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Procurement and Suspension and Debarment

**QUESTIONED COSTS:** \$0

*Criteria:* 2 CFR § 200.317 *Procurements by states, says in part,*

“When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ... ensure that every purchase order or other contract includes any clauses required by § 200.327.

2 CFR § 200.327 *Contract provisions, states the following:*

“The non-Federal entity's contracts must contain the applicable provisions described in appendix II to this part.” See appendix II link here: [2 CFR Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards | Electronic Code of Federal Regulations \(e-CFR\) | US Law | LII / Legal Information Institute \(cornell.edu\)](#)

2 CFR § 200.404 *Reasonable costs, states in part,* “A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to ... :

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.”

74 O.S. §85.5 *Powers and Duties of State Purchasing Director, states in part:*

“H. 1. The State Purchasing Director may develop and test new contracting policies, procedures and innovations that hold potential for making state procurement more effective and efficient and identify, and make recommendations to the Legislature of, any appropriate changes in law. Such development and testing, proof of concept, pilot project or other similar test shall not be considered an acquisition subject to the Oklahoma Central Purchasing Act.

2. The State Purchasing Director is authorized to explore and investigate cost savings in energy, resource usage and maintenance contracts and to identify and negotiate contract solutions including, but not limited to, pilot projects to achieve cost savings for this state.”

## Schedule of Findings And Questioned Costs

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**Condition and Context:** While performing federal compliance testing of all major programs for SFY2022 Single Audit, we were made aware that Office of Management and Enterprise Services (OMES) created a pilot program (starting in SFY 2019/2020) wherein vendors were put on Statewide Contract, thus no longer requiring them to competitively bid their services. These pilot programs are known as Rolling Request for Proposal (RFP) or Rolling Solicitations. In SFY2022, we noted certain non-IT consulting services (SW0133 Statewide Contracts) and Deliverable Based IT Service (SW1050 Statewide Contracts) vendors were added to Statewide Contract pilot program and are now receiving federal funds through this process. In SFY2023, OMES added two additional Statewide Contract pilot programs, SW1025 Information Technology Staff Augmentation Services and SW0132 Non-IT Temporary Employment Services. Vendors under this contract category will also be receiving federal funding.

Further, there are no written policies and procedures for any of the Statewide Contracting pilot programs (Rolling RFP's) to describe how these contracts are to be executed to meet both federal and state law.

Lastly, as of January 2024, no recommendations have been made to the Legislature on how the Statewide Contract pilot programs has helped state procurement become more effective and efficient for the State of Oklahoma as required by law. As a result, the longer the pilot programs remain open without recommendations to the Legislature, entities on Statewide Contract pilot programs are allowed to charge what they feel are appropriate rates per their federal contracts, without any competitive or vetting process in place.

**Cause:** The OMES does not have adequate controls in place, including policies and procedures, to ensure federal grant contracts are properly executed.

**Effect:** The OMES is not complying with 2 CFR § 200.317 *Procurements by states* since the agency has no policies and procedures in place for the Statewide Contracting pilot programs. As a result, federal contracts awarded under the Statewide Contracting pilot programs, do not appear to meet State of Oklahoma competitive bidding requirements. Also, contracts with vendors may not contain the applicable provisions required by 2 CFR § 200.327. Lastly, under the existing Statewide Contract pilot programs, OMES can receive increased federal contract fees because vendors are not compelled to charge reasonable rates per 2 CFR § 200.404.

**Recommendation:** We recommend the OMES develop and implement policies and procedures for the Statewide Contract pilot programs to ensure all federal contracts are properly executed. Further, we recommend OMES provide justification on how vendors/consultants put on the Statewide Contract pilot programs are exempt from competitive bidding requirements. Lastly, we recommend the OMES work in a timely manner to either bring the Statewide Contract pilot programs before the legislature to explain the benefits to the state and what should be written into law or eliminate the program.

### **Views of Responsible Official(s)**

**Contact Person:** Amanda Otis

**Anticipated Completion Date:** Sine Die

**Corrective Action Planned:** Management does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** Based on the corrective action plan provided by management, the procedures provided were not adequate policies and procedures to explain how the Statewide Contracting pilot programs (Rolling RFP's) are meeting the competitive bidding requirements per Title 74 O.S. § 85.7. As a result, our finding stands that management does not have adequate policies and procedures to meet 2 CFR § 200.317 *Procurements by states* for federal contracting. Further, the Statewide Contracting pilot programs lack support to show that federal grant contracts are being awarded to the lowest and best, or best value, bidder or bidders per Title 74 O.S. § 85.7.A.7.B.

**OKLAHOMA DEPARTMENT OF EDUCATION**

**FINDING NO:** 2022-012

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

## Schedule of Findings And Questioned Costs

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**FEDERAL AGENCY:** United States Department of Education (USDE)

**ALN:** 84.425 – 84.425C; 84.425D; 84.425U

**FEDERAL PROGRAM NAME:** Governor’s Emergency Education Relief Fund (GEER); Elementary and Secondary School Emergency Relief Fund (ESSER); American Rescue Plan – Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER)

**FEDERAL AWARD NUMBER:** S425C200006; S425D210024; S425U210024

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Wage Rate Requirements

**QUESTIONED COSTS:** \$0

**Criteria:** 2 C.F.R. § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

2 C.F.R. Appendix A to Part 215—*Contract Provisions* states in part, “All contracts, awarded by a recipient including small purchases, shall contain the following provisions as applicable:… 3. Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7)—When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor.”

40 U.S. §3142. *Rate of wages for laborers and mechanics* states in part,

“(a) Application. - The advertised specifications for every contract in excess of \$2,000, to which the Federal Government or the District of Columbia is a party, for construction, alteration, or repair, including painting and decorating, of public buildings and public works of the Government or the District of Columbia that are located in a State or the District of Columbia and which requires or involves the employment of mechanics or laborers shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics.

(b) Based on Prevailing Wage. - The minimum wages shall be based on the wages the Secretary of Labor determines to be prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State in which the work is to be performed, or in the District of Columbia if the work is to be performed there.

(c) Stipulations Required in Contract - Every contract based upon the specifications referred to in subsection (a) must contain stipulations that—

(1) the contractor or subcontractor shall pay all mechanics and laborers employed directly on the site of the work, unconditionally and at least once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the contractor or subcontractor and the laborers and mechanics;

(2) the contractor will post the scale of wages to be paid in a prominent and easily accessible place at the site of the work; and

(3) there may be withheld from the contractor so much of accrued payments as the contracting officer considers necessary to pay to laborers and mechanics employed by the contractor or any subcontractor on the work the difference between the rates of wages required by the contract to be paid laborers and mechanics on the work and the rates of wages received by the laborers and mechanics and not refunded to the contractor or subcontractors or their agents.”...

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2 C.F.R. § 5.5 (3)(ii) *Certified payroll requirements* states in part:

“(A) *Frequency and method of submission.* The contractor or subcontractor must submit weekly, for each week in which any DBA- or Related Acts-covered work is performed, certified payrolls to the ... [applicant, sponsor, owner, or other entity, as the case may be, that maintains such records, for transmission to the [write in name of agency]. ...

(B) *Information required.* The certified payrolls submitted must set out accurately and completely all of the information required to be maintained under [paragraph \(a\)\(3\)\(i\)\(B\)](#) of this section, except that full Social Security numbers and last known addresses, telephone numbers, and email addresses must not be included on weekly transmittals. Instead, the certified payrolls need only include an individually identifying number for each worker (e.g., the last four digits of the worker's Social Security number). ...

(C) *Statement of Compliance.* Each certified payroll submitted must be accompanied by a “Statement of Compliance,” signed by the contractor or subcontractor, or the contractor's or subcontractor's agent who pays or supervises the payment of the persons working on the contract, and must certify the following:

- (1) That the certified payroll for the payroll period contains the information required to be provided under [paragraph \(a\)\(3\)\(ii\)](#) of this section, the appropriate information and basic records are being maintained under [paragraph \(a\)\(3\)\(i\)](#) of this section, and such information and records are correct and complete;
- (2) That each laborer or mechanic (including each helper and apprentice) working on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in [29 CFR part 3](#); and
- (3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification(s) of work actually performed, as specified in the applicable wage determination incorporated into the contract.”

**Condition and Context:** While documenting controls over wage rate requirements, we were informed that OSDE’s Office of Federal Programs did not obtain and review LEA construction contracts or subcontracts in excess of \$2,000 in order to verify the required prevailing wage rate clauses were included in the contract or subcontract. In addition, the Office of Federal Programs did not obtain and review weekly, for each week in which any applicable contract work is performed, copies of the certified payroll records including the required statement of compliance prior to reimbursing the LEAs ESF funded construction claims. Also, OSDE failed to include a review of the LEA’s compliance with Wage Rate Requirements as part of their subrecipient monitoring procedures. Therefore, SAI, was unable to verify whether the contract or subcontract included the required prevailing wage rate clauses and whether the certified payroll records were submitted as required.

**Cause:** It appears that the OSDE Office of Federal Programs did require the LEAs to submit a COVID Relief Funds Equipment and Construction Approval Application. However, this application did not adequately inform the LEAs of the Wage Rate requirements included in the Uniform Guidance Compliance Supplement. In addition, it appears that Office of Federal Programs did not understand that the Uniform Guidance Compliance requirements stipulate that the actual construction contracts must be reviewed in order to verify that the required prevailing wage rate clauses were included in the contract and that the required certified payroll records must be submitted to the SEA by the LEAs in order to verify that the contractor or subcontractor submitted the required certified payrolls.

**Effect:** ESF funds may have been used to pay for LEA construction projects that do not comply with the required Wage Rate Requirements.

**Recommendation:** We recommend that OSDE develop and implement procedures for the following:

- Prepare and maintain a listing of all ESF funded contact applications (past and future) and document the approval status.
- Immediately obtain from the LEAs the approved construction contracts and subcontracts greater than \$2,000 along with all applicable certified payroll records for all ESF construction projects paid for with ESF funds (past and future).

## Schedule of Findings And Questioned Costs

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- Perform a review of all ESF funded construction contracts and subcontracts along with all applicable certified payroll records (past and future) in order to verify whether the contracts include the required wage rate clauses and to ensure the LEAs obtained a copy of the certified payroll records including statement of compliance as required.
- Ensure ESF funded construction project claims are only reimbursed for LEAs that have an approved construction contract on file at OSDE and, the LEA has submitted the certified payroll records including statement of compliance as required with the claim.
- For any ESF construction project claims OSDE has already paid, ensure all federal funds are returned to USDOE for; 1) construction contracts that did not include the required wage rate clauses, and/ or; 2) copies of the certified payroll records including the statement of compliance were not obtained.

### *Views of Responsible Official(s)*

**Contact Person:** Thomas Kirk | Division Director, Federal Programs

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Oklahoma State Department of Education partially agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The Corrective Action Plan did not include procedures to maintain a listing of all ESF funded contact applications (past and future) and documented approval status. Per the Uniform Guidance Compliance Requirements, SAI is required to test compliance with Wage Rate requirements per the following:

### III. COMPLIANCE REQUIREMENTS

#### Part N - Special Tests and Provisions

##### 1. Wage Rate Requirements

**Audit Objectives** Determine whether the nonfederal entity notified contractors and subcontractors of the requirements to comply with the Wage Rate Requirements and obtained copies of certified payrolls.

#### **Suggested Audit Procedures**

Select a sample of construction contracts and subcontracts greater than \$2,000 that are covered by the Wage Rate Requirements and perform the following procedures:

- a. Verify that the required prevailing wage rate clauses were included in the contract or subcontract. -
- b. For each week in which work was performed under the contract or subcontract, verify that the contractor or subcontractor submitted the required certified payrolls.

In future audit periods, SAI will need a list of all approved construction contracts in order to adequately test whether the procedures referenced in the OSDE Corrective action Plan (CAP) for Consolidated Monitoring of LEAs with construction projects funded through federal funds (ESF) include a review of the construction contracts and supporting certified payroll records.

**FINDING NO:** 2022-022 (Repeat Finding 2021-032)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**ALN:** 84.425, 84.425C, 84.425D, 84.425U

**FEDERAL PROGRAM NAME:** Education Stabilization Fund (ESF) - Governor's Emergency Education Relief Fund (GEER); Elementary and Secondary School Emergency Relief (ESSER) Fund; American Rescue Plan (ARP ESSER)

**FEDERAL AWARD NUMBER:** S425D200024, S425D210024, S425U210024

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**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Subrecipient Monitoring

**Criteria:** 2 CFR § 200.332(b) – *Requirements for Pass-through Entities* states in part, “All pass-through entities must: ... (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).”

2 CFR § 200.332(d) – *Requirements for Pass-through Entities* states in part, “All pass-through entities must: ... (d) Monitor the activities of the subrecipient as necessary to ensure that 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. Pass-through entity monitoring of the subrecipient must include:

...

- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.”

2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

**Condition and Context:** While testing 40 of 544 LEAs on the Risk Assessment Ranking Tool, we noted the following issues:

- For seven of 40 (17.5%) of LEAs tested, the risk assessment score was not supported by appropriate documentation denoting an inadequate review.
- For seven of 40 (17.5%) of LEAs tested, the LEA’s risk of noncompliance was inappropriately evaluated.
- For one of 40 (2.5%) of LEAs tested, the LEA was not monitored as high risk appropriately.

In addition, while performing testwork on 27 prior year monitored non-compliant sites to see if appropriate follow-up procedures were performed, we found that two districts were found to be non-compliant on the 2021 Monitoring Log and did not receive points on the FY22 Risk Assessment.

**Cause:** OSDE does not have an appropriate review system to ensure subrecipient LEAs are accurately evaluated on the Risk Assessment Ranking Tool.

**Effect:** Failure to adequately distribute risk assessment points could result in inadequate monitoring of subrecipient LEAs.

**Recommendation:** We recommend OSDE strengthen their policies and procedures related to risk assessment scoring to ensure all subrecipients are appropriately evaluated and monitored.

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### *Views of Responsible Official(s)*

**Contact Person:** Tammy Smith, Program Director | Office of Title Services

**Anticipated Completion Date:** July 1, 2023

**Corrective Action Planned:** The Oklahoma State Department of Education agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-043

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**ALN:** 84.425; 84.425D; 84.425U

**FEDERAL PROGRAM NAME:** Elementary and Secondary School Emergency Relief Fund (ESSER); American Rescue Plan – Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER)

**FEDERAL AWARD NUMBER:** S425D210024; S425U210024

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed & Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$36,466

**Criteria:** 2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

CARES Act – H.R. 748 – ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND – SEC. 18003 (d) USES OF FUNDS states:

“A local educational agency that receives funds under this title may use the funds for any of the following:

- (1) Any activity authorized by the ESEA of 1965, including the Native Hawaiian Education Act and the Alaska Native Educational Equity, Support, and Assistance Act (20 U.S.C. 6301 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) (“IDEA”), the Adult Education and Family Literacy Act (20 U.S.C. 1400 et seq.), the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 et seq.) (“the Perkins Act”), or subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.).
- (2) Coordination of preparedness and response efforts of local educational agencies with State, local, Tribal, and territorial public health departments, and other relevant agencies, to improve coordinated responses among such entities to prevent, prepare for, and respond to coronavirus.
- (3) Providing principals and others school leaders with the resources necessary to address the needs of their individual schools.
- (4) Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.
- (5) Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies.
- (6) Training and professional development for staff of the local educational agency on sanitation and minimizing the spread of infectious diseases.
- (7) Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency.
- (8) Planning for and coordinating during long-term closures, including for how to provide meals to eligible students, how to provide technology for online learning to all students, how to provide guidance for carrying out requirements under the Individuals with Disabilities Education Act (20 U.S.C. 1401 et seq.) and how to ensure other educational services can continue to be provided consistent with all Federal, State, and local requirements.
- (9) Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and students with disabilities, which may include assistive technology or adaptive equipment.
- (10) Providing mental health services and supports.



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(11) Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.

(12) Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency.”

American Rescue Plan Act of 2021 - H.R.2617, 117th Congress - SEC. 2001. ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND states in part:

“(2) AVAILABILITY OF FUNDS.— Each State shall make allocations under paragraph (1) to local educational agencies in an expedited and timely manner and, to the extent practicable, not later than 60 days after the receipt of such funds.

...

(e) USES OF FUNDS.—A local educational agency that receives funds under this section— (1) shall reserve not less than 20 percent of such funds to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students’ academic, social, and emotional needs and address the disproportionate impact of the coronavirus on the student subgroups described in section 1111(b)(2)(B)(xi) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(2)(B)(xi)), students experiencing homelessness, and children and youth in foster care; and (2) shall use the remaining funds for any of the following:

(A) Any activity authorized by the Elementary and Secondary Education Act of 1965.

(B) Any activity authorized by the Individuals with Disabilities Education Act.

(C) Any activity authorized by the Adult Education and Family Literacy Act.

(D) Any activity authorized by the Carl D. Perkins Career and Technical Education Act of 2006.

(E) Coordination of preparedness and response efforts of local educational agencies with State, local, Tribal, and territorial public health departments, and other relevant agencies, to improve coordinated responses among such entities to prevent, prepare for, and respond to coronavirus.

(F) Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.

(G) Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies.

(H) Training and professional development for staff of the local educational agency on sanitation and minimizing the spread of infectious diseases.

(I) Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency.

(J) Planning for, coordinating, and implementing activities during long-term closures, including providing meals to eligible students, providing technology for online learning to all students, providing guidance for carrying out requirements under the Individuals with Disabilities Education Act and ensuring other educational services can continue to be provided consistent with all Federal, State, and local requirements.

(K) Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and children with disabilities, which may include assistive technology or adaptive equipment.

(L) Providing mental health services and supports, including through the implementation of evidence-based full-service community schools.

(M) Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, children with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.

(N) Addressing learning loss among students, including low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care, of

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the local educational agency, including by— (i) administering and using high-quality assessments that are valid and reliable, to accurately assess students’ academic progress and assist educators in meeting students’ academic needs, including through differentiating instruction; (ii) implementing evidence-based activities to meet the comprehensive needs of students; (iii) providing information and assistance to parents and families on how they can effectively support students, including in a distance learning environment; and (iv) tracking student attendance and improving student engagement in distance education.

(O) School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs.

(P) Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non- mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.

(Q) Developing strategies and implementing public health protocols including, to the greatest extent practicable, policies in line with guidance from the Centers for Disease Control and Prevention for the reopening and operation of school facilities to effectively maintain the health and safety of students, educators, and other staff.

(R) Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency.”

**Condition and Context:** While testing 67 of 918 accounts payable claims totaling \$97,835,613.65, we noted the following:

- For 5 of 67 (7.46%) claims tested, we noted that the electronic LEA expenditure claim included incorrect function codes/object codes and/or the claim did not agree with budgeted activities for SFY22. However, the claims were for allowable activities under the applicable Education Stabilization Fund (ESF) program and were correctly included in accounts payable.
- For 1 of 67 (1.49%) claims tested, we noted that no supporting documentation i.e. (invoices, receipts, etc.) was submitted for several items listed on the Detailed Expenditure Report totaling \$25,812.97 and SAI was unable to determine if 1) the items were allowable (per the applicable ESF regulations), 2) the items were included in the LEA’s approved budgeted activities and, 3) the transactions were appropriately included in accounts payable expenditures. SAI questioned these costs.
- For 3 of 67 (4.48%) claims tested, we noted the electronic LEA expenditure claim included unallowable items (per the applicable ESF regulations) totaling \$10,619 and, the expenditures did not agree with the LEA’s approved budgeted activities. SAI questioned these costs.

In addition, while testing 68 of 6,320 claims totaling \$737,399,107.82, we noted the following:

- For 1 of 68 (1.47%) claims tested, we noted an overclaim of \$10 for cleaning services. SAI questioned these costs.
- For 1 of 68 (1.47%) claims tested, we noted some claim items were coded incorrectly, and one claim, totaling \$24.63, was not for an allowable use of ESSER II funds. SAI questioned the unallowable cost.

**Cause:** OSDE did not adequately review claims to ensure all supporting documents were submitted, the claim agreed with the approved budgeted items and, the claim was only for allowable uses of ESSER II funds and ARP ESSER funds.

**Effect:** Failure to adequately review claims could result in reimbursement of unallowable expenses. Claims may have been incorrectly included in accounts payable.

**Recommendation:** We recommend OSDE strengthen their policies and procedures related to claim reviews to ensure that LEAs are not reimbursed for expenditures that are not allowable uses of ESSER II and ARP ESSER funds and to ensure expenditures are correctly classified.

### **Views of Responsible Official(s)**

**Contact Person:** Tammy Smith, Program Director| Title Services

**Anticipated Completion Date:** 06/30/2024

## Schedule of Findings And Questioned Costs

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**Corrective Action Planned:** The Oklahoma State Department of Education agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-044 (Repeat Finding 2021-036)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**ALN:** 84.425 –84.425D; 84.425U; 84.425V; 84.425W

**FEDERAL PROGRAM NAME:** Elementary and Secondary School Emergency Relief Fund (ESSER); American Rescue Plan – Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER); ARP Emergency Assistance to Nonpublic Schools (ARP EANS); ARP Homeless Children and Youth I and II (ARP HCY I and II)

**FEDERAL AWARD NUMBER:** S425D210024; S425U210024; S425V210007; S425W210037 – 21A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Subpart B § 170.200 *Federal awarding agency reporting requirements* states in part, “(a) Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation.”

2 CFR Subpart B § 170.220 *Award term* states in part “(a) To accomplish the purposes described in § 170.100, a Federal awarding agency must include the award term in appendix A to this part in each Federal award to a recipient under which the total funding is anticipated to equal or exceed \$30,000 in Federal funding.”

2 CFR Subpart B § 170.220 *Award term - Appendix A* states in part,

“I. Reporting Subawards and Executive Compensation

a. *Reporting of first-tier subawards.*

*Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).

...

2. *Where and when to report.*

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.”

**Condition and Context:** While documenting controls over FFATA reports, we noted that OSDE did not report the subaward information timely for the revised ESSER II LEA allocation that was due on January 31, 2022, but not submitted until February 24, 2022.

In addition, OSDE did not report any of the subaward information for the following revised ESSER allocations:

- The FFATA report for the revised ARP ESSER allocations was due on January 31, 2022; however, the report was not submitted.
- The FFATA report for the ARP EANS allocations was due on October 29, 2021; however, the report was not submitted.
- The FFATA report for the ARP HCY II allocations was due on April 30, 2022; however, the report was not submitted.

## Schedule of Findings And Questioned Costs

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While testing 1 of 5, or 20% of FFATA reports, we noted that one LEA was left off the FFATA report submitted for the ARP Homeless HCY I allocations.

**Cause:** OSDE does not have adequate policies and procedures to ensure that FFATA reports, and applicable revisions are accurate, complete, and submitted within the required timeframes.

**Effect:** Information being reported in the Federal Subaward Reporting System (FSRS) is not accurate and/or complete.

**Recommendation:** We recommend that OSDE develop policies and procedures to ensure that FFATA reports, and applicable revisions are accurate, complete, and submitted within the appropriate timeframes.

### **Views of Responsible Official(s)**

**Contact Person:** Tammy Smith, Program Director | Office of Title Services

**Anticipated Completion Date:** September 2022

**Corrective Action Planned:** The Oklahoma State Department of Education agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-049

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**ALN:** 84.425 – 84.425R

**FEDERAL PROGRAM NAME:** Emergency Assistance for Non-Public Schools

**FEDERAL AWARD NUMBER:** S425R210007

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** United States Department of Education website *ESSER Annual Reporting* states in part, “All grantees are required to report on ESSER funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and the American Rescue Plan (ARP) Act. Grantees must submit an annual report describing how the State and subrecipients used the awarded funds during the performance period. Similar to CARES Act Year 1 annual reporting, grantees will use the Annual Report Data Collection Tool to submit the State report.”

**Condition and Context:** The expenditures reported for the CRRSA EANS Annual Report were not accurate. The total amount of the grant expended included expenditures through mid-September 2021 instead of through the end of the fiscal year, June 30, 2021.

**Cause:** OSDE does not have adequate policies and procedures to ensure personnel in charge of completing the annual report have an adequate understanding of the requirements of the report.

**Effect:** The amount reported for the total CRRSA EANS amount of the grant expended was overstated by \$3,907,693.59.

**Recommendation:** We recommend OSDE develop and implement policies and procedures to ensure personnel have an adequate understanding of the requirements for the Annual Report and to ensure the amounts reported are correct.

### **Views of Responsible Official(s)**

**Contact Person:** Tammy Smith, Program Director | Office of Title Services

**Anticipated Completion Date:** May 2024

**Corrective Action Planned:** The Oklahoma State Department of Education agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-070

## Schedule of Findings And Questioned Costs

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**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**ALN:** 84.425; 84.425V

**FEDERAL PROGRAM NAME:** American Rescue Plan – Emergency Assistance to Non-Public Schools (ARP EANS)

**FEDERAL AWARD NUMBER:** S425V210007

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Identifying Non-Public Schools under ARP EANS that Enroll a Significant Percentage of Students from Low-income Families and are Most Impacted by the COVID-19 Emergency

**QUESTIONED COSTS:** \$0

**Criteria:** 2 C.F.R. § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

86 FR 36648 – *American Rescue Plan Act Emergency Assistance to Non-Public Schools Program* states in part, “Under the ARP EANS program, consistent with section 312(d)(1) of division M of the CRRSA Act, the Department will allot funds by formula to each Governor with an approved application based on the State's relative share of children aged 5 through 17 who are from families at or below 185 percent of the 2020 Federal poverty level and enrolled in non-public schools, as determined by the Department on the basis of non-public school enrollment data from the U.S. Census Bureau's American Community Survey (ACS) Public Use Microdata Sample (PUMS) for 2015-2019.”

*U.S. Department of Education Application for Funding – Emergency Assistance to Non-Public Schools (EANS) under the American Rescue Plan Act of 2021 (ARP Act)* states in part, “The final requirements require a Governor, in his or her application for ARP EANS funds, to identify the significant poverty percentage and the factors demonstrating the impact of the COVID-19 emergency the State will use, after approval by the Secretary, to determine which non-public schools are eligible to receive services or assistance. In addition to meeting the definition of a non-public school in section 316(6) of the CRRSA Act and the eligibility requirement in section 312(d)(9) of the CRRSA Act, a non-public school must meet or exceed the State’s significant poverty percentage and be most impacted by the COVID-19 emergency.

...

A non-public school enrolls a significant percentage of students from low-income families if the percentage of students from low-income families enrolled in such school meets or exceeds--

- 40 percent; or
- An alternate significant percentage approved by the Secretary in the State’s application that is based on circumstances in the State, which may be –
  - The State’s average percentage of students from low-income families in public and non-public schools.
  - The average percentage of students from low-income families in non-public schools in the State that, for example, applied for or participated in the EANS program authorized by the CRRSA Act; or
  - Other factors that the State demonstrates support an alternate significant poverty percentage.

A non-public school is most impacted by the COVID-19 emergency based on one or more of the following factors:

- The number of COVID-19 infections per capita in the community or communities served by the non-public school.
- The number of COVID-19 related deaths per capita in the community or communities served by the non-public school.
- Data on the academic impact of lost instructional time and the social, emotional, and mental health impacts on students attending the non-public school attributable to the disruption of instruction caused by the COVID-19 emergency; or

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- The economic impact of the COVID-19 emergency on the community or communities served by the non-public school.

...

Determining Low-Income Counts - To be counted as a student from a low-income family for purposes of the ARP EANS program, a student must be aged 5 through 17 from a family whose income does not exceed 185 percent of the 2020 Federal poverty threshold. To obtain a count of students from low-income families enrolled in a non-public school, an SEA may use one or more of the following sources of data, provided the poverty threshold is consistent across sources:

- Data on student eligibility for free or reduced-price lunch under the Richard B. Russell National School Lunch Act (43 U.S.C. 1751 et seq.).
- Data from the E-rate program administered by the Federal Communications Commission (47 CFR 54.500, 54.505(b)).
- Data from a different source, such as scholarship or financial assistance data.
- Data from a survey developed by the SEA.”

USDE published a webinar dated February 24, 2022, that states in part, “Under the ARP EANS final requirements, the source of data must be an actual measure of family income. Methodologies, such as proportionality, may not be used to determine the eligibility of non-public schools for ARP EANS services or assistance.”

USDOE Letter dated July 29, 2022, states in part, “Because proportionality is a methodology to derive an estimate and is not based on actual income data from the families of students enrolled in a non-public school, it cannot be used to determine school eligibility for ARP EANS.”

**Condition and Context:** We reviewed the 31 ARP EANS allocations and noted the following issues:

1. For 12 of 31 (38.71%) non-public schools that received an ARP EANS allocation, we noted OSDE allowed non-public schools to use of proportionality data to calculate their low-income student counts, and OSDE failed to revise the allocations after notification from the USDOE that the use of proportionality data was unallowable.
2. For 31 of 31 (100%) non-public schools, the ARP EANS allocation is incorrect.
3. For 31 of 31 (100%) non-public schools, OSDE did not track the amounts spent to ensure the expenditures did not exceed the total allocation.

Also, OSDE did not appropriately determine whether the non-public schools enrolled a significant percentage of students from low-income families who were most impacted by COVID-19.

SAI noted that many non-public schools elected to use proportionality data (estimate based on the Title IA low income counts for the public school serving the same area as the private school) even though other reliable low income counts that were based on actual income data were available. Because OSDE collects actual low income counts from many of these non-public schools as part of OSDE’s procedures to determine equitable services for non-public schools, OSDE should have been aware that the use of the proportionality data resulted in the non-public schools receiving an ARP EANS allocation based on greatly inflated and inaccurate low-income counts. In addition, many non-public schools would not have met the 40% threshold if their actual low-income counts had been used. Finally, the amount of ARP EANS funds allocated to other non-public schools that did report actual low-income counts would have been unfairly reduced by the private schools using the inflated estimates.

SAI notes that, as of the date of our testwork (November 18, 2023), OSDE has not obtained the appropriate low income counts from the non-public schools that used the proportionality data originally and has not made the required re-allocation of ARP EANS funds.

**Cause:** OSDE does not have adequate policies and procedures to ensure:

- ARP EANS allocations are to non-public schools that enroll a significant percentage of students from low-income families who were most impacted by COVID-19

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- allocations are based on allowable methodologies for determining non-public school low-income counts.
- the amount of ARP EANS funds spent per non-public school to ensure the funds spent do not exceed the approved allocation.
- ARP EANS funds are re-allocated based on USDE published final requirements stating proportionality data was not an allowable methodology to determine eligibility for ARP EANS

**Effect:** ARP EANS funds were allocated and paid to ineligible non-public schools. Eligible non-public schools were allocated less ARP EANS funding than they should have been awarded.

**Recommendation:** We recommend that OSDE develop and implement policies and procedures to ensure ARP EANS funds are correctly allocated only to non-public schools that enroll a significant percentage of students from low-income families who were most impacted by COVID-19.

We recommend OSDE immediately revise the ARP EANS allocations based on allowable methodologies for determining non-public school low-income counts.

We recommend OSDE develop and implement procedures to track the amount of ARP EANS funds spent per non-public school to ensure the funds spent do not exceed the approved allocation.

### **Views of Responsible Official(s)**

**Contact Person:** Tammy Smith, Program Director| Office of Title Services

**Anticipated Completion Date:** June 2023

**Corrective Action Planned:** The Oklahoma State Department of Education partially agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The corrective action provided does not specifically address any of the SAI recommendations.

The core issue of the finding is that OSDE did not appropriately determine whether the non-public schools enrolled a significant percentage of students from low-income families who were most impacted by COVID-19. This resulted in some non-public schools receiving EANS allocations (sometimes very large allocations) when the non-public school did not meet the low-income threshold and were not eligible to receive EANS funds. This also caused non-public schools that did meet the low-income threshold to receive an EANS allocation that was less (sometimes significantly less) than they were actually entitled to receive.

The SAI recommendations include the development and implementation of appropriate policies and procedures to ensure EANS allocations are correctly allocated, and funds expended are correctly tracked, and the ARP EANS allocations are appropriately revised based on allowable methodologies for determining non-public school low-income counts.

## **OKLAHOMA EMPLOYMENT SECURITY COMMISSION**

**FINDING NO:** 2022-038 (Repeat Finding #2021-011)

**STATE AGENCY:** Oklahoma Employment Security Commission (OESC)

**FEDERAL AGENCY:** U.S. Department of Labor

**ALN:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** 23A60UI038000-01-03 and UI359652160A40-01-05

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Special Tests and Provisions - Reemployment Services and Eligibility Assessments (RESEA)

**QUESTIONED COSTS:** \$0

## Schedule of Findings And Questioned Costs

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**Criteria:** Section 306 of the Social Security Act requires all states to operate either a Worker Profiling and Reemployment Services Program (WPRS) or a Reemployment Services and Eligibility Assessment Program (RESEA), or both. The State of Oklahoma only operates a RESEA program. The requirements include profiling of all claimants to determine who will likely exhaust their benefits and need reemployment services to transition to new employment. If operating only a RESEA program, the Oklahoma Employment Security Commission must include the basic elements of the WPRS program which includes the required WPRS profiling model and statewide provision of services.

Social Security Act § 306(a) [42 USC § 506(b)] – *Grants to States for reemployment services and eligibility assessments* states in part, “The purposes of this section are to accomplish the following goals:

- (1) To improve employment outcomes of individuals that receive unemployment compensation and to reduce the average duration of receipt of such compensation through employment.
- (2) To strengthen program integrity and reduce improper payments of unemployment compensation by States through the detection and prevention of such payments to individuals who are not eligible for such compensation.
- (3) To promote alignment with the broader vision of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) of increased program integration and service delivery for job seekers, including claimants for unemployment compensation.
- (4) To establish reemployment services and eligibility assessments as an entry point for individuals receiving unemployment compensation into other workforce system partner programs.”

U.S. Department of Labor, Unemployment Insurance Program Letter No. 10-22, Number 4. Program Operations, d. states in part, “i. UI staff must be engaged in the administration of the RESEA program. This includes, but is not limited to:

- Participating in the planning, administration, and oversight of the RESEA program;
- Providing all appropriate staff training on UC eligibility requirements;
- Ensuring accurate data are provided in the RESEA-required reports; and
- Conducting eligibility determinations and redeterminations resulting from issues identified through RESEA participation.”

**Condition and Context:** The Department of Labor’s Employment and Training Administration (ETA) 9128 report provides quarterly information on the Reemployment Services and Eligibility Assessment (RESEA) activities of claimants who are most likely to exhaust their Unemployment Insurance (UI) benefits and are selected to participate in the RESEA program. The data on this report allows for evaluation and monitoring of the RESEA program. Oklahoma Job Match system (OKJM), the management system where the appointments are recorded, provides appointment information for Sections I and III of the ETA 9128 performance report. OESC’s mainframe generates a report that is used for Sections II and IV of the report. The data from both systems are then input into the Department of Labor’s Sun System to create the final ETA 9128 report.

The data generated by OKJM used in the ETA 9128 performance report was not reliable for reporting purposes. In order to complete the ETA 9128 report, the RESEA program manager had staff manually go back through their appointments, capture information, and verbally provide the results. Based on the lack of physical documentation for the ETA 9128 performance report, we are unable to determine if the ETA 9128 performance report accurately compiled all RESEA performance data.

**Cause:** During Covid, services were suspended in part due to a directive from the Governor to suspend required work searches, as well as the inability to meet with RESEA participants in person. As a result, programming changes prevented enrollments from opening in OKJM and staff were unable to enter data in the RESEA enrollment to be captured in the report.

**Effect:** For SFY 2022, OESC staff were unable to use OKJM the system to capture RESEA participant information, which could result in OESC reporting inaccurate data on the ETA 9128 performance reports.



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**Recommendation:** We recommend the OESC continue to develop a process in OKJM to ensure that the RESEA enrollment opens allowing staff to capture appointment information and keep track of the number of RESEA appointments and that the system generates reliable quarterly data to be reported on the ETA 9128.

### *Views of Responsible Official(s)*

**Contact Person:** Sharon Smith, RESEA Program Manager

**Anticipated Completion Date:** Ongoing until modernization of RESEA tools are complete.

**Corrective Action Planned:** The Oklahoma Employment Security Commission agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-051 (Repeat Finding 2021-057)

**STATE AGENCY:** Oklahoma Employment Security Commission

**FEDERAL AGENCY:** U.S. Department of Labor

**ALN:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance (UI)

**FEDERAL AWARD NUMBER:** UI340792055A40-01-09, UI356692155A40-01-08, and UI372442255A40-01-09

**FEDERAL AWARD YEAR:** 2020, 2021, and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Benefit Accuracy Measurement

**QUESTIONED COSTS:** \$0

**Criteria:** As documented in the Unemployment Insurance Program Letter (UIPL) No. 02-12, Public Law 112-40 enacted on October 21, 2011, and effective October 21, 2013, amended sections 303(a) and 453A of the Social Security Act and sections 3303, 3304, and 3309 of FUTA. Section 4. of the UIPL states in part, “Section 251(a) of the TAAEA [Trade Adjustment Assistance Extension Act of 2011] amends section 303(a), SSA, by adding a new paragraph (11). As a condition of receiving a Federal grant to administer its UC law, a state that has determined that an improper payment from its unemployment fund was made to an individual due to fraud committed by such individual must assess a monetary penalty of not less than 15 percent of the amount of the erroneous payment against that individual. The 15 percent penalty amount is the minimum amount required; states may impose a greater penalty.”

UIPL No. 02-12, Section 4. States in part, “A. Requirements: Section 303(a)(11), SSA, further requires that the state immediately deposit receipts of the Federally-mandated penalty amounts into the unemployment fund of the state....When a recovery with respect to a fraudulent overpayment is made, the state is encouraged to apply any recovery to the principal amount of the overpayment first, to the Federally-mandated penalty amount second and finally to any other amounts due (e.g., additional penalties and/or interest). However, the order of the recovery is determined by state law.” See UIPL No. 02-12 at [https://wdr.doleta.gov/directives/corr\\_doc.cfm?DOCN=6707](https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=6707).

40 O.S. §2-613 (1) states, “Fraud overpayment: in which an individual intentionally makes a false statement or representation or fails to disclose a material fact, and has received any sum as benefits to which the individual was not entitled. The individual shall be liable to repay this sum, plus a penalty of twenty-five percent (25%) of the amount of the original overpayment and interest at the rate of one percent (1%) per month on the unpaid balance of the overpayment, to the Oklahoma Employment Security Commission. Three-fifths (3/5) of the penalty amount collected shall be deposited in the Unemployment Trust Fund for the State of Oklahoma and the remaining two-fifths (2/5) shall be deposited in the Oklahoma Employment Security Commission Revolving Fund. The interest shall cease to accrue when the total accrued interest equals the amount of the overpayment. If an overpayment is modified, the interest shall cease to accrue when the total accrued interest equals the amount of the modified overpayment. The Commission shall deduct the principal sum from any future benefits payable to the individual.”

Oklahoma Administrative Code (OAC) 240:10-3-28 (b) states, “All payments or amounts collected in processes other than offset or recoupment of current unemployment benefit payments – When a payment is made or a collection of funds is accomplished to repay an indebtedness created by a previous overpayment of unemployment benefits established pursuant to 40 O.S. §2-613 (1) or (2), the payment or the amount collected shall be applied in the following manner:

- (1) First, to the fees that have been charged to the debtor in the earliest established overpayment until all fees for that overpayment are paid.

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- (2) Second, to accrued penalties in the earliest established overpayment until all penalties for that overpayment are paid.
- (3) Third, to the accrued interest in the earliest established overpayment until all interest for that overpayment is paid.
- (4) Fourth, to the principal amount in the earliest established overpayment until the principal amount is paid in full.
- (5) After the payment or amount collected has been applied in the manner described in paragraphs 1 through 4 of this subsection and the earliest established overpayment is paid in full, any money left over, and all future payments or amounts collected, shall be applied in the same manner to the overpayment established next in time, and this procedure shall be repeated until all overpayments are repaid.”

2 CFR §200.1 “Internal controls”, states in part, “*Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; and
  - (iii) Compliance with applicable laws and regulations.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* Design of the Entity’s Information System, states in part:

- “11.03 Management designs the entity’s information system to obtain and process information to meet each operational process’s information requirements and to respond to the entity’s objectives and risks. An information system is the people, processes, data, and technology that Federal Internal Control Standards management organizes to obtain, communicate, or dispose of information....
- 11.04 Management designs the entity’s information system and the use of information technology by considering the defined information requirements for each of the entity’s operational processes.... Although information technology implies specific types of control activities, information technology is not a “stand-alone” control consideration. It is an integral part of most control activities.
- 11.05 Management also evaluates information processing objectives to meet the defined information requirements. Information processing objectives may include the following:
  - Accuracy - Transactions are recorded at the correct amount in the right account (and on a timely basis) at each stage of processing.
  - Validity - Recorded transactions represent economic events that actually occurred and were executed according to prescribed procedures.”

**Condition and Context:** When OESC receives a reimbursement (recovery) for a fraudulent overpayment, the OESC Bull Mainframe is to apply the recovery in the order prescribed in OAC 240:10-3-28(b). While performing testwork on state fiscal year 2022 recoveries of *fraudulent* Unemployment Insurance (UI) overpayments totaling \$106,663, we noted 36 of 36 (100%) recoveries did not have penalties applied.

**Cause:** During SFY 2022, the Bull Mainframe system only allocated fraudulent overpayments to principal and interest and bypassed the allocation of fees and penalties.

**Effect:** Penalties totaling \$26,666 (\$106,663 \* 25%) were not applied to recoveries. Further, \$16,000 (3/5 of \$26,666) from the omitted penalties was not deposited to the Unemployment Trust fund and \$10,666 (2/5 of \$26,666) was not deposited to the Oklahoma Employment Security Commission Revolving Fund.

**Recommendation:** We recommend OESC IT evaluate the programming relating to recovery allocations and make the adjustments necessary to ensure recoveries are properly applied in the following order: fees, penalty, interest, and then principal.

**Views of Responsible Official(s)**

**Contact Person:** Christopher O’Brien, Director Integrity Division

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**Anticipated Completion Date:** Ultimate resolution expected in conjunction with modernization efforts, timing to be determined.

**Corrective Action Planned:** The Oklahoma Employment Security Commission agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-053 (Partial Repeat Finding 2021-001)

**STATE AGENCY:** Oklahoma Employment Security Commission

**FEDERAL AGENCY:** U.S. Department of Labor

**ALN:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance Programs

**FEDERAL AWARD NUMBER:** UI340792055A40-01-09, UI356692155A40-01-08, UI372442255A40-01-09

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Eligibility

**QUESTIONED COSTS:** \$15,979

**Criteria:** The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 9.04 states, in part, “As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity’s internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.03 states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. ... Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.06 states, “Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity’s information technology. ... Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 11.13 states, in part, “Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today’s highly interconnected business environments, and continual effort is required to address these risks.”

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

**Condition:** When testing a sample of 62 Unemployment Insurance claim payments totaling \$21,413 (identified by check number per payment data), we noted 2 unallowable payments due to unresolved fraud stops totaling \$629 were paid to 2 claimants, which is a 3.23% error rate of claims tested and a 2.94% error rate of dollars tested. We isolated these 2 claimants from all state fiscal year 2022 payments per the applicant identifier (SSN per payment data) and identified 68 benefit payments totaling \$15,979 on those 2 claimants.

**Cause:** The agency’s internal controls were insufficient to detect and/or prevent unallowable unemployment benefit payments. The lack of controls over the Unemployment Insurance benefit payments that led to the increase in unallowable payments was a result of the following factors:

## Schedule of Findings And Questioned Costs

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- Antiquated system that didn't have the capacity for proper automated edits or matching of all necessary fields at the time a claim was filed.
- Large number of stolen identities.
- Lack of adequate staffing to handle the volume of claims paid for all Unemployment Insurance programs.
- Lack of adequate training for all staff related to the various Unemployment Insurance program requirements.
- Delays in the process for employers to dispute claims since the process was largely manual through the mailing of notifications.

**Effect:** Unallowable benefit payments were made, which contributed to the depletion of the Unemployment Insurance Trust Fund.

With a dollar error rate of 2.94% and benefit payments data total of \$275,005,155, we project the amount of unallowable benefit expenditures were \$8,085,152 in state fiscal year 2022. Efforts by OESC to identify and investigate known and suspected claims, and recover fraudulent and overpayment claims, are ongoing. However, we do feel that OESC has made big improvements in identifying trends or anomalies in the data that has allowed the agency to suspend large amounts of potentially fraudulent claims until they can be examined. In addition, OESC implemented VerifyOK in November of 2022 to further deter and prevent identity theft fraud.

**Recommendation:** We recommend the OESC perform the following:

- Continue to work to strengthen internal controls over the automated system to better detect and prevent unemployment insurance benefit overpayments related to fraudulent or administrative errors.
- Continue to refine the analytics process that will help better identify trends or anomalies in the data to catch fraudulent claims timely and save taxpayer monies.
- Work to strengthen their eligibility verification process to help prevent fraudulent claims.
- Continue to work with the U.S. Department of Labor to recover the remaining fraudulent payments.
- Continue to work to establish overpayment resolution for unemployment benefit claims.

### **Views of Responsible Official(s)**

**Contact Person:** Michelle Britten, CFO

**Anticipated Completion Date:** The efforts required for fraud prevention are not expected to end, as bad actors are expected to continually pursue new methods to exploit unemployment benefit systems in all states.

**Corrective Action Planned:** The Oklahoma Employment Security Commission does not completely disagree with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-077 (Repeat Finding 2021-022)

**STATE AGENCY:** Oklahoma Employment Security Commission

**FEDERAL AGENCY:** U.S. Department of Labor

**ALN:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance Program

**FEDERAL AWARD NUMBER:** 23A60UI038000-01-03 and UI359652160A40-01-05

**FEDERAL AWARD YEAR:** 2021-2022

**CONTROL CATEGORY:** Special Tests and Provisions – Reemployment Services and Eligibility Assessments (RESEA)

**QUESTIONED COSTS:** \$0

**Criteria:** 42 USC § 506(b) – *Grants to States for reemployment services and eligibility assessments* states in part, “The purposes of this section are to accomplish the following goals:

- (1) To improve employment outcomes of individuals that receive unemployment compensation and to reduce the average duration of receipt of such compensation through employment.
- (2) To strengthen program integrity and reduce improper payments of unemployment compensation by States through the detection and prevention of such payments to individuals who are not eligible for such compensation.

## Schedule of Findings And Questioned Costs

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- (3) To promote alignment with the broader vision of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) of increased program integration and service delivery for job seekers, including claimants for unemployment compensation.
- (4) To establish reemployment services and eligibility assessments as an entry point for individuals receiving unemployment compensation into other workforce system partner programs.”

U.S. Department of Labor, Unemployment Insurance Program Letter No. 10-22, Number 4. Program Operations, d. states in part, “i. UI staff must be engaged in the administration of the RESEA program. This includes, but is not limited to:

- Participating in the planning, administration, and oversight of the RESEA program;
- Providing all appropriate staff training on UC eligibility requirements;
- Ensuring accurate data are provided in the RESEA-required reports; and
- Conducting eligibility determinations and redeterminations resulting from issues identified through RESEA participation.”

2 CFR §421 – *Failure to Participate in Reemployment Services through Profiling* states in part, “The Oklahoma Employment Security Commission shall establish and utilize a system of profiling for all unemployment benefit claimants that will identify claimants who will be likely to exhaust unemployment benefits and who will need job-search assistance services to make a successful transition to new employment. Any claimant who has been referred to reemployment services pursuant to the profiling system and who fails to participate in the reemployment services made available to the claimant, shall be disqualified to receive benefits for each week in which the failure occurs; unless the Commission determines that: 1. The claimant has completed the reemployment services; or 2. There is justifiable cause for the claimant's failure to participate in reemployment services.”

The RESEA Instructions and Procedures, 7-17-17 revision, *Summary of Documentation!* states in part, “the RESEA process will be documented by the following -

Required services:

1. Reemployment Services and Eligibility Assessment – RESEA (the placeholder service that stands for entire RESEA session)
  2. Reemployment Needs Inventory & Eligibility Review
  3. WOTC Pre-Screening
  4. Job Search Planning
  5. Information on Available Services
  6. Individual Reemployment Plan
  7. Career Guidance
  8. Customized Labor Market Information, and
  9. RESEA – Follow-up
- Completing the Individual Reemployment Plan according to procedures.
  - Uploading 3 required forms to OKJM:
    1. Reemployment Needs Inventory & Eligibility Review, OES 802
    2. RESEA Follow-Up, OES 251
    3. Unemployment Eligibility Review Questionnaire, OES 173”

The RESEA Instructions and Procedures, 7-17-17 revision, *Notifying UI and the Adjudication Process* states in part, “Adjudication Process. Once all notifications have been sent to the OKC Claims Adjudication Unit, the adjudication process follows these general steps: Local office staff report the claimant as a NO SHOW by emailing the OES 842E to PRF/JSW/POE@oes.state.ok.us. A 2-421 code will be placed on the claim.”

2 CFR §200.1 “Internal controls” states in part, “*Internal controls* for non-Federal entities means:

- (2) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (iv) Effectiveness and efficiency of operations;
  - (v) Reliability of reporting for internal and external use; and
  - (vi) Compliance with applicable laws and regulations.”

## Schedule of Findings And Questioned Costs

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The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 14.03 states, “Management communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.”

2 CFR §200.344 Retention requirements for records states in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient....”

**Condition and Context:** The Reemployment Services and Eligibility Assessment (RESEA) provides reemployment services to unemployment claimants who are unlikely to return to their previous industry or occupation and who are considered likely to use up benefits. The Department of Labor’s Employment and Training Administration (ETA) 9128 report provides quarterly information on the RESEA activities of claimants selected to participate in the RESEA program. The data on this report allows for evaluation and monitoring of the RESEA program.

We tested 60 Unemployment Insurance claimants that were profiled for the RESEA program during State Fiscal Year (SFY) 2022 and noted the following exceptions:

- 26 (43.3%) had no RESEA Notification Letters in DocuShare.
- 30 (50.0%) of the required RESEA activities were not completed for at least one of three required follow-up forms in OKJobMatch.
- 13 (21.7%) had industry codes that were not on the list of diminishing industries for the month the claimant was enrolled in RESEA.
- 3 (5.0%) were not associated with an employer record or NAICS number in the OESC mainframe, which means there was no industry to use for profiling the claimant.
- 2 (3.3%) were missing an OES 842E Adjudication Form in OKJobMatch when the claimant did not report for follow-up.

**Cause:** During SFY 2022, the Oklahoma Employment Security Commission did not have adequate controls, along with timely and/or effective communication of RESEA procedures, including instruction on how to properly retain documentation. Further, RESEA Quality Control reviews were suspended during SFY 2022 due to system malfunctions.

**Effect:** RESEA program evaluation and monitoring may not have been based on correct information and the ETA 9128 performance report may be incomplete and unreliable. RESEA participants may not have received notice regarding their required participation in the RESEA program and may have received benefits for a longer period than necessary.

**Recommendation:** We recommend the Oklahoma Employment Security Commission work to strengthen controls to include clear and concise RESEA procedures to ensure all documents are properly completed and retained. Additionally, when the Quality Control program resumes, we recommend follow-up on all Quality Control findings and training to ensure employees are aware of and understand proper procedures for completing appropriate forms and retaining records to prevent future errors.

### **Views of Responsible Official(s)**

**Contact Person:** Sharon Smith, RESEA Program Manager

**Anticipated Completion Date:** May 31, 2023

**Corrective Action Planned:** The Oklahoma Employment Security Commission agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-084

**STATE AGENCY:** Oklahoma Employment Security Commission

# Schedule of Findings And Questioned Costs

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**FEDERAL AGENCY:** U.S. Department of Labor  
**ALN:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance (UI) Program

**FEDERAL AWARD NUMBER:** UI340792055A40-01-09, UI356692155A40-01-08, UI372442255A40-01-09

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Employer Experience Rating

**QUESTIONED COSTS:** \$0

**Criteria:** Oklahoma Statute §40-3-301. Penalty and interest on past-due contributions states,

“A. If contributions are not paid on the date on which they are due and payable as prescribed by the Oklahoma Employment Security Commission, the whole or part thereafter remaining unpaid shall bear interest at the rate of one percent (1%) per month for each month or fraction thereof from and after such date until payment is received by the Commission. The date on which payment of contributions is deemed to have been received may be determined by such rules as the Commission may prescribe.

B. If any employer fails or refuses to file contribution and wage reports required under the provisions of this act within fifteen (15) days after written notice has been mailed to the employer by the Commission or its representative regardless whether or not any wages or taxable wages were paid, there shall accrue a penalty of One Hundred Dollars (\$100.00) and in addition to such penalty, there shall be a penalty of ten percent (10%) added to the total contributions due, collected and paid. Such penalties shall be in addition to any interest due.”

Oklahoma Administrative Code 240:10-5-10. Payment of contributions, states in part, “(a) Date payment due. Contributions shall become due and be paid on or before the last day of the month following the calendar quarter to which they relate....”

2 CFR §200.1 “Internal controls”, states in part, “Internal controls for non-Federal entities means:

- (3) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
- (vii) Effectiveness and efficiency of operations;
  - (viii) Reliability of reporting for internal and external use; and
  - (ix) Compliance with applicable laws and regulations.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* Design of the Entity’s Information System, states in part:

“11.03 Management designs the entity’s information system to obtain and process information to meet each operational process’s information requirements and to respond to the entity’s objectives and risks. An information system is the people, processes, data, and technology that Federal Internal Control Standards management organizes to obtain, communicate, or dispose of information....

11.04 Management designs the entity’s information system and the use of information technology by considering the defined information requirements for each of the entity’s operational processes.... Although information technology implies specific types of control activities, information technology is not a “stand-alone” control consideration. It is an integral part of most control activities.

11.05 Management also evaluates information processing objectives to meet the defined information requirements. Information processing objectives may include the following:

- Completeness - Transactions that occur are recorded and not understated.
- Accuracy - Transactions are recorded at the correct amount in the right account (and on a timely basis) at each stage of processing.
- Validity - Recorded transactions represent economic events that actually occurred and were executed according to prescribed procedures.”

**Condition and Context:** Roughly 20 days after the quarter ends, OESC sends delinquent employers a letter with a second due date. If the employer does not remit payment by the second due date, the system is to automatically charge penalties and interest to the employer’s account.

## Schedule of Findings And Questioned Costs

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We tested 60 employers who did not pay their UI taxes by the end of the associated quarter and noted 5 (8.3%) employers who did not remit payment by the second due date and were not charged a penalty.

**Cause:** During the QE March 30, 2021, an error occurred in the delinquency cycle process where the penalty was applied on accounts the day after the letters were mailed, instead of the second due date. The correction to this error caused some delinquent employer accounts to not be charged penalties. Management could not provide an explanation of how the system chose to apply penalties to some accounts and not to others.

**Effect:** Penalties totaling \$719 were not charged to delinquent employer accounts when tax payments were not received by the second due date.

**Recommendation:** We recommend OESC IT evaluate and identify the programming error relating to delinquent employer penalties and make the adjustments necessary to ensure all penalties are properly applied to employer accounts in the future.

### **Views of Responsible Official(s)**

**Contact Person:** Mike Hemphill, Tax Manager

**Anticipated Completion Date:** Resolution expected in conjunction with modernization efforts, timing to be determined.

**Corrective Action Planned:** The Oklahoma Employment Security Commission agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-088

**STATE AGENCY:** Oklahoma Employment Security Commission (OESC) and Office of Management and Enterprise Services (OMES)

**FEDERAL AGENCY:** U.S. Department of Labor

**ALN:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance Program

**FEDERAL AWARD NUMBER:** N/A – No grant award number exists.

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Agency-Wide

**QUESTIONED COSTS:** \$0

### **Criteria:**

#### **Constitution of the State of Oklahoma**

Article 15 § 1 – Officers required to take oath or affirmation -Form, states,

All public officers, before entering upon the duties of their offices, shall take and subscribe to the following oath or affirmation:

"I, . . . . ., do solemnly swear (or affirm) that I will support, obey, and defend the Constitution of the United States, and the Constitution of the State of Oklahoma, and that I will not, knowingly, receive, directly or indirectly, any money or other valuable thing, for the performance or nonperformance of any act or duty pertaining to my office, other than the compensation allowed by law; I further swear (or affirm) that I will faithfully discharge my duties as . . . . . to the best of my ability."

Article 10 § 11 – Revenue and Taxes – Officer receiving interest, profit or perquisites, states,

“The receiving, directly or indirectly, by any officer of the State, or of any county, city, or town, or member or officer of the Legislature, of any interest, profit, or perquisites, arising from the use or loan of public funds in his hands, or moneys to be raised through his agency for State, city, town, district, or county purposes shall be deemed a felony. Said offense shall be punished as may be prescribed by law, a part of which punishment shall be disqualification to hold office.”

### **Conflict of Interest**



## Schedule of Findings And Questioned Costs

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The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 8.03 states “In addition to fraud, management considers other forms of misconduct that can occur, such as waste and abuse. Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose. Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary operational practice given the facts and circumstances. This includes the misuse of authority or position for personal gain or for the benefit of another. Waste and abuse do not necessarily involve fraud or illegal acts.”

2 CFR §200.212 – Conflict of Interest states in part, “The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.”

2 CFR §200.318 (c)(1) – General Procurement Standards states in part, “The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.”

Office of Management OMES GAAP Conversion Manual instructions for Package X. Miscellaneous Conversion Package, the Key Terms define Related Party Transactions as “transactions conducted with other parties with which an agency or key decision maker has a close association”. Further, question #28 asks, “Did your agency perform business with any non-state entities that would meet the definition of related party transactions?”

### State Rules

260:115-3-5. Procurement ethics - prohibited conduct states, “The Oklahoma Central Purchasing Act, State Ethics Commission rules and other state laws contain regulations, prohibitions and penalties governing procurement ethics. Transactions relating to the public expenditure of funds require the highest degree of public trust and impeccable standards of conduct.”

OESC Procurement Procedures, January 2017 version, 1.0 states, “These procedures are issued pursuant to the provisions of the Oklahoma Central Purchasing Act, 74 O.S., § 85.1 et seq. and with the Oklahoma Office of Management and Enterprise Services (OMES) Central Purchasing Division Administrative Rules [Oklahoma Administrative Code (OAC) 260:115]. These procedures shall become effective upon the date of approval by the Director Office of Management and Enterprise Services. All agency purchases shall be made pursuant to the Oklahoma Central Purchasing Act, Oklahoma OMES Central Purchasing Division Administrative Rules, State Use Committee, State of Oklahoma Purchase Card Procedures, and these internal procurement procedures.”

62 O.S. § 34.62, Oklahoma State Finance Act, paragraph 3 states, “The Director of the Office of Management and Enterprise Services shall have the power to authorize agencies of the state to make acquisitions without the submission of competitive bids or compliance with the state purchase card program as otherwise required by the Oklahoma Central Purchasing Act, for or on behalf of the state whenever the Director determines that it is in the best interests of the state. The administrative head of any agency shall be personally liable for obligations incurred in excess of the authorization granted by the Director.”

62 O.S. § 34.11.1, Oklahoma State Finance Act. Paragraph F. “The Information Services Division of the Office of Management and Enterprise Services shall be responsible for the following duties: 16. For all state agencies, approve the purchasing of all information technology and telecommunication services and approve the purchase of any information technology and telecommunication product....”

**Condition and Context:** As part of the yearly audit, we perform procedures to assess risks that may be present in an agency. One of the risks assessed is that of related party relationships, transactions, or balances. OESC has two formal avenues to report related party relationships: a notarized internal Related Party affidavit form completed by employees and the OMES GAAP Package X-1 Miscellaneous Summary.

## Schedule of Findings And Questioned Costs

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During our risk assessment for State Fiscal Year (SFY) 2022 audit, it came to our attention that the spouse of, OESC's Executive Director, was a Vice-President of a vendor (Phase 2) that first contracted with Office of Management and Enterprise Services (OMES) to perform OESC mainframe work in April 2020, and was later contracted directly by OESC in November 2020. The direct contracts with OESC were signed by the Executive Director. This relationship was not disclosed by the Executive Director on the calendar year 2020 OESC Related Party affidavit, which specifically, asks if the respondent, their spouse, or dependents were involved in any related party transactions with OESC. The 2020 Related Party affidavit was signed by the Executive Director and notarized on April 8, 2021. We were unable to obtain the 2021 calendar year Related Party affidavit. According to OESC Legal Counsel, agency employees were no longer required to complete the form.

During our review of the 2021 and 2022 OMES GAAP Package X-1 Miscellaneous Summary, we noted that no related party disclosures were identified.

It should also be noted that this vendor had no contracts with the State of Oklahoma prior to April of 2020.

After discovering the relationship and lack of disclosure, we reviewed the vendor contract timelines with both agencies. Based on contract information reviewed, the initial contract was approved by Director of OMES and was not competitively bid based on an explanation that the contract was exempt because of COVID-19. Further, none of the remaining contracts appear to have been competitively bid based on the supporting documentation received.

The timeline of the State employee's work history and contracts / PO's with their spouse's company is as follows:

Feb-20 The State employee was hired as OMES Chief Innovation Officer.

OMES contracts with Phase 2:

4/3/2020	\$857,485	PO 0909018942	Product Engagement Development / Project Management
8/12/2020	\$6,100,000	PO 0909019349	Time and materials

May-20 The State employee was hired as OESC Executive Director.

OESC contracts with Phase 2:

11/1/2020	\$40,000	PO 2909012664	Mulesoft Architecture
1/15/2021	\$750,000	PO 2909012762	Mulesoft Architecture
2/1/2022	\$6,455,000	PO 2909013045*	Mulesoft / Transformation Team
3/18/2022	\$600,000	PO 2909013045*	Fraud Mitigation
4/1/2022	\$675,740	PO 2909013138	Pega Architecture, Implementation Review, and Guidance

Oct-22 The State employee left OESC and became the Executive Director of Tourism.

\* Portion of PO paid with Unemployment Insurance federal funds.

Lastly, based on the supporting documentation received, we were unable to determine if OMES or OESC received the deliverables per the stated contracts.

**Cause:** The OESC Executive Director neglected to report a related party relationship with a vendor for which her spouse was employed.

**Effect:** Because the conflict of interest was not disclosed, the procurement process and subsequent contracts related to the vendor raise substantial doubt as to the legitimacy of the services performed by the vendor. Further, because the state did not require the new vendor to competitively bid their contracts, there is the potential that the vendor either overcharged and/or underperformed for the services provided.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend OESC and OMES ensure all related party transactions are properly reported on Question #28 of OMES GAAP Package X. Further, we recommend both OMES and OESC work to strengthen the procurement control process by ensuring initial contracts for new vendors be competitively bid until a determination can be made as to whether the vendor's services were a benefit to the State of Oklahoma. Lastly, we recommend that OMES and OESC not contract with any vendor in the future they become aware of that could result in a conflict of interest.

**Views of Responsible OESC Official(s)**

**Contact Person:** Michelle Britten, Chief Financial Officer

**Anticipated Completion Date:** July 31, 2024

**Corrective Action Planned:** The Oklahoma Employment Security Commission agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**Views of Responsible OMES Official(s)**

**Contact Person:** Megan Meers

**Anticipated Completion Date:** July 1, 2024

**Corrective Action Planned:** The Office of Management and Enterprise Services agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

### OKLAHOMA DEPARTMENT OF HEALTH

**FINDING NO:** 2022-201

**STATE AGENCY:** Oklahoma State Department of Health

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.268; 93.323

**FEDERAL PROGRAM NAME:** Immunizations Cooperative Agreements; Epidemiology and Laboratory Capacity for Infectious Diseases

**FEDERAL AWARD NUMBER:** NU50CK000535-02-04, NU50CK000535-02-06, NU50CK000535-01-04, NU50CK000535-01-05, 6 NH23IP922575-02-05, 6 NH23IP922575-02-06, 6 NH23IP922575-03-01, 5 NH23IP922575-03-00

**FEDERAL AWARD YEAR:** 2020, 2021, 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles

**Criteria:** 7 CFR § 246.13 - Financial Management System, states in part, "(b) Internal control. The State agency shall maintain effective control over and accountability for all Program grants and funds."

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system." Additionally, GAO Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

**Condition and Context:** The Oklahoma State Department of Health's (the "Department") internal controls over the payroll transaction cycle lacked appropriate employee access profiles, allowing all timecodes available for use, regardless of an employee's specific job position and function. Thus, the initiation of timecard entry was incorrectly reported, and supervisors' approved employee timecards without thoroughly reviewing to detect and correct these errors.

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Additionally, the Department neglected to perform its existing control activities of timely reviewing time and effort against the payroll expenses recorded in the general ledger. During FY22, recorded payroll costs did not accurately reflect the Department's time and effort.

**Cause and Effect:** The Department's conversion from PeopleSoft HR to Workday did not have adequate internal controls in place to ensure accurate timecodes were selected by employees when completing their timecards. As a result of converting payroll systems and a lack of employee training prior to going live with Workday, employees' reported time did not accurately reflect their time and effort.

The impact of the variances was still being investigated at the completion of audit fieldwork. Inadequate internal control policies and procedures over the payroll cycle could result in an increased risk of noncompliance with federal requirements, and an inability to comply with audit requirements.

**Recommendation:** We recommend the Department lockdown employee profiles so that the available timecodes an employee has access to relate to their specific job function and projects. Supervisors should thoroughly review timecards prior to approval. Additionally, the Department should timely monitor time and effort against recorded payroll to ensure grants are not over or under charged.

### **Views of Responsible Official(s)**

**Contact Person:** Stefan Von Dollen

**Anticipated Completion Date:** 6/30/24

**Corrective Action Planned:** The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-202

**STATE AGENCY:** Oklahoma State Department of Health

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.268; 93.323

**FEDERAL PROGRAM NAME:** Immunizations Cooperative Agreements; Epidemiology and Laboratory Capacity for Infectious Diseases

**FEDERAL AWARD NUMBER:** NU50CK000535-02-04, NU50CK000535-02-06, NU50CK000535-01-04, NU50CK000535-01-05, 6 NH23IP922575-02-05, 6 NH23IP922575-02-06, 6 NH23IP922575-03-01, 5 NH23IP922575-03-00

**FEDERAL AWARD YEAR:** 2020, 2021, 2022

**CONTROL CATEGORY:** Reporting

**Criteria:** The *Schedule of Expenditures of Federal Awards* (SEFA – GAAP Package Z) should be accurately captured, reconciled, and reviewed by the Oklahoma State Department of Health (the "Department"). Adequate documentation of procedures performed as well as evidence of thorough reviews should be in place. According to GAAP, expenditures should be recognized in the period services are performed or goods are received.

Additionally, the Federal Financial Report (FFR), SF-425, is required on an annual basis except for awards where more frequent reporting is noted in the Notice of Award. The report also must cover any authorized extension during the reported budget period. Grant recipients submit FFRs to the U.S. Department of Health and Human Services (HHS) Payment Management System (PMS). Annual FFRs are due 90 days after the end of the budget period and final FFRs are due 90 days after the end of the period of performance.

**Condition and Context:** The original SEFA submitted by the Department to the Office of Management and Enterprise Services (OMES) included the following errors:

- Approximately \$993,000 in expenditures were improperly excluded due to omitting the payroll fund transfer file of wages charged against a federal grant.
- Approximately \$4,381,000 of non-cash-based expenditures were improperly excluded as a result of utilizing incorrect vaccine consumption report dates, which were not in agreement with the State's fiscal year.

## Schedule of Findings And Questioned Costs

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- Approximately \$4,032,000 was improperly advanced to the Department by federal agencies due to utilizing incorrect data tables in queries that looked to invoice totals rather than recorded voucher expenditures. Also see finding 2022-205.
- 15 out of 276, or 5.4%, of tested federal expenditure selections were recorded in an incorrect accounting period, which totaled approximately \$3,360,000.

As of the completion of audit fieldwork, the Department was still working to revise the June 30, 2022, year-end FFR's due to the above errors, as well as the payroll errors noted in finding 2022-201.

**Cause and Effect:** The Department does not have appropriate internal procedures for capturing and reporting the federal expenditures on the SEFA and FFR's and has not ensured that staff responsible for preparation and review of the SEFA and FFR's have the adequate knowledge and training required. The Department does not have internal procedures that include adequate processes to review after-the-fact interim charges made to a federal award based on allocated costs and to ensure all necessary adjustments are made such that the final amount charged to Federal awards is accurate, allowable, and properly allocated.

As a result, multiple revisions of the SEFA were submitted to OMES and FFR's relating to FY22 were still being revised at the completion of fieldwork. Furthermore, all FFR's tested were not timely filed within 90 days subsequent to year end, as required per the grantor agency, see *finding 2022-205*.

**Recommendation:** We recommend the Department review and document the current procedures and implement the necessary changes to ensure adequate reporting of program financial information on the SEFA and FFR's. Additionally, we recommend retaining evidence that adequate reviews of the SEFA and FFR's occurred. We also recommend the Department establish procedures to timely reconcile federal revenues to its federal expenditures.

### **Views of Responsible Official(s)**

**Contact Person:** Stefan Von Dollen

**Anticipated Completion Date:** 6/30/24

**Corrective Action Planned:** The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-203

**STATE AGENCY:** Oklahoma State Department of Health

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.268; 93.323

**FEDERAL PROGRAM NAME:** Immunizations Cooperative Agreements; Epidemiology and Laboratory Capacity for Infectious Diseases

**FEDERAL AWARD NUMBER:** NU50CK000535-02-04, NU50CK000535-02-06, NU50CK000535-01-04, NU50CK000535-01-05, 6 NH23IP922575-02-05, 6 NH23IP922575-02-06, 6 NH23IP922575-03-01, 5 NH23IP922575-03-00

**FEDERAL AWARD YEAR:** 2020, 2021, 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles

**Criteria:** AU-C section 260.20 states, "The auditor should evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor should evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence and should take appropriate action." Standards for Internal Control in the Federal Government, Principle 4 – Demonstrate Commitment to Competence, Attribute 4.02 states, "Management establishes expectations of competence for key roles, and other roles at management's discretion, to help the entity achieve its objectives. Competence is the qualification to carry out assigned responsibilities. It requires relevant knowledge, skills, and abilities, which are gained largely from professional experience, training, and certifications. It is demonstrated by the behavior of individuals as they carry out their responsibilities."

**Condition and Context:** The Oklahoma State Department of Health (the "Department") did not communicate or provide audit documentation to the auditor in a timely manner. In many cases, numerous follow-up requests had to be

## Schedule of Findings And Questioned Costs

made for the same documentation was never provided. Months-long delays in receiving documentation needed to perform substantive testwork resulted in the auditor providing a final cutoff date for obtaining support, with unprovided items, along with follow up attempts, detailed in the below schedule:

Initial Request	Description	Follow Up Requested	Received/Partially Received
4/11/2023	General ledger details which reconcile revenue and expenditures to the SEFA	4/21/2023; 5/2/2023; 5/5/2023; 5/12/2023; 5/16/2023; 5/17/2023; 5/23/2023; 5/31/2023; 6/5/2023; 6/6/2023	Partial support received 5/8/2023; 5/12/2023; 5/23/2023; 6/3/2023 resulted in a second revised Schedule Z received; 6/13/2023 resulted in a third revised Schedule Z received;  Received final versions of supporting details to agree to expenditures to SEFA values were received on 6/26/2023, 76 days after initial request.
5/12/2023	Current and prior year accrual details	5/23/2023; 6/5/2023; 6/6/2023; 6/8/2023; 6/13/2023	6/26/2023
5/17/2023	ELC expenditure selections for allowable cost testing	5/31/2023; 6/5/2023; 6/6/2023; 6/8/2023; 7/21/2023; 7/24/2023; 7/26/2023; 7/31/2023; 8/1/2023; 8/2/2023; 8/10/2023; 8/15/2023;  8/18/2023; 8/25/2023; 8/29/2023; 9/19/2023; 9/20/2023; 9/21/2023	Partial support received on: 6/13/2023; 6/22/2023; 7/18/2023; 7/19/2023; 8/2/2023; 8/21/2023; 8/29/2023; 9/6/2023; 9/19/2023; 9/20/2023  Provided the Department with a final cutoff date, 9/21/2023 and received additional partial support on 9/21/2023, 127 days after the initial request, of which at least one requested item was not provided for 20 of the 138 selections made, or 15%.
6/5/2023	Immunization allowable cost selections	6/8/2023; 6/13/2023; 6/27/2023; 7/5/2023; 7/11/2023; 7/21/2023; 7/24/2023; 7/26/2023; 7/31/2023; 8/1/2023; 8/2/2023; 8/10/2023;  8/15/2023; 8/18/2023 8/25/2023; 8/29/2023 9/19/2023; 9/20/2023; 9/21/2023	Partial support received on: 6/8/2023; 6/12/2023; 6/19/2023; 6/20/2023; 7/6/2023; 7/26/2023; 8/1/2023; 8/14/2023; 9/1/2023; 9/5/2023; 9/9/2023  Provided the Department with a final cutoff date, 9/21/2023 and received additional partial support on 9/21/2023, 108 days after the initial request, of which at least one requested item not provided for 32 of the 138 selections made, or 23%.
5/23/2023	Prior Years's schedule Z's [2018, 2019, 2020, 2021]	5/31/2023; 6/5/2023; 7/27/2023; 8/1/2023	Was never provided by the Department, and was obtained via request directly to SA&I on 8/2/2023
6/28/2023	Site visit quality assurance support for VFC and new enrollee support	6/28/2023; 7/13/2023; 7/24/2023; 8/4/2023; 8/21/2023	Partially received on: 7/14/2023, 8/7/2023; and 9/20/2023  Provided the Department with a final cutoff date, 9/21/2023 and received additional partial support regarding quality site visits on 9/20/2023, 84 days after the initial request, of which at least one requested item not provided for 11 of the 69 selections made, or 16%.  Of the new enrollee support provided, 8 of 70 tested selections were missing at least one requested item, or 11%.

**Cause and Effect:** The Department does not have adequate procedures and controls in place to ensure accurate, reliable, and timely responses to communication and documentation requests by the auditor. Failure to communicate and provide audit documentations to the auditor in a timely manner resulted in substantial delays in the completion of the audit.

**Recommendation:** We recommend that the Department develop adequate procedures and controls to ensure accurate, reliable, and timely responses to communication and documentation requested by the auditor.

**Views of Responsible Official(s)**

**Contact Person:** Stefan Von Dollen

**Anticipated Completion Date:** 6/30/24

**Corrective Action Planned:** The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-204

## Schedule of Findings And Questioned Costs

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**STATE AGENCY:** Oklahoma State Department of Health

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.268

**FEDERAL PROGRAM NAME:** Immunizations Cooperative Agreements

**FEDERAL AWARD NUMBER:** NU50CK000535-02-04, NU50CK000535-01-04, NU50CK000535-01-05

**FEDERAL AWARD YEAR:** 2020, 2021

**CONTROL CATEGORY:** Special Tests and Provisions - Control, Accountability, and Safeguarding of Vaccine

**Criteria:** Document storage and retention was not adequately maintained by the Immunization Program's field staff related to assistance listing 93.268.

**Condition and Context:** Management was unable to provide the below requests for audit testwork, as the items were not retained by the Department:

- Authorized site agreement (ASA): 1 of 10, or 10%, of new enrollee's ASA's.
- Enrollment visit form: 2 of 10, or 20% of new enrollee's completed enrollment visit forms
- Orientation Packet: 2 of 10, or 20% of new enrollee's completed orientation packets
- Certificate of completion: 2 of 10, or 20% of new enrollee's training certificates
- Sampled provider patient screening: 5 of 69, or 7%, of quality assurance visits could not provide evidence the field staff sampled a providers patient screening for eligibility of vaccination.
- Inspected provider inventory storage: 5 of 69, or 7%, of quality assurance visits could not provide evidence the field staff sampled a inspected the inventory storage and safeguards over vaccine compliance.
- Signed acknowledgement form: 11 of 69, or 16%, of quality assurance visit could not provide evidence the completed acknowledgement form was signed by the respective medical providers.

**Cause and Effect:** The Department does not have adequate internal controls in place for centrally storing and retaining documentation as it relates to enrollment and quality assurance visits of providers for the Vaccines for Children (VFC) Immunizations program. As a result, there is an increased risk of non-compliance with federal requirements, and an inability to comply with audit requirements.

**Recommendation:** We recommend the Department evaluate the documentation preparation and retention process and make the appropriate adjustments to ensure that future documents are properly prepared and retained.

### **Views of Responsible Official(s)**

**Contact Person:** Stefan Von Dollen

**Anticipated Completion Date:** 6/30/24

**Corrective Action Planned:** The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-205

**STATE AGENCY:** Oklahoma State Department of Health

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.268; 93.323

**FEDERAL PROGRAM NAME:** Immunizations Cooperative Agreements; Epidemiology and Laboratory Capacity for Infectious Diseases

**FEDERAL AWARD NUMBER:** NU50CK000535-02-04, NU50CK000535-02-06, NU50CK000535-01-04, NU50CK000535-01-05, 6 NH23IP922575-02-05, 6 NH23IP922575-02-06, 6 NH23IP922575-03-01, 5 NH23IP922575-03-00

**FEDERAL AWARD YEAR:** 2020, 2021, 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles, Cash Management, Reporting

**QUESTIONED COSTS:** 93.268 – \$4,032,000  
93.323 – Unknown

**Criteria:** See finding 2022-201 and 2022-202

## Schedule of Findings And Questioned Costs

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**Condition and Context:** See finding 2022-201.

Additionally, as indicated in finding 2022-202, approximately \$4,032,000 was identified as improperly advanced to the Department due to utilizing incorrect data tables in queries that looked to invoice totals rather than posted voucher expenditures claimed against assistance listing 93.268.

Furthermore, all FFR's tested for assistance listing 93.268 were not timely filed within 90 days subsequent to year end, as required per the Center for Disease Control and Prevention (CDC).

**Cause and Effect:** See finding 2022-201 and 2022-202.

As a result, Federal program funds were advanced to the Department and expenditures claimed for reimbursement were overstated.

In many cases sufficient time and effort existed to meet or exceed a federal program's claimed payroll. Since the Department will only claim reimbursements up to a specific grant award's budgeted amount, payroll costs did not appear to overcharge the federal programs in total. However, timely monitoring did not occur, as indicated in finding 2022-201, and the Department was unaware individual grants time and effort had not been reconciled to payroll costs recorded in the general ledger.

The impact of the variances was still being investigated at the completion of audit fieldwork, and the amounts in question are unknown. Expenditures overcharged are required to be reimbursed to the Federal Agency. Additionally, due to a lack of internal controls as indicated in findings 2022-201 and 2022-202, timely submissions of FRR's did not occur, and CDC's required reporting deadline of 90 days subsequent to year end were missed.

**Recommendation:** See finding 2022-201 and 2022-202.

Additionally, we recommend retaining evidence that adequate reviews of the Payment Management Services (PMS) claimed costs occurred. We recommend the Department perform reconciliations of 100% of the FY22 time and effort to the amounts included in the FY22 SEFA and related FFR's for assistance listings 93.268 and 93.323 and return any identified overcharges to the respective Federal Agency.

### **Views of Responsible Official(s)**

**Contact Person:** Stefan Von Dollen

**Anticipated Completion Date:** 6/30/24

**Corrective Action Planned:** The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-206

**STATE AGENCY:** Oklahoma State Department of Health

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.268; 93.323

**FEDERAL PROGRAM NAME:** Immunizations Cooperative Agreements; Epidemiology and Laboratory Capacity for Infectious Diseases

**FEDERAL AWARD NUMBER:** NU50CK000535-02-06, 6 NH23IP922575-02-06, 6 NH23IP922575-02-05, 6 NH23IP922575-03-01

**FEDERAL AWARD YEAR:** 2021, 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles

**QUESTIONED COSTS:** 93.268 – \$1,540  
93.323 – \$8,109

**Criteria:** 7 CFR § 246.3 Administration. Delegation to the State agency states in part, "The State agency is responsible for the effective and efficient administration of the Program in accordance with the requirements of this part; the



## Schedule of Findings And Questioned Costs

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Department's regulations governing nondiscrimination (7 CFR parts 15, 15a, and 15b); governing administration of grants (2 CFR part 200, subparts A through F...)."

2 CFR §200.403 (a) Factors affecting allowability of costs states, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

**Condition and Context:** The Oklahoma State Department of Health (the "Department") entered into a contract with a vendor, which included the following clause in its statement of work for the Department: "... development and implementation of a communications strategy around OSDH legislative priorities leading up to and during the 2022 session." In accordance with applicable law, direct lobbying communications by award recipients are prohibited. Direct lobbying includes any attempt to influence legislative or other similar deliberations at all levels of government through communications that directly express a view on proposed or pending legislation and other orders and which are directed to members, staff, or other employees of a legislative body or to government officials or employees who participate in the formulation of legislation or other orders. The amount indicated in the statement of work provided for payment of up to \$100,000 in lobbying activity.

Additionally, an expenditure charged against *Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) assistance listing 93.323*, for a vaccine freezers, as well as transport and storage containers, should have been charged to another program. The amount in question totaled \$7,180.

**Cause and Effect:** As a result of the unallowable activities being included in the statement of work, the Department charged lobbying costs against federal funds. Through inspection of the invoices provided by the Department relating to this vendor, the below schedule indicates the identified expenditures which were associated to legislative priorities and lobbying activities:

*Immunizations Cooperative assistance listing 93.268:*

<u>Invoice Date</u>	<u>Voucher</u>	<u>Amount</u>	<u>Project</u>	<u>Op Unit</u>	<u>Program Code</u>	<u>Charfield 2</u>	
10/7/2021	450487	\$4,933	340ST248WUXDU	DU0	A0200	WUX	Not subject to program audit
12/7/2021	456458	\$332	340ST210HEXSR0	SRO	A0100	HEX	Not subject to program audit
2/8/2022	456649	\$1,030	340ST210HEXSR0	SRO	A0100	HEX	Not subject to program audit
1/14/2022	458962	\$307	340GR400CD12F0	2F0	A0100	CD1	Immunizations
3/7/2022	458964	\$929	340GR400CD1P40	P40	A0100	CD1	Immunizations
5/7/2022	459812	\$54	340GR400CD1P40	P40	A0100	CD1	Immunizations
5/5/2022	467183	\$250	340GR400CD1P40	P40	A0100	CD1	Immunizations

\$1,540 were identified as lobbying costs charged against assistance listing number 93.268, (CD1). The Department's support for the below invoices charged against the grant did not contain an itemized detail of specific services provided by the vendor, thus we are unable to determine how much, if any, of these charges related to possible lobbying activity.

<u>Amount</u>	<u>Invoice #</u>	<u>Voucher #</u>
\$ 24,891	19137	451543
\$ 34,123	19138	450075

*Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) assistance listing 93.323:*

<u>Invoice Date</u>	<u>Voucher</u>	<u>Amount</u>	<u>Project</u>	<u>Op Unit</u>	<u>Program Code</u>	<u>Charfield 2</u>	
3/7/2022	458965	\$ 929	340GR400BQ10C	OC0	A0104	BQ1	ELC

## Schedule of Findings And Questioned Costs

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The above \$929 invoice was charged for legislative strategies against assistance listing number 93.323 (BQ1). The Department's support for the below invoices did not include an itemized detail of specific services provided, thus we are unable to determine how much, if any, of these charges related to possible lobbying activity.

<u>Amount</u>	<u>Invoice #</u>	<u>Voucher #</u>
\$ 67,966	19220	449650
\$ 38,503	19359	450460
\$ 28,587	19449	452755
\$ 46,829	19531	454537
\$ 54,803	19602	456977
\$ 3,000	20256	463351

As a result of an improper input of the ChartField 2 for voucher 455059, the expenditure was claimed against assistance listing 93.268, whereas, it should not have been reimbursed by the ELC program. A reconciliation of project code and operating unit to ChartField 2 did not occur prior to drawing down funds via the Payment Management System (PMS). An overcharging of the ELC program occurred and a correction request was made by management upon completion of audit testwork.

**Recommendation:** We recommend a more thorough review of the statements of work occurs to prevent unallowable activities when authorizing a purchase order funded by federal sources. Program Director's should thoroughly review invoices for approval of payment based on the specific funding source the payment should be derived from, as indicated by specific line items of purchase order.

Additionally, we recommend a more thorough reconciliation of expenditures, and a second level review occurs for each federal program before drawing down funds through the PMS.

We recommend the Department repays the respective Federal Agency for the unallowable costs identified above.

**Views of Responsible Official(s)**

**Contact Person:** Stefan Von Dollen

**Anticipated Completion Date:** 6/30/24

**Corrective Action Planned:** The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**OKLAHOMA HEALTH CARE AUTHORITY**

**FINDING NO:** 2022-002 (Repeat Finding 2021-010)

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5MAP and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Matching

**QUESTIONED COSTS:** \$157

**Criteria:** 45 CFR § 75.403 *Factors affecting allowability of costs* states in part, "Costs must... (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, and (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, and (g) Be adequately documented."

## Schedule of Findings And Questioned Costs

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**Condition and Context:** Medical payments are direct medical costs that are initiated by the provider based on services rendered through the Medicaid Management Information System (MMIS). Based on a medical professional's review of 114 medical claims initiated by the provider for Medical Assistance Program (MAP) recipients, we noted the following:

- One claim had a payment error totaling \$197, of which \$157 (\$197 x the applicable Federal Medical Assistance Percentage (FMAP) rate (79.51% for QE 12/31/21)) is the federal questioned costs. The claim was billed using an incorrect place of service (POS), resulting in an overpayment. This claim will result in questioned costs.
- Additionally, two claims had documentation errors. One claim was missing a progress note for one of the dates of service billed, and the other claim was for a tooth extraction that billed the wrong tooth. Neither claim resulted in an underpayment or overpayment. The cost of these items will not be questioned.

**Cause:** Providers submitted claims through the MMIS that did not meet MAP program requirements. In addition, since all provider claims are not scanned in the system, the only way these exceptions are detected are through audits or reviews.

**Effect:** The Oklahoma Health Care Authority (OHCA) may be paying for services that were not properly supported by medical records.

**Recommendation:** We recommend OHCA investigate the MAP medical exceptions noted and make any processing changes possible to ensure MAP claims are meeting program requirements.

### **Views of Responsible Official(s)**

**Contact Person:** Kristine West, Senior Director of Program Integrity and Accountability

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-004 (Repeat 2021-009)

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.767

**FEDERAL PROGRAM NAME:** Children's Health Insurance Program

**FEDERAL AWARD NUMBER:** 2105OK5021 and 2205OK5021

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Matching

**QUESTIONED COSTS:** \$10

**Criteria:** 45 CFR § 75.403 *Factors affecting allowability of costs* states in part, "Costs must... (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, and (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, and (g) Be adequately documented."

**Condition and Context:** Medical payments are direct medical costs that are initiated by the provider based on services rendered through the Medicaid Management Information System (MMIS). Based on a medical professional's review of 112 medical claims initiated by the provider for Children's Health Insurance Program (CHIP) recipients, we noted the following:

- One claim had a payment error totaling \$12, of which \$10 (\$12 x the applicable Federal Medical Assistance Percentage (FMAP) rate (82.16% for QE 3/31/22)) is the federal questioned costs. The claim was billed using an improper procedure code, resulting in an overpayment.

## Schedule of Findings And Questioned Costs

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**Cause:** Providers submitted claims through the MMIS that did not meet CHIP program requirements. In addition, since all provider claims are not scanned in the system, the only way these exceptions are detected are through audits or reviews.

**Effect:** The Oklahoma Health Care Authority (OHCA) may be paying for services that were not properly supported by medical records.

**Recommendation:** We recommend OHCA investigate the CHIP medical exceptions noted and make any processing changes possible to ensure CHIP claims are meeting program requirements.

### **Views of Responsible Official(s)**

**Contact Person:** Kristine West, Senior Director of Program Integrity and Accountability

**Anticipated Completion Date:** February 2024

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-006

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster (MAP)

**FEDERAL AWARD NUMBER:** 2105OK5MAP and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Utilization and Program Integrity

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

**Condition and Context:** Of the 88 Service Quality Reviews performed totaling \$105,130.02 in recoupment requests during SFY 2022, we sampled 15 totaling \$62,703.10 and noted the following:

- For 8 (53%) Service Quality Reviews, the Inspection of Care (IOC) Internal Audit Form from Provider Services were not completed
- For 5 (33%) Service Quality Reviews, the number of days from when the notice of audit completion was sent to Provider Services to when the accounts receivable was set up was not timely.
  - One accounts receivable was not set up until 251 days after the date of audit completion was sent to provider services. The recoupment requested totaled \$2,950.00.
  - Two accounts receivables were not set up until 272 days after the date of audit completion was sent to provider services. The recoupments requested totaled \$9,037.64.
  - One accounts receivable was not set up until 273 days after the date of audit completion was sent to provider services. The recoupment requested totaled \$7,043.29.
  - One accounts receivable was not set up until 504 days after the date of audit completion was sent to provider services. The recoupment requested totaled \$150.00.

**Cause:** The duties performed by Personnel Services were not adequately communicated to those who took over the role of ensuring Service Quality Reviews were being reviewed properly.

**Effect:** The Inspection of Care (IOC) Internal Audit Form from Provider Services were not consistently being completed. Finance was not being notified in a timely manner to set up accounts receivables. Untimely setting up accounts receivable may increase the risk of not being able to recoup funds.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend OHCA design and implement appropriate controls to review Service Quality Reviews and ensure finance is being notified of any recoupment accounts receivables in a timely manner.

**Views of Responsible Official(s)**

**Contact Person:** Tanesha Hooks, Director of Behavioral Health

**Anticipated Completion Date:** January 2023

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-020

**STATE AGENCY:** Oklahoma Health Care Authority (OHCA)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.767; 93.778

**FEDERAL PROGRAM NAME:** Children’s Health Insurance Program; Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5021 and 2205OK5021; 2105OK5MAP and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 & 2022

**CONTROL CATEGORY:** Reporting

**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, “Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.”

A basic objective of Generally Accepted Accounting Principles is to provide accurate and reliable information.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

**Condition and Context:**

1. Based upon testwork performed on GAAP Package Q - Medicaid Payable and Receivable, we noted Medicaid Accounts Payable was recorded at \$866,894,715 and Medicaid Federal Receivable was recorded at \$584,001,412. However, based on errors in the calculations for both accounts, the Medicaid Accounts Payable amount should have been \$781,270,299 and the Medicaid Federal Receivable amount should have been \$514,300,444.
2. We performed procedures to reconcile the total Federal draws made during SFY 2022 according to the Payment Management System (PMS) against the total of Federal Grants Revenue reported on CTB per Statewide Accounting System. We noted a variance of \$7,718,144.65. This amount represents a payment made by OHCA using enhanced federal funding received for Home and Community Based Services (HCBS) programs.

**Cause:**

1. We noted that amounts were incorrectly transferred from the “Service Date Reimbursement Analysis” Report (MAR-2300-M reports) to the “Encumbered Funds by Date of Service” excel spreadsheet. The variances occurred when amounts were manually entered incorrectly onto the Encumbered Funds by Date of Service spreadsheet. In addition, it does not appear the Encumbered Funds by Date of Service spreadsheet amounts were being reviewed to ensure they were being recorded correctly.
2. OHCA misinterpreted the intended use of these federal funds and improperly classified them as state funds.

**Effect:**

1. The errors on the Encumbered Funds by Date of Service spreadsheet resulted in Medicaid Accounts Payable being overstated by \$85,624,416 and Medicaid Federal Receivable being overstated by \$69,700,968 for GAAP Package Q.

## Schedule of Findings And Questioned Costs

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In addition, the overstatements carried through to GAAP Package Z for ALN # 93.778 Medical Assistance Program & ALN # 93.767 Children's Health Insurance Program Current Year Federal Accounts Payable and Accounts Receivable.

2. The classification error resulted in a \$7,718,144.65 understatement of Federal Revenue in the Statewide Accounting System. In addition, the understatements carried through to GAAP Package Z for ALN # 93.778 Medical Assistance Program & ALN # 93.767 Children's Health Insurance Program Federal Revenue and Federal Expenditures.

### **Recommendation:**

1. We recommend OHCA continue to work to strengthen their review and reconciliation controls related to the accuracy of data reported for Medicaid Accounts Payable and Medicaid Federal Receivable.
2. We recommend the Authority ensures that federal funds are properly classified in order to report total federal funds correctly in all systems.

### **Views of Responsible Official(s)**

**Contact Person:** Susan Crooke, Director of Financial Services

**Anticipated Completion Date:** November 2023

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-025 (Repeat Finding 2021-069)

**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.767; 93.778

**FEDERAL PROGRAM NAME:** Children's Health Insurance Program; Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5021 and 2205OK5021; 2105OK5MAP and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 CFR §435.900 through .965 (Subpart J) describes the federal regulations applicable to Medicaid eligibility. The specific federal regulations applicable to this finding are listed below.

- 42 CFR §435.916 (a)(2)
- 42 CFR §435.916 (c)
- 42 CFR §435.916 (d)(1) and (2)
- 42 CFR §435.916 (e)
- 42 CFR §435.945 (b)
- 42 CFR §435.948 (a) and (b) (c)
- 42 CFR §435.952 (a) and (c)(2)

Oklahoma Administrative Code (OAC) 317:35 contains the State's administrative code applicable to Medicaid eligibility. The specific OAC sections applicable to this finding are listed below.

- OAC 317:35-6-60.1 (c)
- OAC 317:35-10-26

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

## Schedule of Findings And Questioned Costs

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**Condition and Context:** MAGI-based Medicaid and CHIP eligibility are determined using the same methodology.

We tested a non-statistical sample of 73 Medicaid MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 1,045,646 Medicaid MAGI-based recipients with 17,283,558 medical claims and 12,189,952 capitation payments totaling \$3,503,548,974.37. We sampled one medical claim or capitation payment tied to a specific date of service per recipient tested. Tested medical claims and capitation payments for sampled recipients totaled \$9,649.61.

- For 1 (1.37%) of 73 cases tested, the member was present on multiple PARIS reports, indicating potential non residency. In addition, no further evidence was obtained for verifying residency.
- For 2 (2.74%) of 73 cases tested, OHCA failed to perform post enrollment verification of income. The applicant and/or their spouse lacked a SSN or other personal identifier to compare self-reported income to a data exchange. In addition, no further evidence was obtained for verifying the income.
- For 2 (2.74%) of 73 cases tested, OHCA failed to perform post enrollment verification of income. The applicant and/or their spouse self-attested income that did not match with any data exchange. In addition, no further evidence was obtained for verifying the income.

We tested a non-statistical sample of 73 Medicaid Non MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 230,232 Medicaid Non MAGI-based recipients with 11,431,015 medical claims and 2,955,398 capitation payments totaling \$2,887,468,243.90. We sampled one medical claim or capitation payment tied to a specific date of service per recipient tested. Tested medical claims and capitation payments for sampled recipients totaled \$10,217.74.

- For 5 (6.85%) of 73 cases tested, DHS did not perform the required 5 year lookback for bank statement transfers.
- For 41 (56.16%) of 73 cases tested, DHS failed to notify the member of their most recent eligibility determination.

We tested a non-statistical sample of 73 CHIP MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 247,999 Medicaid MAGI-based recipients with 2,153,637 medical claims and 2,049,196 capitation payments totaling \$380,100,000.97. We sampled one medical claim or capitation payment tied to a specific date of service per recipient tested. Tested medical claims and capitation payments for sampled recipients totaled \$12,974.16.

- For 1 (1.37%) of 73 cases tested, the wage data exchange received was not compared against the household income each time quarterly wage data was received to determine if the recipient remained eligible throughout the year.
- For 3 (4.11%) of 73 cases tested, OHCA failed to perform post enrollment verification of income. The applicant and/or their spouse lacked a SSN or other personal identifier to compare self-reported income to a data exchange. In addition, no further evidence was obtained for verifying the income.
- For 1 (1.37%) of 73 cases tested, OHCA failed to perform post enrollment verification of income. The applicant and/or their spouse self-attested income that did not match with any data exchange. In addition, no further evidence was obtained for verifying the income.
- For 8 (10.96%) of 73 cases tested, OHCA failed to perform post enrollment verification of income. The applicant and/or their spouse reported self-employment income that could not match with any data exchange. In addition, no further evidence was obtained for verifying the income.

## Schedule of Findings And Questioned Costs

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We tested a non-statistical sample of 40 CHIP Non-MAGI (TEFRA) based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 198 CHIP Non-MAGI -based recipients with 15,684 medical claims and 337 capitation payments totaling \$5,460,170.76. We sampled one medical claim or capitation payment tied to a specific date of service per recipient tested. Tested medical claims and capitation payments for sampled recipients totaled \$6,732.95.

- For 1 (2.5%) of 40 cases tested, DHS failed to perform a redetermination within 12 months.
- For 27 (67.5%) of 40 cases tested, DHS failed to notify the member of their most recent eligibility determination.

**Cause:** The Authority lacked internal controls over the MAGI (Modified Adjusted Gross Income) eligibility determinations. The Authority accepted self-attested income without a wage match or requesting further documentation from the recipient. They also failed to compare data exchanges to the case files each time quarterly wage data was received; therefore, the methodology they used did not provide appropriate oversight over the eligibility determinations to ensure adequate controls are in place to properly determine eligibility.

**Effect:** The Authority's methodology does not comply with the state and federal regulations and the Authority may be paying for services for which the recipient is not entitled.

**Recommendation:** We recommend the Authority review the current system of eligibility controls and update its methodology to ensure the required conditions of eligibility are met and comply with state and federal regulations when making eligibility determinations. This should include, but not be limited to, taking steps to enhance the eligibility determination process and controls to ensure income is adequately verified.

### **Views of Responsible Official(s)**

**Contact Person:** April Anonsen (OKHCA) Carla McCarrell-Williams (OKDHS) Ginger Clayton (OKHCA Member Audit)

**Anticipated Completion Date:** June 2024 unless indicated as complete.

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-029 (All Clusters/Programs Repeat 2021-014)

**STATE AGENCY:** Oklahoma Department of Human Services (DHS) and Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Agriculture and Department of Health and Human Services

**ALN:** 10.551, 93.558, 93.575, 93.596, and 93.778

**FEDERAL PROGRAM NAME:** SNAP Cluster, TANF Program, CCDF Cluster, and Medicaid Cluster

**FEDERAL AWARD NUMBER:** G2101OKTANF, G2201OKTANF, G2101OKCCDF, G2201OKCCDF, 2105OK5MAP, and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – ADP System for SNAP (SNAP); Special Tests and Provisions – Income Eligibility and Verification System (TANF Program); Eligibility (CCDF Cluster and Medicaid Cluster)

**QUESTIONED COSTS:** \$0

**Criteria:** According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Temporary Assistance for Needy Families program, each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies.

45 CFR 205.56(a)(1)(iv) states in part “For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary... .”



## Schedule of Findings And Questioned Costs

**Condition and Context:** We reviewed the SFY 2022 (July 1, 2021 – June 30, 2022) G1DX Exception and Clearance Reports to determine whether data exchange discrepancy (exception) messages were resolved within the required 45 calendar days of the date the message was posted on the data exchange inquiry screen. Because the method used to compile the discrepancy messages did not differentiate by program, the messages were reviewed at the error type level. Therefore, the discrepancies listed below are a culmination of multiple programs and may not apply to each program individually. We noted 133,321 of a total of 367,047 exceptions, or 36.32%, were not resolved within the required 45 calendar day period as noted in the following schedule.

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	11,741	47,739	24.59%
CSE	6,577	9,290	70.80%
DOD	312	371	84.10%
ENU	11,514	17,021	67.65%
IEV	6,129	13,555	45.22%
NNH	22,427	74,065	30.28%
OWG	15,495	48,381	32.03%
PRS	626	2,499	25.05%
SDX	15,590	65,125	23.94%
SNH	40,944	81,946	49.96%
UIB	1,966	7,055	27.87%
<b>TOTAL</b>	<b>133,321</b>	<b>367,047</b>	<b>36.32%</b>

The G1DX System is a OKDHS application that compares client information entered by a OKDHS employee and OKDHS IEVS information sources as they are periodically updated. These sources include:

- Wage information for the State Wage Information Collection Agency (SWICA).
- Unemployment Compensation
- All available information from the Social Security Administration (SSA)
- Information from the U.S. Citizenship and Immigration Services
- Unearned Income from the Internal Revenue Services (IRS)

**Cause:** The discrepancies were not cleared within the allowable 45 days per federal regulation due to an inadequate number of personnel assigned to these duties. Additionally, management is not closely monitoring the clearance of G1DX discrepancies.

**Effect:** The Department was not in compliance with the above stated requirement, which may result in ineligible individuals receiving program benefits.

**Recommendation:** We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county, and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 45 days allowed under current federal regulation and DHS policy.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Kendrick, Jeff Rosebeary (OKDHS), Ginger Clayton (OHCA)

**Anticipated Completion Date:** July 2024

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**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-039 (Repeat Finding 2021-048)

**STATE AGENCY:** Oklahoma Health Care Authority (OHCA)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5MAP; 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Refunding of Federal Share of Medicaid Overpayments to Providers

**QUESTIONED COSTS:** \$0

**Criteria:** 42 CFR § 433.304 *Definitions* states, “*Discovery (or discovered)* means identification by any State Medicaid agency official or other State official, the Federal Government, or the provider of an overpayment, and the communication of that overpayment finding or the initiation of a formal recoupment action without notice as described in § 433.316.”

42 CFR § 433.304 *Definitions* states, “*Final written notice* means that written communication, immediately preceding the first level of formal administrative or judicial proceedings, from a Medicaid agency official or other State official that notifies the provider of the State's overpayment determination and allows the provider to contest that determination, or that notifies the State Medicaid agency of the filing of a civil or criminal action.”

42 CFR § 433.312 *Basic Requirements for Refunds* states in part, “(a) Basic rules.

(1) ... the State Medicaid agency has 1 year from the date of discovery of an overpayment to a provider to recover or seek to recover the overpayment before the Federal share must be refunded to CMS.

(2) The State Medicaid agency must refund the Federal share of overpayments at the end of the 1-year period following discovery in accordance with the requirements of this subpart, whether or not the State has recovered the overpayment from the provider.

42 CFR § 433.316(a) *General rule* states, “The date on which an overpayment is discovered is the beginning date of the 1-year period allowed for a State to recover or seek to recover an overpayment before a refund of the Federal share of an overpayment must be made to CMS.”

42 CFR § 433.316(b) *Requirements for notification* states, “Unless a State official or fiscal agent of the State chooses to initiate a formal recoupment action against a provider without first giving written notification of its intent, a State Medicaid agency official or other State official must notify the provider in writing of any overpayment it discovers in accordance with State agency policies and procedures and must take reasonable actions to attempt to recover the overpayment in accordance with State law and procedures.”

42 CFR § 433.316(c) *Overpayments resulting from situations other than fraud* states, “An overpayment resulting from a situation other than fraud is discovered on the earliest of - -

(1) The date on which any Medicaid agency official or other State official first notifies a provider in writing of an overpayment and specifies a dollar amount that is subject to recovery;

(2) The date on which a provider initially acknowledges a specific overpaid amount in writing to the Medicaid agency; or

(3) The date on which any State official or fiscal agent of the State initiates a formal action to recoup a specific overpaid amount from a provider without having first notified the provider in writing.”

42 CFR § 433.316(d) *Overpayments resulting from fraud* states:

(1) An overpayment that results from fraud is discovered on the date of the final written notice (as defined in § 433.304 of this subchapter) of the State's overpayment determination.”

## Schedule of Findings And Questioned Costs

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42 CFR § 433.316(h) *Effect of administrative or judicial appeals* states, “Any appeal rights extended to a provider do not extend the date of discovery.”

42 CFR § 433.320 *Procedures for Refunds to CMS* states, “(a) Basic Requirements.

(1) The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).

(2) The agency must credit CMS with the Federal share of overpayments subject to recovery on the earlier of -

(i) The Form CMS-64 submission due to CMS for the quarter in which the State recovers the overpayment from the provider; or

(ii) The Form CMS-64 due to CMS for the quarter in which the 1-year period following discovery, established in accordance with § 433.316, ends.

(3) A credit on the Form CMS-64 must be made whether or not the overpayment has been recovered by the State from the provider.

(4) If the State does not refund the Federal share of such overpayment as indicated in paragraph (a)(2) of this section, the State will be liable for interest on the amount equal to the Federal share of the non-recovered, non-refunded overpayment amount. Interest during this period will be at the Current Value of Funds Rate (CVFR), and will accrue beginning on the day after the end of the 1-year period following discovery until the last day of the quarter for which the State submits a CMS-64 report refunding the Federal share of the overpayment.”

**Condition and Context:** Based on review of the overpayment discovery records, it appears the overpayment letters were mailed to providers, which started the 1-year period before an overpayment must be reported on the CMS-64. However, when reviewing the MAP overpayments reported on Form CMS-64, we noted that for 1 of 64 (1.56%) overpayments totaling \$108,000, the overpayment was not properly recorded on the CMS -64.9C1 and refunded to CMS within one year of the discovery date (final written notice per 42 CFR § 433.320, and the overpayment was not reported on the correct line of the CMS 64.9C1.

Additionally, we noted that for 4 of 64 (6.25%) overpayments totaling \$1,485,373, the overpayment was not properly recorded on the CMS -64.9C1 within one year of the discovery date as required per 42 CFR § 433.316 (d) and, the overpayment was not refunded to CMS within one year of the discovery date as required per 42 CFR § 433.320.

**Cause:** The Authority’s staff did not submit MAP overpayments for inclusion on the CMS-64 until an appeal case had been resolved, which is contradictory to the requirement in 42 CFR § 433.316(h).

**Effect:** MAP overpayments related to appeals were not reported in compliance with 42 CFR § 433.316. Also, when refunding overpayments past the allowable period as indicated in 42 CFR § 433.320(a)(2), the Authority could be liable for interest as outlined at 42 CFR § 433.320(a)(4).

**Recommendation:** We recommend the Authority develop policies and procedures to ensure correspondence related to overpayments are relayed timely, in accordance with 42 CFR § 433.316, to all staff involved in the overpayment process.

The Authority should also develop a process to identify how and when MCHIP overpayments will be reported on the CMS-64.

### **Views of Responsible Official(s)**

**Contact Person:** Kristine West, Senior Director of Program Integrity and Accountability

**Anticipated Completion Date:** Fraud overpayment: May 2024; Non-fraud Overpayment: November 2022

Non-fraud: November 2022

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-040 (Repeat Finding 2021-008)

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

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ALN: 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5MAP; 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Special Tests and Provisions - Medicaid National Correct Coding Initiative (NCCI)

**QUESTIONED COSTS:** \$0

**Criteria:** 42 USC §1396b(r)(1) *Mechanized claims processing and information retrieval systems; operational, etc., requirements* states “In order to receive payments under subsection (a) for use of automated data systems in administration of the State plan under this subchapter, a State must, in addition to meeting the requirements of paragraph (3), have in operation mechanized claims processing and information retrieval systems that meet the requirements of this subsection and that the Secretary has found— ... (B) are compatible with the claims processing and information retrieval systems used in the administration of subchapter XVIII, and for this purpose— ... (iv) effective for claims filed on or after October 1, 2010, incorporate compatible methodologies of the National Correct Coding Initiative administered by the Secretary (or any successor initiative to promote correct coding and to control improper coding leading to inappropriate payment) and such other methodologies of that Initiative (or such other national correct coding methodologies) as the Secretary identifies in accordance with paragraph (4) ... .”

**Condition and Context:** The purpose of the NCCI Program is to promote correct coding, prevent coding errors, prevent code manipulation, reduce improper payments and reduce the paid claims improper payment rate.

In paying applicable Medicaid claims, States’ Medicaid Enterprise Systems (MES) are required to completely and correctly implement the following six Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed. OHCA has yet to fully implement the six NCCI methodologies listed below:

- (1) NCCI Procedure-to-Procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims.
- (2) NCCI PTP edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
- (3) Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services.
- (4) MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
- (5) MUE UOS edits for durable medical equipment (DME) billed by providers.
- (6) NCCI PTP edits for durable medical equipment (added in October 2012).

Since the NCCI methodologies have been partially implemented, the OHCA has also been unable to use the following as intended:

- all four components of each Medicaid NCCI methodology;
- the most recent quarterly Medicaid NCCI edit files for States;
- the Medicaid NCCI edits in effect for the date of service on the claim line or claim;
- the claim-adjudication rules in the Medicaid NCCI methodologies; and
- all modifiers for Healthcare Common Procedure Coding System (HCPCS) codes and Current Procedural Terminology (CPT) codes needed for the correct adjudication of applicable Medicaid claims.

**Cause:** The OHCA initially tried to implement the NCCI edits as part of their state edit system, or the Medicaid Management Information System (MMIS). However, after having trouble implementing the NCCI and state specific edits when needed per the Medicaid Technical Guidance Manual, the agency began working on a separate NCCI claims review system.

**Effect:** OHCA may be paying for services that were billed containing improper coding, coding errors, or code manipulation. As a result, significant Medicaid savings could be seen by fully implementing the required NCCI medical claims review edits.

**Recommendation:** We recommend OHCA continue to work on development of the NCCI edits to ensure full implementation of the NCCI methodologies into the agency’s claim’s review process.

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### *Views of Responsible Official(s)*

**Contact Person:** Karen Beam, Director, Medical Administrative Support Services and Thi Nguyen, Senior System Analyst Manager

**Anticipated Completion Date:** May 2022

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-054 (Repeat Finding 2021-026)

**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5021 and 2205OK5021

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

42 CFR §431.10(c)(2) states, “The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis.”

42 CFR §431.10(c)(3)(ii) states in part, “The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ....”

OKDHS Policy OAC 340:65-3-4 (4) states in part, “Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed.”

OAC 317:35-5-42(b)(5)(A) states in part, “A lump sum payment may be considered as earned or unearned income, depending on the source of the lump sum payment. Lump sum payments may include, but are not limited to:

(vi) Lottery or gambling winnings,....”

**Condition and Context:** The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. OKDHS utilizes automated data exchange information obtained from other agencies to verify the information provided by recipients.

Office of Management and Enterprise Services – Information Services Division (OMES-ISD) runs scheduled data exchange jobs to gather the information from the various agencies for the Automated Caseload Evaluation System (ACES). The ACES system is a web-based application that gathers all available OKDHS data exchange information on a case, which is used by the Social Services Specialist to assist in determining Medicaid eligibility. The data exchange jobs are assigned to a coordinator who is responsible for seeing that the jobs are placed in the TWS (scheduling system) on the correct calendar with the date and time jobs are to run.

We determined that OKDHS did not run any data exchange jobs with the Oklahoma Lottery Commission to determine eligibility during SFY2022.

## Schedule of Findings And Questioned Costs

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**Cause:** The Authority lacked appropriate oversight over the data exchange jobs completed by OKDHS resulting in inadequate controls over the data exchange process to ensure jobs are ran at the frequency required.

**Effect:** Non-compliance with the Code of Federal Regulations (CFRs) and The Authority's Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), which could result in payment of Medicaid benefits to ineligible recipients.

**Recommendation:** To comply with the CFRs and The Authority's Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), we recommend the Authority review internal control policy and procedures over data exchange jobs and update as necessary to ensure they are operating effectively so that data exchange jobs are run at the frequently required and issues noted are addressed in a timely manner.

### **Views of Responsible Official(s)**

**Contact Person:** Ginger Clayton, Director of Member Audits

**Anticipated Completion Date:** Lottery Commission data exchange was implemented on 8/14/2023; OHCA monitoring – March 2024

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-074 (Repeat Finding 2021-028)

**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5MAP and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 42 CFR §431.211 states in part “The State or local agency must send a notice at least 10 days before the date of action...”

42 CFR §433.400(c)(2)(iii) states, “For beneficiaries not described in [paragraph \(c\)\(2\)\(i\)](#) or [\(ii\)](#) of this section, the state must continue to provide at least the same level of medical assistance as was provided as of or after March 18, 2020.”

CMS-9912 Interim Final Rule with Comment Factsheet on Updated Policy for Maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19 states “In states claiming the temporary FMAP increase, a beneficiary's Medicaid enrollment may be terminated prior to the first day of the month after the PHE for COVID-19 ends if:

1. The beneficiary requests a voluntary termination of eligibility;
2. The beneficiary dies;
3. The beneficiary ceases to be a resident of the state; or
4. The beneficiary was not validly enrolled.”

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition and Context:** We tested a non-statistical sample of 72 cases that were closed during the year and reviewed the case record documentation maintained at OHCA and DHS for Medicaid eligibility.

OKDHS Medicaid

- For 2 (14.29 %) of 14 cases tested the case was closed for circumstances during the PHE other than:

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- The beneficiary requests a voluntary termination of eligibility;
- The beneficiary dies;
- The beneficiary ceases to be a resident of the state;
- The beneficiary was not validly enrolled on or after March 18, 2020

**Cause:** OHCA lacked adequate internal controls and appropriate processes to ensure services were only reduced on cases outlined at 42 CFR §433.400 paragraph (c)(2)(i) or (ii).

OKDHS lacked adequate internal controls and appropriate processes to ensure cases were only closed as outlined in CMS-9912.

**Effect:** Non-compliance with the Code of Federal Regulations (CFRs) and CMS guidance (CMS-9912) on maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19, which could result in the termination of the temporary FMAP increase.

**Recommendation:** To comply with the CFRs and CMS guidance (CMS-9912) we recommend OKDHS review internal control policy and procedures over decisions affecting an applicant or beneficiaries' eligibility, including the termination of benefits to align with CMS-9912.

### **Views of Responsible Official(s)**

**Contact Person:** April Anonsen (OKHCA) Carla McCarrell-Williams (OKDHS) Ginger Clayton (OKHCA Member Audit)

**Anticipated Completion Date:** September 2024

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

## OKLAHOMA DEPARTMENT OF HUMAN SERVICES

**FINDING NO:** 2022-007 (Repeat Finding 2021-059)

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** United States Department of Agriculture

**ALN:** 10.551 / 10.561

**FEDERAL PROGRAM NAME:** SNAP Cluster

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Special Tests & Provisions – EBT Card Security

**QUESTIONED COSTS:** \$0

**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.10 states “Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. “Transactions” tends to be associated with financial processes (e.g., payables transactions), while “activities” is more generally applied to operational or compliance processes. For the purposes of this standard, “transactions” covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.”

7 CFR § 274.8 *Functional and Technical EBT system requirements* states in part “(a) *Functional requirements.* The State agency shall ensure that the EBT system is capable of performing the following functional requirements prior to implementation: ... (2) Providing food benefits to households. (i) Verifying the identity of authorized households or authorized household representatives at issuance terminals or POS;”

According to OKDHS' Electronic Payments Handbook,

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- “EBT cards are counted and recorded each and every time the EBT card inventory is accessed. For example, designated staff count and record the EBT card inventory in each of the following circumstances:
  - Upon receipt of new cards (from another office, or the vendor),
  - When removing cards from the bulk inventory in secure storage, and
  - When returning unused cards to secure storage at the end of the day.”
- “Documenting card inventory is completed on the EBT Daily Card Issuance Report ...”
- “At the completion of each day, both the designated EBT staff and their supervisor review and sign the report (the EBT Daily Card Issuance Report) ...”
- “Retain a copy of the email order and the confirmation reply for verification purposes...”
- “Cards returned by mail or dropped off at the county office must be properly logged and shredded under the following procedures ... 3) The card log and the cards will be provided to the supervisor for audit. The supervisor will ensure the cards have been logged and deactivated.”

Best practice includes the security of Electronic Benefit Transaction (EBT) cards, which includes the daily reconciliation of EBT cards, and deactivation of an EBT card prior to destruction.

**Condition and Context:** Based on communications with Tess Murlin, Financial Programs Assistant Administrator, and a walkthrough of the Oklahoma City DHS County Office (55C) we noted that, while OKDHS EBT specialists check the ID of the client to confirm their identity within Conduent, the Daily Issuance form was not used. Thus, tests of this control cannot be performed.

DHS procedures are that EBT card stock will be counted and recorded each and every time the card stock inventory is accessed, and the documenting of the card inventory is performed on the EBT Daily Card Issuance Report. At the end of each day the designated EBT staff and their supervisor review and sign the report. Procedures also have that email orders for new card stock to be retained for verification purposes.

Based on procedures performed on 72 of 7,881 EBT cards on DHS destruction logs from SFY 2022 we noted:

- Five (6.94%) of the EBT cards were still active after the destruction process.

Based on procedures performed at 9 of 42 county office locations, we noted:

- Eight (88.89%) offices’ inventory logs did not support that the inventory count was performed by two individuals at the end of each day.
- Two (22.22%) offices where the EBT inventory did not tie to the email request.

**Cause:** Internal controls are not in place to ensure OKDHS policies and procedures related to the inventory accounting, unauthorized transfer/issuance, and destruction process of EBT cards are consistently followed by field employees

**Effect:** EBT cards are at risk of improper use and possible misappropriation of Supplement Nutrition Assistance Program (SNAP) benefits.

**Recommendation:** We recommend DHS implement internal controls to ensure policies and procedures related to inventory accounting, security, transfer/issuance, and the destruction process of the cards are consistently followed and updated. Additionally, we recommend DHS provide training to staff regarding these policies and procedures. We further recommend management implement procedures to monitor the county office locations for compliance with these policies and procedures throughout the year.

### **Views of Responsible Official(s)**

**Contact Person:** Thomas Pennington

**Anticipated Completion Date:** January 2024

**Corrective Action Planned:** The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.



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**FINDING NO:** 2022-010  
**STATE AGENCY:** Oklahoma Department of Human Services  
**FEDERAL AGENCY:** United States Department of Agriculture  
**ALN:** 10.561  
**FEDERAL PROGRAM NAME:** Supplemental Nutrition Assistance Program Cluster  
**FEDERAL AWARD NUMBER:** N/A  
**FEDERAL AWARD YEAR:** 2021 & 2022  
**CONTROL CATEGORY:** Reporting  
**QUESTIONED COSTS:** \$0

**Criteria:** A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

OMES GAAP Package Z *Schedule of Expenditures of Federal Awards* Instruction 4.1 states in part, “If funds related to COVID-19 programs are administered through other non-COVID ALN programs, those amounts should be segregated and reported separately from the non-COVID ALN.”

**Condition and Context:** During our review of the GAAP Package Z *Schedule of Expenditures of Federal Awards* and supporting documentation for the State Matching Grant for SNAP, AL #10.561, we noted the expenditures amount was incorrect.

**Cause:** The agency reported Covid-19 expenditures twice on their GAAP Package Z *Schedule of Expenditures of Federal Awards*. Covid-19 expenditures were reported for State Matching Grant for SNAP, AL #10.561, and also included in the amount reported for non-Covid State Matching Grant for SNAP, AL #10.561.

**Effect:** Expenditures reported for non-Covid State Matching Grant for SNAP, AL #10.561, on the agency’s GAAP Package Z *Schedule of Expenditures of Federal Awards* were overstated by \$3,194,116.

**Recommendation:** We recommend that OKDHS evaluate its control process related to the reporting accuracy and review of its Schedule of Expenditures of Federal Awards to ensure the reported amounts are correct.

### **Views of Responsible Official(s)**

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** December 2023

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-014 (Repeat Finding 2021-089)  
**STATE AGENCY:** Department of Human Services  
**FEDERAL AGENCY:** United States Department of Health and Human Services  
**ALN:** 93.575, 93.596  
**FEDERAL PROGRAM NAME:** CCDF Cluster  
**FEDERAL AWARD NUMBER:** 2101OKCCDF and 2201OKCCDF  
**FEDERAL AWARD YEAR:** 2021 and 2022  
**CONTROL CATEGORY:** Special Tests and Provisions - Health and Safety Requirements  
**QUESTIONED COSTS:** \$0

**Criteria:** CFR 45 §98.41 Health and safety requirements states, in part, “(a) Each Lead Agency shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements (appropriate to provider setting and age of children served) that are designed, implemented, and enforced to protect the health and safety of children. Such requirements must be applicable to child care providers of services for which assistance is provided under this part. Such requirements, which are subject to monitoring pursuant to §98.42, shall:

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(1) Include health and safety topics consisting of, at a minimum:

(i) The prevention and control of infectious diseases (including immunizations); with respect to immunizations, the following provisions apply:

(A) As part of their health and safety provisions in this area, Lead Agencies shall assure that children receiving services under the CCDF are age-appropriately immunized. Those health and safety provisions shall incorporate (by reference or otherwise) the latest recommendation for childhood immunizations of the respective State, territorial, or tribal public health agency.

(B) Notwithstanding this paragraph (a)(1)(i), Lead Agencies may exempt:

(1) Children who are cared for by relatives (defined as grandparents, great grandparents, siblings (if living in a separate residence), aunts, and uncles), provided there are no other unrelated children who are cared for in the same setting.

(2) Children who receive care in their own homes, provided there are no other unrelated children who are cared for in the home.

(3) Children whose parents object to immunization on religious grounds.

(4) Children whose medical condition contraindicates immunization.

(C) Lead Agencies shall establish a grace period that allows children experiencing homelessness and children in foster care to receive services under this part while providing their families (including foster families) a reasonable time to take any necessary action to comply with immunization and other health and safety requirements.

(1) The length of such grace period shall be established in consultation with the State, Territorial or Tribal health agency.

(2) Any payment for such child during the grace period shall not be considered an error or improper payment under subpart K of this part.

(3) The Lead Agency may also, at its option, establish grace periods for other children who are not experiencing homelessness or in foster care.

(4) Lead Agencies must coordinate with licensing agencies and other relevant State, Territorial, Tribal, and local agencies to provide referrals and support to help families of children receiving services during a grace period comply with immunization and other health and safety requirements;

(ii) Prevention of sudden infant death syndrome and use of safe sleeping practices;

(iii) Administration of medication, consistent with standards for parental consent;

(iv) Prevention and response to emergencies due to food and allergic reactions;

(v) Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic;

(vi) Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment;

(vii) Emergency preparedness and response planning for emergencies resulting from a natural disaster, or a man-caused event (such as violence at a child care facility), within the meaning of those terms under section 602(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195a(a)(1)) that shall include procedures for evacuation, relocation, shelter-in-place and lock down, staff and volunteer emergency preparedness training and practice drills, communication and reunification with families, continuity of operations, and accommodation of infants and toddlers, children with disabilities, and children with chronic medical conditions;

(viii) Handling and storage of hazardous materials and the appropriate disposal of bio contaminants;

(ix) Appropriate precautions in transporting children, if applicable;

(x) Pediatric first aid and cardiopulmonary resuscitation;

(xi) Recognition and reporting of child abuse and neglect, in accordance with the requirement in paragraph (e) of this section; and..."

OAC 340:110-3-11(a)(8) states in part, "Ongoing approvals by fire and health are required every two years."

OAC 340:110-1-9 (b) states, "Ongoing monitoring: During monitoring visits, the licensing staff observes the entire facility, including outdoor play space and vehicles used for transportation, if available. At or subsequent to each visit, licensing staff checks:

- (1) compliance with licensing regulations;
- (2) records for new staff including personnel sheets and compliance with background investigations per [OAC 340:110-1-8.1](#);
- (3) personnel professional development records;
- (4) Oklahoma Department of Human Services (OKDHS) computer checks on applicable persons per [OAC 340:110-1-8.1](#);

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- (5) fire and health inspections within the last 24 months, (when) applicable;
- (6) Form 07LC092E, Insurance Verification, within the last 12 months, or posting of Form 07LC093E, Insurance Exception Notification; and
- (7) other documentation requiring renewal.”

Instructions to Staff OAC 340:110-1-9(3) states, “Licensing staff: (1) documents observations and discussions on the appropriate monitoring checklists, enters the information from the monitoring checklists onto the licensing database, provides copies of the monitoring summary to the program’s owner/operator and files the original in the program’s file in the local Oklahoma Department of Human Services (OKDHS) office.”

2 CFR 200.333 states, “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditures report, or for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

**Condition and Context:** We noted the following for a sample of 72 of 1,766 daycare centers and homes:

- 72 centers/homes (100%) where we could not determine that monitoring checklists were adequately documented in relation to compliance with the health and safety requirements.
- 6 centers/homes (8.33%) where the fire extinguisher was expired, but was not noted as non-compliant on the review.
- 1 center/home (1.39%) where the annual insurance was expired, but was not noted as non-compliant on the review.
- 1 center/home (1.39%) where the annual Equipment Inventory and Physical Environment checklists were not completed and was not noted as non-compliant on the review.
- 14 centers/homes (19.44%) where the number of visits were not performed according to the Monitoring Frequency Plan (MFP). In addition, we were unable to verify if there would have been non-compliance that was followed up on.

During walk-through of the monitoring checklist software application in the prior audits, we observed a drop-down box containing the requirements applicable to each header. When non-compliance was noted during monitoring, the monitoring specialist would mark the corresponding requirement in the drop-down box as well as “NC” beside the header. However, we noted that if ‘NC’ is not marked in the header, the non-compliance will not be carried forward to the monitoring summary report that is reviewed and signed by the center/home administrator and the monitoring specialist.

In addition, we could not determine that the tracking mechanism for monitoring visits is consistently used to ensure that all daycare facilities and homes are monitored in accordance with their applicable Monitoring Frequency Plan (MFP) or that follow-up takes place when non-compliance is noted. Work plan reports are generated in the Child Care Monitoring, Administration and Safety System (CCMASS) to assist with tracking monitoring visits, pending complaints, and Star review visits to be conducted; however, these are not retained by the licensing specialist, so we were unable to verify their use.

**Cause:** Monitoring checklists and summary reports are not sufficiently designed to allow a reviewer to see what has been observed. Additionally, a uniform system to track monitoring visits and non-compliance follow-up has been designed, but the Agency does not require monitors to use it.

**Effect:** The agency is not in compliance with the above stated requirements. If health and safety requirements are not met at each home/center, children in these facilities are at risk for illness and injury. Further, the lack of a required comparison back to the work plan reports could potentially result in a facility not being monitored appropriately.

**Recommendation:** We recommend the agency implement procedures to ensure all monitoring visits are documented in a manner that clearly conveys all health and safety requirements were reviewed for the facility. In addition, we

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recommend training be provided to all monitoring staff to ensure all monitoring visits are performed in a consistent manner and are adequately documented. Further, we recommend the importance of the use of the work plan report and the retention of these real time documents be emphasized to all staff.

### *Views of Responsible Official(s)*

**Contact Person:** Dione Smith

**Anticipated Completion Date:** January 30, 2023

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-017 (Repeat Finding 2021-100)

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.659

**FEDERAL PROGRAM NAME:** Adoption Assistance Program

**FEDERAL AWARD NUMBER:** 2101OKADPT & 2201OKADPT

**FEDERAL AWARD YEAR:** 2021 & 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303(a) states, “The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

42 USC §671(a)(20) states in part, “In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which (A) provides procedures for criminal records checks, including fingerprint-based checks of national crime information databases, for any prospective foster or adoptive parent ... (B) provides that the State shall (i) check any child abuse and neglect registry maintained by the State for information on any prospective foster or adoptive parent and on any other adult living in the home ... .”

**Condition and Context:** Based on procedures performed on 60 of 18,540 adoption assistance case files we noted:

- 1 case file (1.64%) in which the required eligibility determination and documentation of a criminal background check and Oklahoma’s child abuse and neglect registry were not retained.

**Cause:** The agency’s internal controls were not effective to ensure all required actions occurred and required documentation is retained within the files.

**Effect:** If criminal records and child abuse registries are not checked, children could be placed in a home with an imminent safety threat. Additionally, recipients of adoption assistance may not be eligible for assistance.

**Recommendation:** We recommend that DHS strengthen internal controls to ensure required documentation is retained within the case files. In addition, we recommend training be provided to staff to ensure they are aware of and understand the applicable policies and procedures for adoption assistance.

### *Views of Responsible Official(s)*

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** January 2024

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-018 (Repeat 2021-099)

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**STATE AGENCY:** Oklahoma Department of Human Services  
**FEDERAL AGENCY:** Department of Health and Human Services  
**ALN:** 93.658  
**FEDERAL PROGRAM NAME:** Foster Care – Title IV-E  
**FEDERAL AWARD NUMBER:** 2101OKFOST and 2201OKFOST  
**FEDERAL AWARD YEAR:** 2021 and 2022  
**CONTROL CATEGORY:** Subrecipient Monitoring  
**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303(a) states in part “The Non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

Per 2 CFR §200.1 Definitions, “Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. *A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract* [emphasis added].”

2 CFR §200.332 Requirements for pass-through entities states in part “All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal award identification.

(i) Subrecipient name (which must match the name associated with its unique entity identifier);

(ii) Subrecipient's unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see the definition of *Federal award date* in [§ 200.1 of this part](#)) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(vi) Subaward Budget Period Start and End Date;

(vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;

(viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;

(ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

(x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

(xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;

(xiii) Identification of whether the award is R&D; and

(xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per [§ 200.414](#).

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

...

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in [paragraphs \(d\)](#) and [\(e\)](#) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;

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- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with [Subpart F of this part](#), and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (*e.g.*, if the subrecipient also receives Federal awards directly from a federal awarding agency).”

**Condition and Context:** For our sample of two of the eight SFY 22 Foster Care subrecipients, we noted the following exceptions related to award identification requirements:

- Two of two (100%) subawards did not contain the subrecipient’s unique entity identifier, federal award identification number, federal award date, and identification as to whether the award is for research and development.
- Two of two (100%) subawards did not include all requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- For one of two (50%) subrecipients, OKDHS did not include the subaward budget period in the subaward.
- For one of two (50%) subrecipients, OKDHS did not include the subaward project description in the subaward.
- For one of two (50%) subrecipients did not include the AL# on the subaward.

In our audit review of the eight SFY22 Foster Care subrecipients, management was unable to provide accurate information regarding whether or when risk assessments were completed during the year.

When evaluating the design and implementation of internal controls we noted OKDHS has no documentation of their review of claims for the SFY22 Foster Care subrecipients. Additionally, no other during award monitoring was noted.

**Cause:** This is a prior audit finding dating back to SFY2017; DHS Management showed no corrective action has been implemented to address identifying the award and applicable requirements or monitoring as required in 2 CFR 200.332. Management does not properly understand the program requirements.

**Effect:** OKDHS is not in compliance with the monitoring requirements for this program. Therefore, subrecipients may not be spending federal funds in accordance with program requirements.

**Recommendation:** We recommend OKDHS further modify its subrecipient agreements and related documentation to ensure all required award identification is provided. Additionally, we recommend OKDHS perform risk assessments on all subrecipients to determine the level of monitoring necessary at the start of the fiscal year. Lastly, we recommend OKDHS perform and document a review of subrecipients financial and performance reports to ensure OKDHS can assess subrecipient compliance with program requirements and achievement of performance goals.

### **Views of Responsible Official(s)**

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** June 2024

**Corrective Action Planned:** The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-023

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.658, 93.659, 93.778, 93.558, 93.596, 10.561

**FEDERAL PROGRAM NAME:** Foster Care – Title IV-E, Adoption Assistance, Medicaid Cluster, TANF, Child Care Development Cluster, & SNAP Cluster

**FEDERAL AWARD NUMBER:** 2201OKFOST, 2201OKADPT, 2105OK5MAP, G1901OKTANF, 2201OKADPT

**FEDERAL AWARD YEAR:** 2022

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**CONTROL CATEGORY:** Allowable Costs/Cost Principles - Random Moment Time Study (RMTS)  
**QUESTIONED COSTS:** \$0

**Criteria:** 45CFR95.507(b)(8)(ii) states, “The cost allocation plan shall contain a certification by a duly authorized official of the State stating that the costs are accorded consistent treatment through the application of generally accepted accounting principles appropriate to the circumstances.”

OKDHS:2-11-60(1)(B) states, “The Finance Division oversees the collection of data necessary for allocations and distribution.”

OKDHS:2-11-60(1)(B) states, “The Finance Division uses generally accepted accounting procedures of costs as described in the cost allocation plan.

A basic objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition and Context:** For the quarter ending 12/31/21, the number of children used to calculate the allocation percentage for Cost Pool 655, Child Welfare Services County Offices (RMTS) was overstated according to the supporting Quarterly Kids and Days Report, causing:

- Cost Pool 335, Child Welfare Medicaid Targeted Case Management, to be understated by \$1,120.38
- Cost Pool 306, Title IV-E Foster Care Administration, to be overstated by \$103,868.23
- Cost Pool 313, Child Welfare Services (IV-B, Subpart 1), to be understated by \$101,628.97
- Cost Pool 379, Title IV-E Adoption Assistance Administration, to be understated by \$1,120.38

For the quarter ending 3/31/22, due to an Excel formula error, the number of children used to calculate the allocation percentages for Cost Pool 655 was inaccurate, causing

- Cost Pool 306, Title IV-E Foster Care Administration, to be understated by \$76,281.70.

For the quarter ending 6/30/22, the IVA (a cost allocation and random moment software company) system used March’s responses for Cost Pool 656 – Adult Family Services County Offices (AFS) (RMTS) by default for June causing a \$16,303.79 miss-allocation of funds to Cost Pool 656. The miss-allocation caused incorrect allocations to the following cost pools:

Cost Pool	Over/(Under) Allocated	Cost Pool	Over/(Under) Allocated
282	\$174.16	378	\$(291.84)
301	\$(189.93)	570	\$(368.47)
302	\$(313.52)	571	\$(110.87)
303	\$185.37	572	\$(26.09)
306	\$8.43	574	\$(26.09)
308	\$1,154.02	575	\$(68.48)
329	\$1,351.72	577	\$(1,201.59)
338	\$42.13	578	\$(154.89)
342	\$7.34	579	\$(489.11)
371	\$335.63	655	\$(17.93)

Responses for Social Services Block Grant (307) were not updated from the March allocation causing:

- Cost Pool 308 Medicaid to be under allocated by \$45,162.55
- Cost Pool 329 Supplemental Nutrition Assistance Program to be under allocated \$143.37

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**Cause:** The Allocation Schedules were not properly reviewed and compared to supporting documentation. Excel formulas were not protected and were overwritten causing mathematical errors and allocation percentages to be incorrect. Old RMTS uploads were left in the new IVA system causing the system to default to the old RMTS upload rather than the new.

**Effect:** Costs charged to the Child Welfare Medicaid Targeted Case Management, Title IV-E Foster Care Administration, Child Welfare Services (IV-B, Subpart 1) programs were inaccurate for the quarter ending 12/31/21. Title IV-E Foster Care Administration program allocation was inaccurate for the quarter end 3/31/22. Programs that received funding through the Adult Family Services Cost Pool 656, Medicaid, and SNAP programs for the quarter ending 6/30/22 were inaccurate.

**Recommendation:** We recommend the Department follow established procedures to ensure allocation data is entered accurately in the cost allocation system and implement procedures to ensure accurate allocation percentages within the new IVA system. Additionally, we recommend a correction be made as soon as possible to correct the allocation amounts recorded for the relevant programs.

### **Views of Responsible Official(s)**

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** June 2023

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-029 (All Clusters/Programs Repeat Finding 2021-014)

**STATE AGENCY:** Oklahoma Department of Human Services (DHS) and Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Agriculture and Department of Health and Human Services

**ALN:** 10.551, 93.558, 93.575, 93.596, and 93.778

**FEDERAL PROGRAM NAME:** SNAP Cluster, TANF, CCDF Cluster, and Medicaid Cluster

**FEDERAL AWARD NUMBER:** G2101OKTANF, G2201OKTANF, G2101OKCCDF, G2201OKCCDF, 2105OK5MAP, and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – ADP System for SNAP (SNAP); Special Tests and Provisions – Income Eligibility and Verification System (TANF Program); Eligibility (CCDF Cluster and Medicaid Cluster)

**QUESTIONED COSTS:** \$0

**Criteria:** According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Temporary Assistance for Needy Families program, each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies.

45 CFR 205.56(a)(1)(iv) states in part “For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary...”

**Condition and Context:** We reviewed the SFY 2022 (July 1, 2021 – June 30, 2022) G1DX Exception and Clearance Reports to determine whether data exchange discrepancy (exception) messages were resolved within the required 45 calendar days of the date the message was posted on the data exchange inquiry screen. Because the method used to compile the discrepancy messages did not differentiate by program, the messages were reviewed at the error type level. Therefore, the discrepancies listed below are a culmination of multiple programs and may not apply to each program individually. We noted 133,321 of a total of 367,047 exceptions, or 36.32%, were not resolved within the required 45 calendar day period as noted in the following schedule.



## Schedule of Findings And Questioned Costs

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	11,741	47,739	24.59%
CSE	6,577	9,290	70.80%
DOD	312	371	84.10%
ENU	11,514	17,021	67.65%
IEV	6,129	13,555	45.22%
NNH	22,427	74,065	30.28%
OWG	15,495	48,381	32.03%
PRS	626	2,499	25.05%
SDX	15,590	65,125	23.94%
SNH	40,944	81,946	49.96%
UIB	1,966	7,055	27.87%
<b>TOTAL</b>	<b>133,321</b>	<b>367,047</b>	<b>36.32%</b>

The G1DX System is a OKDHS application that compares client information entered by a OKDHS employee and OKDHS IEVS information sources as they are periodically updated. These sources include:

- Wage information for the State Wage Information Collection Agency (SWICA)
- Unemployment Compensation
- All available information from the Social Security Administration (SSA)
- Information from the U.S. Citizenship and Immigration Services
- Unearned Income from the Internal Revenue Services (IRS)

**Cause:** The discrepancies were not cleared within the allowable 45 days per federal regulation due to an inadequate number of personnel assigned to these duties. Additionally, management did not closely monitor the clearance of G1DX discrepancies.

**Effect:** Program benefits could be provided to ineligible individuals.

**Recommendation:** We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county, and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 45 days allowed under current federal regulation and DHS policy.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Kendrick, Jeff Rosebeary (OKDHS), Ginger Clayton (OHCA)

**Anticipated Completion Date:** Spring, 2024

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-031 (Repeat Finding 2021-101)

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.658

**FEDERAL PROGRAM NAME:** Foster Care – Title IV-E

**FEDERAL AWARD NUMBER:** 2101OKFOST & 2201OKFOST

## Schedule of Findings And Questioned Costs

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**FEDERAL AWARD YEAR:** 2021 & 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$11,342

**Criteria:** 45 CFR §75.303: states, “The Non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).” (b) comply with federal statutes, regulations, and the terms and conditions of federal awards; (c) evaluate and monitor the non-federal entity’s compliance with statutes, regulations and the terms and conditions of federal awards; (d) take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

OAC 340:75-7-53(b): states in part, “DOC rates and descriptions. DOC reimbursements are provided for the eligible child in addition to the foster care maintenance or adoption assistance payment, per DHS Appendix C-20, Child Welfare Service Rates Schedule.”

OAC 340:75-7-53(3): “DOC rates I through V. The district director approves or denies the request in KIDS based on the documentation provided within 10-business days from the request date.”

OAC 340: 75-7-53(5): “The district director reviews the child's placement type and when a child in coordinated foster care (CFC) is approved for any level of DOC on an original approval or continuing approval, the district director granting approval sends an email notification to [therapeuticfostercare@okdhs.org](mailto:therapeuticfostercare@okdhs.org) with the child's name and KK number. TFC program staff provides the CFC contractor with the necessary documentation to file claims for DOC payment.” (b) in part says “DOC review. KIDS generates an email notification for the DOC rate payment review date one month before the DOC approval end date.”

OAC 340:75-13-17(a): states, “Title IV-E eligibility is re-determined: (1) no less than 12 months from the date of the most recent court order used to establish or maintain Title IV-E eligibility; ....”

OAC 340:75-7-94(a): Annual Update states, “The resource family assessment is updated annually from the resource home’s approval date in KIDS.” (1) is completed yearly by the assigned resource specialist following the home's approval on Form 04AF038E, Annual Update.

**Condition and Context:** We noted the following for a sample of 72 of 5,984 foster care case files:

- 1 case files (1.39%) where The DOC used to determine the benefit amount in our data does not agree to the supporting documentation in the file.
- 13 case files (18.06%) where the required eligibility redetermination of the foster home was not performed within twelve months after the license effective date and the home receiving benefits was determined eligible.

**Cause:** The agency’s internal controls were not effective to ensure adequate supervision or review of case files to ensure all required actions occurred and required documentation is retained within the files.

**Effect:** The agency is not in compliance with the above stated requirements. The case worker could reduce assistance payments if the age and DOC are not properly documented in the case file. The annual reviews are not consistently performed within 12 months and assistance payments could be paid to a home that is not eligible.

**Recommendation:** We recommend DHS strengthen internal controls to ensure all required actions occur and required documentation is retained withing the case files. In addition, we recommend training be provided to staff to ensure they are aware of and understand the applicable policies, timeliness required and procedures for foster care assistance.

## Schedule of Findings And Questioned Costs

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### *Views of Responsible Official(s)*

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** June 2024

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-037 (Repeat Finding 2021-015)

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G2201OKTANF

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The Non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

ACF-199 Reporting Instructions state in part: “The State agency or Tribal grantee should collect and report data for each data element. The data must be complete (unless explicitly instructed to leave the field blank) and accurate (i.e., correct).”

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition and Context:** “Critical line-item data for one line item reported on the ACF-199 report for the quarter ending 3/31/22 did not trace and agree to supporting documentation for 1 of the 45 cases tested from a population of 4,184 cases: Data reported for the “number of months countable toward federal time limit” critical line item did not trace and agree to supporting documentation for 1 case.”

**Cause:** The case was not compared to the Department’s Information Management System (IMS) to ensure the accuracy of the report data.

**Effect:** The ACF-199 report for the TANF program may have inaccurate data for SFY 2022.

**Recommendation:** We recommend the Department implement established procedures to ensure the data recorded on the ACF-199 report is accurate.

### *Views of Responsible Official(s)*

**Contact Person:** Rhonda Archer and Jeff Rosebeary

**Anticipated Completion Date:** 12/19/2023

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-041

**STATE AGENCY:** Oklahoma Department of Human Services (DHS) & State Department of Education (SDE)

**FEDERAL AGENCY:** United States Department of Agriculture

**ALN:** 10.542

**FEDERAL PROGRAM NAME:** Pandemic EBT – Food Benefits

## Schedule of Findings And Questioned Costs

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**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2022

**CONTROL CATEGORY:** Activities Allowed & Eligibility

**QUESTIONED COSTS:** \$3,154

**Criteria:** 45 CFR §75.303(a) states, “The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

2 CFR § 200.400(b) states, “The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.”

Per the SFY 2022 School Year 2020-2021 State Year Plan for students:

1. The child would be eligible for free or reduced-price meals if the National School Lunch Program and School Breakfast Program were operating normally and therefore an allowable activity. This includes children who are:

- Directly certified or determined “other source categorically eligible” for SY 2020-2021, or
- Certified through submission of a household application processed by the child’s school district for SY 2020-2021, or
- Enrolled in a community eligibility provisions school or a school operating under provisions 2 or 3, or
- Directly certified, determined other source categorically eligible, or certified by application in SY 2019-2020 and the school district has not made a new school meal eligibility determination for the child in SY 2020-2021.

DHS will issue benefits based upon the actual days each month that each student attends school virtually at the rate of \$6.82 per day.

Per the SFY 2022 School Year 2020-2021 State Year Plan for Child Care: “DHS will compare this list of children to those that received school aged PEBT to ensure that any children that are receiving PEBT as they were in kindergarten do not receive duplicate benefits.”

### **Condition and Context:**

Based on procedures performed on 72 of 2,646,118 benefit payments to students during the school year we noted:

- 6 of 72 instances (8.33%) in which the benefit amount issues were calculated incorrectly (\$12.78).
- 3 of 72 instances (4.17%) in which the child was not eligible for free or reduced lunches if the National School Lunch Program and School Breakfast Program were operating normally but was paid anyways (\$34.00).
- 5 of 72 instances (6.94%) in which the benefit amount was calculated correctly, however the days supplied by State Department of Education were incorrect (\$389.08).
- 7 of 72 instances (9.72%) in which a student was not listed as eligible in the Accountability database but was sent to DHS Eligible. However, the student’s benefit was later expunged as the funds were never accessed by the family (\$0).

Based on procedures performed on 72 of 496,589 benefit payments for childcare children during the school year we noted:

- 6 of 72 children (8.33%) received benefits under the school-aged plan as well as the childcare plan. (\$468.00).

Based on procedures performed on 72 of 69,534 benefit payments for childcare children during the summer we noted:

- 6 of 72 children (8.33%) received benefits under the school-aged plan as well as the childcare plan (\$2,250.00).

## Schedule of Findings And Questioned Costs

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**Cause:** Based on discussion with the State Department of Education (SDE) there is nothing on the Reporting Platform to indicate the student data was validated by the school, therefore, no control is present.

For the school-age plan benefits, SDE internal controls did not effectively ensure accurate and reliable information was provided to DHS. DHS internal controls did not effectively ensure accurate benefit amounts were provided to eligible students.

For the childcare plan, DHS lacks adequate internal controls to ensure a child under the age of 6 did not also receive benefits under the school-age plan.

**Effect:** The SDE and DHS are not administering the P-EBT program in accordance with the School Year 2020-2021 State Plans.

**Recommendation:** We recommend both SDE and DHS establish and implement internal controls to ensure only eligible students/childcare children receive benefits and the benefits are accurately calculated. Further, DHS should review and update its procedures to ensure childcare children under the age of 6 do not receive benefits from both the School Age Plan and Childcare Plan.

### **Views of Responsible DHS Official(s)**

**Contact Person:** Sondra Shelby

**Anticipated Completion Date:** March 30, 2024

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

### **Views of Responsible OSDE Official(s)**

**Contact Person:** Jennifer Weber

**Anticipated Completion Date:** March 30, 2024

**Corrective Action Planned:** The Oklahoma State Department of Education agrees with the finding. Please see the DHS corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-042 (Repeat Finding 2021-062)

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** United States Department of Agriculture

**ALN:** 10.542

**FEDERAL PROGRAM NAME:** Pandemic EBT

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** GAO Standards for Internal Control in the Federal Government (Green Book), Principle 13 – Use of Quality Information states in part, “13.05 Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary, so that the information is quality information...”

45 CFR §75.303(a) states in part, “The Non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

## Schedule of Findings And Questioned Costs

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2 CFR §200.334 states in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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...”

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition and Context:** When testing 12 of 12 monthly FNS-46, FNS-388 and FNS-292B reports, we noted the following:

- 4 of 12 FNS-46 and FNS-388 reports (33.3%) do not trace to supporting documentation. We also noted these reports were only updated after the State Auditor requested the support. The FNS-46 & FNS-388 reports were each overstated by \$33,898,976.
- 4 of 12 FNS-282B reports (33.3%) do not trace to supporting documentation and 1 of 12 reports (8.3%) could not be located for testing. The FNS-292B was understated by \$233,843,173 and cases were under reported by 1,724,146.

**Cause:** OKDHS management does not have a process in place to ensure a documented review of the reports by someone other than the preparer occurs in order to check for accuracy prior to submission.

**Effect:** The amount of P-EBT benefits issued and the number cases that received benefits were not correctly reported.

**Recommendation:** We recommend the Department develop and implement policies and procedures to ensure the PEBT Issuance reports are properly reviewed and approved, by someone other than the preparer prior to submission. We further recommend the department retain copies of all reports.

### **Views of Responsible Official(s)**

**Contact Person:** Matthew Conley and Damian Lim

**Anticipated Completion Date:** March 30, 2024

**Corrective Action Planned:** The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-048

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G1901OKTANF, G2201OKTANF,

**FEDERAL AWARD YEAR:** 2018, 2019, 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR 261.62(a)(2) states: “To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report and, if applicable, the SSP–MOE Data Report, each State must establish and employ procedures for determining how to count and verify reported hours of work.”

45 CFR 261.62(b)(1)(iii) states: “A State's Work Verification Plan must include for each countable work activity a description of the documentation it uses to monitor participation and ensure that the actual hours of participation are reported.”

OAC 340:10-2-6.1 Instructions to Staff 1.(b) states in part: “These participants are required to work on a high school diploma or high school equivalency certificate. The participant documents on Form 08TW013E, Time and Progress Report, the hours spent in class. The worker records homework or study time hours only on days the participant

## Schedule of Findings And Questioned Costs

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attended class on Form 08TW013E and in the system after ensuring that documentation required to count these hours is in the case record.”

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition and Context:** Based on procedures performed on 45 of 11,780 reporting months, we noted one (2.22%) reporting month for which the work participation hours reported to HHS were not documented, verified, or reported in accordance with the State’s Work Verification Plan. Form 08TW013E was not present in the case file documenting educational services work participation hours for one reporting month and the ETPAI screen on the OKDHS Mainframe documents less educational services work participation hours than were reported on the ACF-199 report for one reporting month.

**Cause:** Controls were not implemented to ensure accuracy of the data used in calculating work participation rates.

**Effect:** Inaccurate data may have been used to calculate work participation rates.

**Recommendation:** We recommend the Department implement internal controls to ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report. Also, we recommend the Department ensure that documentation of the work participation hours is maintained in the case records.

### **Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 9/30/2022

**Corrective Action Planned:** The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-054 (Repeat Finding 2021-026)

**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5021 and 2205OK5021

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

42 CFR §431.10(c)(2) states, “The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis.”

42 CFR §431.10(c)(3)(ii) states in part, “The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ....”

OKDHS Policy OAC 340:65-3-4 (4) states in part, “Automated data exchange with other agencies provides DHS with information regarding household members’ benefits, wages, taxes, Social Security numbers, and current addresses.

## Schedule of Findings And Questioned Costs

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The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed.”

OAC 317:35-5-42(b)(5)(A) states in part, “A lump sum payment may be considered as earned or unearned income, depending on the source of the lump sum payment. Lump sum payments may include, but are not limited to:

(vi) Lottery or gambling winnings,....”

**Condition and Context:** The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. OKDHS utilizes automated data exchange information obtained from other agencies to verify the information provided by recipients.

Office of Management and Enterprise Services – Information Services Division (OMES-ISD) runs scheduled data exchange jobs to gather the information from the various agencies for the Automated Caseload Evaluation System (ACES). The ACES system is a web-based application that gathers all available OKDHS data exchange information on a case, which is used by the Social Services Specialist to assist in determining Medicaid eligibility. The data exchange jobs are assigned to a coordinator who is responsible for seeing that the jobs are placed in the TWS (scheduling system) on the correct calendar with the date and time jobs are to run.

We determined that OKDHS did not run any data exchange jobs with the Oklahoma Lottery Commission to determine eligibility during SFY2022.

**Cause:** The Authority lacked appropriate oversight over the data exchange jobs completed by OKDHS resulting in inadequate controls over the data exchange process to ensure jobs are ran at the frequency required.

**Effect:** Non-compliance with the Code of Federal Regulations (CFRs) and The Authority’s Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), which could result in payment of Medicaid benefits to ineligible recipients.

**Recommendation:** To comply with the CFRs and The Authority’s Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), we recommend the Authority review internal control policy and procedures over data exchange jobs and update as necessary to ensure they are operating effectively so that data exchange jobs are run at the frequently required and issues noted are addressed in a timely manner.

### **Views of Responsible Official(s)**

**Contact Person:** Ginger Clayton, Director of Member Audits and Jeff Rosebeary, Information Security Officer, Adult and Family Services Division DHS

**Anticipated Completion Date:** Lottery Commission data exchange was implemented on 8/14/2023; OHCA monitoring – March 2024

**Corrective Action Planned:** The Department of Human Services agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-057 (Repeat Finding 2021-064)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF

**FEDERAL AWARD YEAR:** 2018

**CONTROL CATEGORY:** Special Tests and Provisions – Child Support Non-Cooperation

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR Sec. 264.30 states “(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for



## Schedule of Findings And Questioned Costs

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a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency (OKDHS) must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program.”

OAC 340:10-10-5(d) states “When the applicant or recipient is the natural or adoptive parent and fails or refuses to cooperate with OKDHS without good cause, the TANF benefit is reduced by 25 percent of the payment standard shown on OKDHS Appendix C-1, Maximum Income, Resource and Payment Standards, Schedule IX, per 42 U.S.C. § 608(a)(2), for the next advance notice effective date.”

OAC 340:10-10-5 2.(a) Instructions to Staff states in part “Child Support Services (CSS) staff makes the determination of non-cooperation, CSS staff updates the child support computer system to show an "O" in the "cooperation" field, the reason code in the "reason code" field, and the date non-cooperation is determined in the "non-cooperation date" field. The worker views cooperation status by entering CCPI space and the client's family group number (FGN). When the CCPI screen shows non-cooperation, the system: (1) automatically applies the 25 percent penalty.”

**Condition and Context:** SAI staff made inquiry to OKDHS Adult and Family Services Information Services Division (AFS-ISD) regarding the TANF Child Support Non-Cooperation data. SAI was unable to obtain complete data for SFY 2022. It was disclosed to SAI staff that the TANF Child Support Non-Cooperation files are incomplete and only ran for the period of 9/15/2021 – 6/30/2022 during SFY 2022. The job that generated the reports was also tied to the process that closed medical cases for Child Support Non-Cooperation, since the CARES act prevented closure of Medicaid for any reason, the job was suspended due to COVID-19 and was not restored until 9/15/21.

**Cause:** Department management were unaware of TANF Child Support Non-Cooperation requirements were linked to Medicaid in the Oklahoma Child Support Services OSIS system and temporarily discontinued determining child support non-cooperation and therefore the 25% penalty for child support noncooperation was not applied.

**Effect:** The Department was not in compliance with the above stated requirement, which resulted in individuals receiving TANF benefits while not cooperating with Child Support Enforcement. According to the 2 CFR Part 200 Child Support Non-Cooperation Compliance Requirement HHS may penalize a State for up to 5% of the State Family Assistance Grant for failure to substantially comply with the required State child support program.

**Recommendation:** We recommend the Department ensure the determination of child support non-cooperation and the penalty for non-cooperation is suspended only when directed to do so by the federal awarding agency.

### **Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** July 2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-058

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF & G2101OKTANF

**FEDERAL AWARD YEAR:** 2018 & 2021

**CONTROL CATEGORY:** Allowable Cost Principals

**QUESTIONED COSTS:** \$ 145,273

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**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

OKDHS:2-11-60(1)(A) states, “The Finance Division coordinates the preparation, revision, and accumulation of all administrative costs of the cost allocation plan.

OKDHS:2-11-60(1)(C) states, “The Finance Division uses generally accepted accounting procedures of costs as described in the cost allocation plan.”

A basic objective of Generally Accepted Accounting Principles is to provide accurate and reliable information.

**Condition and Context:** For our sample of eight of 23 TANF adjustments in SFY 2022, one adjustment (12.50%) did not agree with supporting documentation.

**Cause:** An error was made on a TANF adjustment worksheet used to calculate the adjustment for cost pool 303 (TANF Work) for the quarter ending 9/30/21 and the error was not detected during review, or an adequate review was not performed.

**Effect:** Cost Pool 303 (TANF Work) costs for the quarter ending 9/30/21 were overstated by \$145,273.

**Recommendation:** We recommend the Department follow established procedures to ensure adjustments are calculated using accurate and reliable information and that adjustments are adequately reviewed. Additionally, we recommend a correction be made as soon as possible to correct the adjustment amount recorded for the TANF Work cost.

### **Views of Responsible Official(s)**

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** June 2023

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-059 (Repeat Finding 2021-088)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G1901OKTANF and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2019, and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Penalty for Refusal to Work

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR Sec. 261.14(a) states in part “If an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish...”

OAC 340:10-2-2(c) states in part “The worker must contact the individual to determine good cause...”

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(c) states “When the worker is unable to reach the client by phone to schedule an interview, the worker may use Form 08AD092E, Client Contact and Information Request, to request contact.”

## Schedule of Findings And Questioned Costs

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INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(d) states “Family Assistance/Client Services (FACS) case notes must clearly document the worker's efforts to contact the client and, when contact is made, the client’s reasons for failure to participate.”

**Condition and Context:** For a sample of 60 of 637 case sanction or closure occurrences, we noted eight occurrences (13.33% of the sample) where effort to contact the individual and their refusal/failure to participate without good cause was not made or was not documented in the case file or the Family Assistance/Client Services (FACS) case notes.

**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker contact individuals to determine good cause and document their efforts are consistently followed by staff.

**Effect:** The Department is not in compliance with the above stated internal policies and federal program requirements, which may result in individuals not meeting TANF work participation requirement with good cause to be denied TANF benefits.

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow established policy to 1) make every effort to contact individuals to determine good cause and document their efforts as required, and 2) ensure that documentation of their effort to contact individuals to determine good cause is maintained in the case records.

### **Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 06/09/2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-060 (Repeat Finding 2021-065)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G2101OKTANF and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2021, and 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, and Level of Effort

**QUESTIONED COSTS:** \$15,969

**Criteria:** 45 CFR § 206.10(a)(1)(ii) states in part, “The agency shall require a written application, signed under a penalty of perjury, on a form prescribed by the State agency, from the applicant himself, or his authorized representative, or, where the applicant is incompetent or incapacitated, someone acting responsibly for him...”

OAC 340:65-3-1(a) states in part, “The eligibility determination process includes the applicant filing a signed application, the worker certifying or denying benefits, and all subsequent activities required to receive continuous benefits...”

OAC 340:65-1-3 states in part, “...The case record is the means used by OKDHS to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff states in part, “(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close...”

## Schedule of Findings And Questioned Costs

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OAC 340:65-3-8(e)(1) states in part, “Benefit renewal interview requirements vary depending on the program. The TANF program requires a face-to-face interview. The face-to-face interview may be conducted in the OKDHS office, at a home visit, or through a virtual video conference. When none of these options are feasible due to a hospitalization or other extenuating circumstance and the worker obtains prior approval from Adult and Family Services (AFS) TANF Unit staff, a phone interview may be conducted at application or renewal.”

OAC 340:65-3-8(b)(2)(A) states in part, “A benefit renewal is completed at 12-month intervals, unless an earlier renewal date is warranted, with a TANF recipient.”

OAC 340:10-13-1(b)(1) states, “An otherwise eligible child who is 18 years of age is included in the assistance unit if he or she is a full time secondary school student, attending HSE classes, an alternative high school, or a virtual school and expects to graduate before or during the month he or she turns 19 years of age.”

An effective internal control system provides for proper record retention to ensure that all information and transactions are accurately recorded and retained.

**Condition and Context:** In a sample of 60 of 6,056 TANF cases, we noted the following:

- Seven case files did not contain documentation of an eligibility re-determination for benefits paid during SFY 2022 and benefits were not discontinued when the period of eligibility expired (Questioned Costs \$14,212).
- One case file did not contain documentation of an eligibility determination for benefits paid during SFY 2022 and benefits were not discontinued when the period of eligibility expired (Questioned Costs \$613).
- Three case files that included children 18 years old did not contain documentation the child was enrolled as a full-time student in a secondary school (or the equivalent level of vocational or technical training) (Questioned Costs \$1,144).

**Cause:** Adequate internal controls are not in place to ensure initial determinations and redeterminations are properly performed and documented.

**Effect:** The Department is not in compliance with the above stated internal policies and federal program requirements, which may result in ineligible individuals receiving TANF benefits and cause the maintenance of effort expenditures to be overstated.

**Recommendation:** We recommend the Department follow policy and complete eligibility determinations and redeterminations for all TANF recipients as required and ensure benefits are discontinued when the period of eligibility expires. Also, we recommend the Department design and implement controls to ensure the determination and redetermination documentation is maintained in the case records.

### **Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 06/09/2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-061 (Repeat Finding 2021-066)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G2101OKTANF and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2021, and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Child Support Non-Cooperation

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR Sec. 264.30 states “(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must

## Schedule of Findings And Questioned Costs

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cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program.”

OAC 340:65-1-3 states in part “...The case record is the means used by the Agency to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff states in part “(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close...”

OAC 340:10-10-5(a) states in part “When the reason for deprivation is absence, each applicant or recipient of Temporary Assistance for Needy Families (TANF) must assign to Oklahoma Human Services (OKDHS) any support rights, including cash medical, that is pending or continuing for any family member included in the assistance unit as a condition of eligibility. This assignment **excludes** amounts ordered for past due or judgment amounts for persons who never received TANF prior to this application. For persons who previously received TANF, the assignment **includes** past due or judgment amounts previously assigned to OKDHS for the time period the applicant received TANF. Failure to assign support rights makes the assistance unit ineligible for TANF.”

OAC 340:10-10-5(b) states in part “As a condition of TANF eligibility, each applicant or recipient, who is the natural or adoptive parent of the child(ren) included in the assistance unit, must cooperate with OKDHS in obtaining support for each child, per Section 608 of Title 42 of the United States Code (42 U.S.C. § 608). Failure of the applicant or recipient to cooperate without good cause may be indicated during the application interview or at any time further action by the recipient is necessary.”

**Condition and Context:** Based on procedures performed on 60 of 6,056 cases, we noted four cases (6.67%) where no documentation could be found in the case file indicating the applicant was required to cooperate with the State in obtaining child support or requiring the applicant to assign the support rights to the State for benefits paid during SFY 2022.

**Cause:** Controls in place are not adequate to ensure the Oklahoma Department of Human Services (OKDHS) policies and procedures that require TANF applicants to assign to the OKDHS any support rights are consistently followed by staff.

**Effect:** The Department may not be following the above stated internal policies or adequate documentation was not retained in the file. This may result in ineligible individuals receiving TANF benefits or eligible individual's benefits not being reduced.

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow policy and procedures to ensure TANF applicants assign to the Oklahoma Department of Human Services (OKDHS) any support rights or determine the assistance unit ineligible. Also, we recommend the Department ensure that documentation of the assignment of child support rights is maintained in the case records.

**Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 06/07-09/2022

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**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-062 (Repeat Finding 2021-067)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G2101OKTANF and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2021, and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Income Eligibility and Verification System

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Part 200 Compliance Supplement Part 4 TANF Part N2 Compliance Requirement states in part, “Each state shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies.”

DHS Policy 340:65-3-1 (e)(2)(B)&(C) states in part, “The worker is responsible for collecting information necessary for determining the applicant's initial and continuing eligibility. Information is considered verified when not questionable or inconsistent with known facts, and the information provider is the primary source of the information. Unless questionable, the worker accepts, without further verification, the unearned income information obtained through the Beneficiary and Earnings Data Exchange System, from the Social Security Administration; Supplemental Security Income /State Data Exchange System, from SSA; Unemployment Insurance Benefits (UIB), from the Oklahoma Employment Security Commission; and workers' compensation documents from the Workers' Compensation Commission; and alien status information obtained through Systematic Alien Verification for Entitlements (SAVE), from the United States Citizenship and Immigration Services (USCIS).”

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (a) states in part, “Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits.”

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b)(2) states, “The FACS system includes an Interview Notebook, an Eligibility Notebook, and FACS case notes. The worker uses FACS to process applications, renewals, and change actions, and FACS case notes for case documentation.”

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b)(4)(D)(i) states in part, “Case notes must describe how initial eligibility, continuing eligibility, or ineligibility was determined, the verification used, and how income was calculated.”

**Condition and Context:** In a sample of 60 of 6,056 TANF cases, we noted five cases (8.33%) where no income eligibility and verification system documentation was present in the electronic case record or FACS case notes for the period tested.

**Cause:** Controls in place are not adequate to ensure staff consistently follow OKDHS policies and procedures that require the worker to review data exchange information at application and eligibility renewal. The initial verification of income is a manual process performed by the social worker. This process was either omitted or not documented when determining eligibility.

**Effect:** The income used to determine a TANF applicant’s eligibility may not be accurate which could allow for an ineligible recipient to receive benefits.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow established policy and procedures regarding the review of data exchange information at application and eligibility renewal. Also, we recommend the Department ensure that documentation is maintained to support income verification through data exchange was utilized in eligibility determination or re-determination.

**Views of Responsible Official(s).**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 09/30/2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-063

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G2101OKTANF and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2021, and 2022

**CONTROL CATEGORY:** Special Tests and Provisions – Child Support Non-Cooperation

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR Sec. 261.14 states “(a) If an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish.”

OAC 340:65-1-3 states in part “...The case record is the means used by the Agency to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff states in part “(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close...”

OAC 340:10-2-1 states in part “All parents or needy caretakers who apply for or receive Temporary Assistance for Needy Families (TANF) cash assistance from Oklahoma are required to be engaged in a work activity. The parent(s) or needy caretaker must participate in work activities for at least the minimum number of hours necessary to move that person into employment and self-sufficiency.”

OAC 340:10-2-1 INSTRUCTIONS TO STAFF states in part “During the application process, the worker and applicant complete Form 08TW002E, TANF Work/Personal Responsibility Agreement, and the worker reviews the responsibilities listed on the form with the applicant before he or she signs the agreement.”

**Condition and Context:** Based on procedures performed on 60 of 6,056 cases, we noted two cases (3.33%) where no documentation was present in the case file indicating the applicant agreed to cooperate with TANF work requirements, was not exempt under State rules or met the State good cause criteria and was determined eligible for benefits paid during SFY 2022.

**Cause:** Controls in place are not adequate to ensure the Oklahoma Department of Human Services (OKDHS) policies and procedures that require TANF applicants agree to cooperate with TANF work requirements during eligibility determination and redetermination are consistently followed by staff.

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**Effect:** The Department may not be following the above stated internal policies or adequate documentation was not retained in the file. This may result in ineligible individuals receiving TANF benefits, or eligible individual's benefits not being reduced.

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow policy and procedures to ensure TANF applicants agree to cooperate with TANF work requirements if the applicant is not exempt under State rules or meets the State good cause criteria or determine the assistance unit ineligible. Also, we recommend the Department ensure that documentation of the TANF work requirement agreement is maintained in the case records.

**Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 03/01/24

**Corrective Action Planned:** The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-064 (Repeat Finding 2021-046)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G2101OKTANF, & G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2021, & 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$7,318

**Criteria:** 45 CFR 264.1(a)(1) states: "Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in §260.31 of this chapter) to a family that includes an adult head-of-household or a spouse of the head-of-household who has received Federal assistance for a total of five years (i.e., 60 cumulative months, whether or not consecutive)."

45 CFR 264.1(c) states: "States have the option to extend assistance paid for by Federal TANF funds beyond the five-year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, whichever the State elects. States are permitted to extend assistance to families only on the basis of:

(1) Hardship, as defined by the State; or (2) The fact that the family includes someone who has been battered, or subject to extreme cruelty based on the fact that the individual has been subjected to: (i) Physical acts that resulted in, or threatened to result in, physical injury to the individual; (ii) Sexual abuse; (iii) Sexual activity involving a dependent child; (iv) Being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities; (v) Threats of, or attempts at, physical or sexual abuse; (vi) Mental abuse; or (vii) Neglect or deprivation of medical care."

OAC 340:10-1-4 states: "Both federal and state laws specify that assistance is available to those persons who meet certain conditions of eligibility. Receipt of Temporary Assistance for Needy Families has been restricted to a lifetime limit of 60 months, whether consecutive or not, effective October 1, 1996. The time limit can be extended when a hardship extension has been approved."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(c)(1) states: "When the client meets all other eligibility factors and requests a hardship extension, the worker and applicant complete and sign Part I of Form 08TW024E, Extension Request for Temporary Assistance for Needy Families (TANF), during the face-to-face interview."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(d)(2)(B) states: "The client's signature date on Form 08TW024E is used as the hardship extension request application date. Action is not taken on the hardship extension request until AFS TANF staff reaches a decision."



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OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(f)(1) & (2) states: (1) “When the client requests an additional extension, the worker and client complete and sign Part 1 of Form 08TW025E, Extension Review/Disposition. The worker gives Form 08AD092E to the client when additional supporting documentation is needed.” (2) “The worker emails [TANF@okdhs.org](mailto:TANF@okdhs.org) to request a hardship extension, attaches Form 08TW025E, and images any supporting documentation to the case record. AFS TANF staff reviews the request, completes Part II of Form 08TW025E approving or disapproving the request, and sends Form 08TW025E and all submitted information to the worker.”

**Condition and Context:** When testing 7 of the 64 TANF cases receiving benefits for more than sixty months, we noted the following:

- Form 08TW024E was not present in the case file documenting approval of a hardship for extension of benefits prior to benefits being awarded for four cases (57.14%).
- Form 08TW025E was not present in the case file documenting approval of a hardship for extension of benefits prior to benefits being awarded for one case (14.29%).

**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker and applicant to complete and sign Part I and Part II of Form 08TW024E, Extension Request for Temporary Assistance for Needy Families or Part I and Part II of Form 08TW025E, Extension Review/Disposition are consistently followed by staff.

**Effect:** The Department is not in compliance with the above stated internal policies, which may allow ineligible individuals to receive TANF benefits.

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow established policy and procedures addressing the completion, approval, adequate documentation, and retention of request for TANF hardship extensions.

### **Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 09/30/2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-065

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G2101OKTANF, G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2021, 2022

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Part 200 Compliance Supplement Part 4 TANF Part E Compliance Requirement states in part, “Qualified aliens, as defined in 8 USC 1641(b), are the only non-citizens who may receive a TANF public benefit, as defined in 8 USC 1611(c), using federal TANF or commingled funds. Qualified aliens are lawful permanent residents, asylees, refugees, aliens paroled into the United States for at least one year, aliens whose deportations are being withheld, aliens granted conditional entry, Cuban/Haitian entrants, and certain battered aliens. Victims of severe forms of trafficking and certain family members are also eligible for federally funded or administered public benefits and services to the same extent as refugees.”

OAC 340:10-15-1(e) states: “Persons declaring qualified alien status must provide documentation of their alien status and have their status verified through the Systematic Alien Verification for Entitlements (SAVE) program's Alien Status Verification Index. When secondary verification must be pursued through USCIS, the worker must not delay, deny, close, or reduce benefits to an alien pending a response from USCIS.”

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OAC 340:65-3-4(5) states: “All applicants and recipients of the TANF, SoonerCare (Medicaid), Supplemental Nutrition Assistance Program (SNAP), Low Income Home Energy Assistance Program (LIHEAP), State Supplemental Payment (SSP), and Child Care Subsidy Program benefits are required to declare their citizenship status. Persons who declare themselves or their minor child non-citizens must present documentation of their legal alien status from the United States Citizenship and Immigration Services (USCIS) or other acceptable source. The status, as determined from the documentation, must be verified through the Alien Status Verification Index (ASVI) maintained by USCIS.”

OAC INSTRUCTIONS TO STAFF 340:65-3-4 #18 states: “The worker accesses the Alien Status Verification Index (ASVI) through a web-based online system at <https://save.uscis.gov/Web/vislogin.aspx?JS=YES>. Online responses are returned for the initial and additional verification inquiries. The worker images and files the online verification number or entire verification record in the case record or copies and pastes the information into FACS case notes.”

**Condition and Context:** When testing 5 of the 49 TANF cases receiving benefits with a Citizen Status code of “2” (Qualified alien) or code “9” (Unknown) from the ACF-199 T2 data, we noted one case (20%) where the non-citizen documentation of legal alien status was not verified through the Alien Status Verification Index (ASVI)/SAVE system to verify applicant data and determine eligibility in accordance with the state plan.

**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker verify and document a non-citizen’s alien status through the Alien Status Verification Index are consistently followed by staff.

**Effect:** The Department is not in compliance with the above stated internal policies, which may allow ineligible individuals to receive TANF benefits.

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow established policy and procedures for verifying and documenting a non-citizen’s alien status through the Alien Status Verification Index.

### **Views of Responsible Official(s)**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 9/30/2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-066 (Repeat Finding 2021-053)

**STATE AGENCY:** Oklahoma Department of Human Services (OKDHS)

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF; G1901OKTANF; G2101OKTANF; G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2019, 2021, 2022

**CONTROL CATEGORY:** Maintenance of Effort

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

According to Title 45 CFR §263.2, “What kinds of State expenditures count toward meeting a State’s basic MOE expenditure requirement? (a) Expenditures of State funds in TANF or separate State programs may count if they are made for the following types of benefits or services: ... (3) Education activities designed to increase self-sufficiency,

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job training, and work (see §263.4); ... (b) With the exception of paragraph (a)(4)(ii) of this section, the benefits or services listed under paragraph (a) of this section count only if they have been provided to or on behalf of eligible families.”

Title 45 CFR §263.4 states, “When do educational expenditures count? (a) Expenditures for educational activities or services count if: (1) They are provided to eligible families (as defined in §263.2(b)) to increase self-sufficiency, job training, and work; and (2) They are not generally available to other residents of the State without cost and without regard to their income. (b) Expenditures on behalf of eligible families for educational services or activities provided through the public education system do not count unless they meet the requirements under paragraph (a) of this section.”

According to the intergovernmental agreement between DHS and the Oklahoma State Regents for Higher Education (OSRHE), “In accordance with this agreement, a 20% match to the Block Grant funding expended by DHS for post-secondary/vocational training programs at local colleges will be provided through OSRHE or local college funds and/or in-kind contributions. In lieu of transfer of matching funds from OSRHE or Local Colleges to DHS, OSRHE will identify the specific amount of matching funds ascertained and that are available for DHS to use as the non-federal share of Block Grant expenditures.” Additionally, “the purpose of this agreement is to set forth a process designed to provide post-secondary/vocational education skills (and/or other necessary skills) needed to gain employment for eligible recipients in the DHS TANF WORK program.

**Condition and Context:** For a sample of 12 of 116 cases, we noted three cases (25.00%) where the case was not recorded as being placed in a TANF Work activity on the DSD Mainframe ETE screen and/or no documentation was found in the case file for the student's attendance of education activities at one of the OSRHE colleges during SFY 2022.

**Cause:** Adequate review of the recipients receiving post-secondary/vocational education needed to gain employment through the OKDHS TANF Work program was not performed to ensure qualified expenditures used to meet MOE requirements were made on behalf of TANF eligible families that received the educational and training activities during SFY 2022.

**Effect:** OSRHE education and training expenditures reported as TANF MOE may not have been made to, or on behalf of, TANF eligible families during SFY 2022.

**Recommendation:** We recommend the agency design and implement internal controls and develop written policies and procedures to ensure any OSRHE education and training expenditures utilized as TANF MOE have been made to, or on behalf of, TANF eligible families during the period the expenditures were reported.

**Views of Responsible Official(s):**

**Contact Person:** Rhonda Archer

**Anticipated Completion Date:** 9/30/2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-067 (Repeat Finding 2021-068)

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G1901OKTANF, G2101OKTANF, and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2019, 2021, and 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed and Level of Effort

**QUESTIONED COSTS:** \$0

**Criteria:** Title 45 CFR §263.2(b) states, “With the exception of paragraph (a)(4)(ii) of this section, the benefits or services listed under paragraph (a) of this section count only if they have been provided to or on behalf of eligible

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families. An “eligible family” as defined by the State, must: (1) Be comprised of citizens or noncitizens who: (i) Are eligible for TANF assistance; (ii) Would be eligible for TANF assistance, but for the time limit on the receipt of federally funded assistance; or (iii) Are lawfully present in the United States and would be eligible for assistance, but for the application of title IV of PRWORA; (2) Include a child living with a custodial parent or other adult caretaker relative (or consist of a pregnant individual); and (3) Be financially eligible according to the appropriate income and resource (when applicable) standards established by the State and contained in its TANF plan.”

The State of Oklahoma State Plan for Title IV-A of the Social Security Act Temporary Assistance for Needy Families (TANF) in the TANF Funded Programs section under Other TANF-Funded Services states in part, “Oklahoma utilizes the TANF block grant to fund several services and programs that meet one of the four TANF goals and which may be provided to families with incomes above the threshold for TANF cash assistance. Income eligibility for these services and programs is limited to families at or below 300% of the Federal Poverty Level (FPL) unless otherwise noted and Programs and Services that address Goals 3 and/or 4 of TANF do not have income limits unless otherwise noted.” Noted for Child Welfare Services Non IV-E TANF goal 1 the description states “Services that are designed to promote and allow children to be cared for in their own home or the homes of relatives; as well as provide emergency assistance. Children receiving TANF, SNAP, Childcare or Sooner Care benefits at the time of service enrollment are automatically deemed eligible for this category.”

OAC 340:75-13-61 Medical services to children in placement states in part, “Children in Oklahoma Department of Human Services (DHS) custody and out-of-home placements have fee-for service medical cases. The Oklahoma Health Care Authority pays for each medical service provided at the Medicaid allowable rate. The child welfare specialist: ... (3) applies for Medicaid for a child within five-business days of the child's removal from the home by entering the child's removal information into the Child Abuse and Neglect Information System (KIDS) Removal screen. (A) When the child's removal information is entered into the KIDS Removal screen, a KIDS assignment is generated to the custody specialist. (B) The KIDS assignment to the custody specialist is considered the referral for: (i) Title XIX medical benefits; and (ii) Title IV-E eligibility determination.”

45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

**Condition and Context:** We requested the detailed data supporting the \$12,668,130 reported on line 20.a of the ACF-196R reports for SFY22. Based on conversation with OKDHS management, the detailed data represents CWS clients that are Medicaid eligible and automatically deemed eligible for TANF and is used in the calculation of the applicable percentage rate to be applied to CWS contracts expenditures to determine the amount funded by TANF. We performed procedures on a sample of 55 of 1,599 CWS recipients in the detailed data to determine if they were Medicaid eligible by reviewing OKDHS KIDS removal screens documenting the period the child was removed from the home. We noted forty-one (74.55%) CWS clients for which the Child Abuse and Neglect Information System (KIDS) Removal screen did not contain information the child had been removed from the home during SFY 2022; these CWS clients do not appear to be Medicaid eligible, therefore they are not eligible for TANF funding and are considered a unallowable activity for the TANF program.

- For thirty-seven children, the date the child was removed from the home was not documented.
- Two children were removed from the home after the end of SFY 2022.
- One child’s removal date and removal end date was prior to SFY 2022.
- One child’s last name was not in the OKDHS KIDS system.

**Cause:** Adequate internal controls are not in place or were not implemented to ensure that only allowable activities were charged to the TANF program.

**Effect:** An incorrect percentage rate may have been applied to CWS contracts expenditures to determine the amount funded by TANF.

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**Recommendation:** We recommend the Department design and implement controls to ensure information used in the calculation of the applicable percentage rate applied to CWS contracts expenditures to determine the amount charged to the TANF program is accurate and that only allowable activities are charged to the TANF program.

**Views of Responsible Official(s)**

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** The Department of Human Services did not agree with the finding.

**FINDING NO:** 2022-068

**STATE AGENCY:** Oklahoma Department of Human Services

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1801OKTANF, G1901OKTANF, G2101OKTANF, and G2201OKTANF

**FEDERAL AWARD YEAR:** 2018, 2019, 2021, and 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR § 200.303(a) – *Internal Controls* states in part, “The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

**Condition and Context:** In a sample of 63 of 1,598 TANF direct cost pools non-payroll claims, we noted 3 claims (4.76%) where the claim supporting documentation was not appropriately approved or the approval was not documented. The approval of one invoice was not documented, one purchase order was approved by an individual that was not listed in the authorized signature file, and one flex fund voucher was approved by an individual that was not listed on the authorized system listing.

**Cause:** A lack of internal controls to ensure claims are properly reviewed and approved for allowability.

**Effect:** Failure to properly review and approve expenditure claims could result in payment of unallowable claims.

**Recommendation:** We recommend that DHS develop and implement appropriate policies and procedures to ensure claims are properly reviewed and approved prior to payment.

**Views of Responsible Official(s)**

**Contact Person:** Kayla Urtz

**Anticipated Completion Date:** August 2022

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-074 (Repeat Finding 2021-028)

**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services

**FEDERAL AGENCY:** United States Department of Health and Human Services

**ALN:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 2105OK5MAP and 2205OK5MAP

**FEDERAL AWARD YEAR:** 2021 and 2022

**CONTROL CATEGORY:** Eligibility

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### QUESTIONED COSTS: \$0

**Criteria:** 42 CFR §431.211 states in part “The State or local agency must send a notice at least 10 days before the date of action...”

42 CFR §433.400(c)(2)(iii) states, “For beneficiaries not described in [paragraph \(c\)\(2\)\(i\)](#) or [\(ii\)](#) of this section, the state must continue to provide at least the same level of medical assistance as was provided as of or after March 18, 2020.”

CMS-9912 Interim Final Rule with Comment Factsheet on Updated Policy for Maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19 states “In states claiming the temporary FMAP increase, a beneficiary’s Medicaid enrollment may be terminated prior to the first day of the month after the PHE for COVID-19 ends if:

1. The beneficiary requests a voluntary termination of eligibility;
2. The beneficiary dies;
3. The beneficiary ceases to be a resident of the state; or
4. The beneficiary was not validly enrolled.”

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition and Context:** We tested a non-statistical sample of 72 cases that were closed during the year and reviewed the case record documentation maintained at OHCA and DHS for Medicaid eligibility.

#### OKDHS Medicaid

- For 2 (14.29 %) of 14 cases tested the case was closed for circumstances during the PHE other than:
  - The beneficiary requests a voluntary termination of eligibility;
  - The beneficiary dies;
  - The beneficiary ceases to be a resident of the state;
  - The beneficiary was not validly enrolled on or after March 18, 2020

**Cause:** OHCA lacked adequate internal controls and appropriate processes to ensure services were only reduced on cases outlined at 42 CFR §433.400 [paragraph \(c\)\(2\)\(i\)](#) or [\(ii\)](#).

OKDHS lacked adequate internal controls and appropriate processes to ensure cases were only closed as outlined in CMS-9912.

**Effect:** Non-compliance with the Code of Federal Regulations (CFRs) and CMS guidance (CMS-9912) on maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19, which could result in the termination of the temporary FMAP increase.

**Recommendation:** To comply with the CFRs and CMS guidance (CMS-9912) we recommend OKDHS review internal control policy and procedures over decisions affecting an applicant or beneficiaries’ eligibility, including the termination of benefits to align with CMS-9912.

#### **Views of Responsible Official(s)**

**Contact Person:** April Anonsen (OKHCA) Carla McCarrell-Williams (OKDHS) Ginger Clayton (OKHCA Member Audit)

**Anticipated Completion Date:** September 2024

**Corrective Action Planned:** The Department of Human Services agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

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### *OKLAHOMA DEPARTMENT OF REHABILITATION SERVICES*

**FINDING NO:** 2022-101

**STATE AGENCY:** Oklahoma Department of Rehabilitation Services (OkDRS)

**FEDERAL AGENCY:** United States Department of Education

**ALN:** 84.126

**FEDERAL PROGRAM NAME:** Vocational Rehabilitation Services Program

**FEDERAL AWARD NUMBER:** H126A200053, H126A210053, H126A220053

**FEDERAL AWARD YEAR:** 2020, 2021, and 2022

**CONTROL CATEGORY:** Other

**Criteria:** OkDRS maintains the RSA-11 data elements and submits the data elements to the Department of Education. The data elements document the application for and/or provision of vocational rehabilitation services to individuals with disabilities, including program outcomes and demographic information. OkDRS is to ensure the accuracy and validity of the data elements.

**Condition and Context:** During the audit, we reviewed 40 participants' key line data elements and compared with the supporting documentation. We noted 9 deficiencies in the key line data elements for 9 participants' files. We noted that 3 participants did not have Exit letters on file. Two participants' Individualized Plan for Employment (IPE) date did not agree to the supporting document. Two participants' hourly wage rate did not agree to the supporting document. One participant did not have the signed IPE on file. One participant did not have the eligibility determination document on file.

**Cause:** OkDRS case management team overlooked certain documentation and did not review or verify the accuracy of the data elements for certain cases.

**Effect:** Not all of the RSA-11 data elements submitted by OkDRS to the Department of Education were accurate.

**Recommendation:** We recommend that OkDRS enforce its review and approval procedures and provide additional training as needed to its employees to ensure the accuracy and validity of the participants' data elements for reporting.

#### **Views of Responsible Official(s)**

**Contact Person:** Mark Kinnison, VR Division Administrator

**Anticipated Completion Date:** October 31, 2022

**Corrective Action Planned:** The Department of Rehabilitation Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

### *OKLAHOMA DEPARTMENT OF TRANSPORTATION*

**FINDING NO:** 2022-024 (Repeat Finding 2021-017)

**STATE AGENCY:** Oklahoma Department of Transportation

**FEDERAL AGENCY:** U.S. Department of Transportation

**ALN:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02, OK-2021-018-00, OK-2022-016-00, OK-2022-025-00, OK-2022-027-00

**FEDERAL AWARD YEAR:** 2017, 2018, 2019, 2020, 2021, 2022

**CONTROL CATEGORY:** Subrecipient Monitoring

## Schedule of Findings And Questioned Costs

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### QUESTIONED COSTS: \$0

**Criteria:** 2 CFR 1201.1 states, “Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow.”

2 CFR 200.332 states in part, “All pass-through entities must: ... (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section....”

2 CFR 200.332 states in part, “All pass-through entities must: ... (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section....”

2 CFR 200.332 states in part, “All pass-through entities must: ... (d) Monitor the activities of the subrecipient as necessary to ensure that 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. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521. ...”

2 CFR 200.332 states in part, “All pass-through entities must: ... (f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.”

**Condition and Context:** The Office of Mobility and Public Transit (OMPT) at the Oklahoma Department of Transportation (Department) is responsible for monitoring of subrecipients. Project managers at OMPT monitor specific subrecipients assigned to them. As part of this process, the project managers obtain subrecipients’ audit reports and forward them to the Department’s Cabinet-wide audit Office (CWO) for review. OMPT relies on responses received from CWO subsequent to review for identification of findings to monitor and assess the risk related to subrecipients’ compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Based on review of the audit tracking spreadsheet for 20 subrecipients for 2021 Single Audits, we noted that subrecipients’ audit status was not properly tracked, was not updated timely, or monitored regularly to ensure all audits are received and followed up on. We noted various discrepancies such as improper identification of required financial versus single audit reports, missing audit status, incomplete information, and lack of updates regarding findings reported in the subrecipients’ audit report. Furthermore, we noted that the Department does not have an adequate process in place to determine whether subrecipients expended \$750,000 or more in Federal awards for the year and are, therefore, subject to a single audit.

Lastly, based on inquiry with CWO, we noted that documentation supporting the review of subrecipients’ audit reports was not maintained.

**Cause:** Internal controls have not been designed and implemented to ensure compliance with all subrecipient monitoring requirements. The Department does not have a process in place to determine the type of audit required for



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each subrecipient. Each program manager is responsible for updating the information for their assigned subrecipients without proper oversight to ensure that all subrecipients' are accurately tracked.

**Effect:** The Department is not in compliance with the requirements of 2 CFR 200.332. Because the OMPT is not performing adequate risk assessments, monitoring of subrecipients is not designed to account for the level of noncompliance risk the subrecipient poses. If audits are not adequately tracked, the Department cannot meet the imposed deadlines for follow-up. In addition, because information regarding Federal expenditures is not sought, subrecipients may not obtain a required Single Audit.

Lastly, because documentation supporting the review of subrecipients' audit reports was not maintained by CWO, we were unable to determine that a review of these audits took place.

**Recommendation:** We recommend that the OMPT develop and implement procedures to ensure subrecipient risk assessments are performed annually and follow-up by incorporating the assessed risk in the design and intensity of its monitoring activities. We recommend the OMPT inquire after the subrecipients' year-end as to the total Federal expenditures spent during the preceding fiscal year and update the Single Audit Tracking Sheet with the type of audit required. Further, we recommend the Single Audit Tracking Sheet be updated monthly to ensure all review/follow-up deadlines are met. Lastly, we recommend CWO implement a process to ensure that the review of subrecipients' audit reports is adequately documented, and results are communicated to OMPT in a timely manner.

### *Views of Responsible Official(s)*

**Contact Person:** Holly Lowe / CWO /Eric Rose / Jared Schwennesen / OMPT

**Anticipated Completion Date:** January 31, 2024 - CWO findings; 03/2024 – OMPT findings

**Corrective Action Planned:** The Oklahoma Department of Transportation agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-056

**STATE AGENCY:** Oklahoma Department of Transportation

**FEDERAL AGENCY:** U.S. Department of Transportation

**ALN:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02, OK-2021-018-00, OK-2022-016-00, OK-2022-025-00, OK-2022-027-00

**FEDERAL AWARD YEAR:** 2017, 2018, 2019, 2020, 2021, 2022

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles; Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

45 CFR §75.303 states in part, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

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2 CFR § 200.334 – Retention requirements for records state in part, “Financial records, supporting documents, statistical records, and all other non-Federal 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, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

**Condition and Context:** The Oklahoma Department of Transportation (Department) requires subrecipients to submit reimbursement claims via the electronic dispatch software system “MYLEOnet”. The system will select ten random line items in addition to any line items that exceed the minimum threshold of \$30,000. Upon approval of the randomly selected line items by the Project Manager, subrecipients are required to upload the supporting invoices into MYLEOnet for further review and approval by the Project Manager prior to submission of the claim for reimbursement.

In testing a non-statistical random sample of 105 of 330 reimbursed claims, we noted individual line items totaling only \$2,934,558.81 of \$7,048,332.85 (41.63%) paid to subrecipients in SFY 2022 were selected for review and required an upload of supporting documentation. We also noted that payroll expenses were not selected for review.

Furthermore, based on review of 105 of 330 claims, we noted:

- For 1 (0.95%) of 105 claims tested, ODOT form 324 was not signed by an authorized representative of the Department’s Office of Mobility and Public Transit (OMPT).
- For 1 (0.95%) of 105 claims tested, the claim was approved for an amount previously claimed for reimbursement.
- For 15 (14.29%) of 105 claims tested, less than 10-line items were selected for review.

**Cause:** The Department lacks adequate internal controls to ensure that 100% of subrecipient expenditure claims are supported and reviewed prior to reimbursement to the subrecipient.

**Effect:** The Department’s monitoring methodology does not ensure compliance with federal regulations. The Department may reimburse subrecipients for expenditures that are not allowable or may not have been incurred.

Because \$4,113,774.04 in expenditures claimed were unsupported (not selected for review and therefore, no supporting documentation was required to be uploaded for further review), we were unable to obtain sufficient appropriate evidence to test for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring.

**Recommendation:** We recommend the Department review the current system of controls and update its methodology to ensure all expenditures are supported and reviewed for allowability prior to reimbursement to the subrecipient.

### **Views of Responsible Official(s)**

**Contact Person:** Eric Rose/Jared Schwennesen

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** The Oklahoma Department of Transportation agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2022-079

**STATE AGENCY:** Oklahoma Department of Transportation

**FEDERAL AGENCY:** U.S. Department of Transportation

**ALN:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02, OK-2021-018-00, OK-2022-016-00, OK-2022-025-00, OK-2022-027-00

**FEDERAL AWARD YEAR:** 2017, 2018, 2019, 2020, 2021, 2022

**CONTROL CATEGORY:** Cash Management

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**Criteria:** 2 CFR 1201.1 states, “Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow.”

45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

**Condition and Context:** Federal Transit Authority (FTA) billing procedures are to be performed weekly in accordance with the *Procedures for FTA Billing* outlined by the Comptroller Division. As part of these procedures, the Oklahoma Department of Transportation (DOT) utilizes the “FTA billing excel spreadsheet” to record and track expenditures processed for reimbursement.

Based on review of a sample of 13 of 26 draws performed in SFY 2022, we noted the following:

- 5 (38.46%) of 13 draws contained discrepancies between the draw support and the information documented in the FTA billing spreadsheet (e.g. billing numbers, dates, and amounts).
- 1 (7.69%) of 13 draws did not contain the required Office of Mobility and Public Transit (OMPT) approval.
- 13 (100%) of 13 draws were not prepared and approved within a reasonable timeframe. The time elapsed between the billing week and the approval of the draw request range between 31 and 44 weeks.

**Cause:** The FTA billing procedures were not properly followed and were not performed in a timely manner due to changes within the Comptroller Division - DOT.

**Effect:** Weekly FTA draws were not performed timely, consistently, and accurately which can lead to improper draw down of Federal funds.

**Recommendation:** We recommend the Department of Transportation (DOT) strengthen internal controls to ensure weekly billing procedures are properly followed. In addition, we recommend training be provided to staff to ensure draws are properly reviewed and approved, and adequately supported.

### **Views of Responsible Official(s)**

**Contact Person:** Sam Ddamba/Robert Hackney

**Anticipated Completion Date:** February 29, 2024

**Corrective Action Planned:** The Oklahoma Department of Transportation agrees with the finding. See corrective action plan located in the corrective action plan section of this report.

**Schedule of Expenditures of Federal Awards  
By Federal Grantor**

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Agriculture</b>					
Direct and Pass Through Programs:					
Plant and Animal Disease, Pest Control, and Animal Care	10.025		Department of Agriculture	\$ 866,096	
Voluntary Public Access and Habitat Incentive Program	10.093		Department of Wildlife Conservation	925,739	◆
Inspection Grading and Standardization	10.162		Department of Agriculture	703,467	
Market Protection and Promotion	10.163		Department of Agriculture	16,800	
Specialty Crop Block Grant Program - Farm Bill	10.170		Department of Agriculture	466,699	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		Department of Agriculture	1,630,024	
COVID-19 Pandemic EBT Food Benefits	10.542		Department of Human Services	380,476,298	⊛
Supplemental Nutrition Assistance Program	10.551		Department of Human Services	1,797,691,589	⊛
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Department of Human Services	51,547,760	⊛
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Department of Human Services	3,376,116	⊛
			SNAP Cluster Total	1,852,615,465	⊛ ⊛
School Breakfast Program	10.553		Department of Education	87,703,109	⊛
National School Lunch Program	10.555		Department of Education	301,973,684	⊛
National School Lunch Program	⊛ 10.555		Department of Human Services	29,200,778	⊛
COVID-19 National School Lunch Program	⊛ 10.555		Department of Human Services	3,721,104	⊛
			Program Total	334,895,566	⊛
Special Milk Program for Children	10.556		Department of Education	2,392	⊛
Summer Food Service Program for Children	10.559		Department of Education	10,908,941	⊛
Summer Food Service Program for Children	⊛ 10.559		Department of Human Services	573,672	⊛
			Program Total	11,482,613	⊛
Fresh Fruit and Vegetable Program	10.582		Department of Education	2,891,425	⊛
			Child Nutrition Cluster Total	436,975,105	⊛
Child Nutrition Discretionary Grants Limited Availability	10.579		Department of Education	277,241	
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557		State Department of Health	33,098,094	
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557		State Department of Health	691,312	
			Program Total	33,789,406	
Child and Adult Care Food Program	10.558		Department of Education	68,201,243	
State Administrative Expenses for Child Nutrition	10.560		Department of Education	3,207,063	
State Administrative Expenses for Child Nutrition	10.560		Department of Human Services	561,673	
			Program Total	3,768,736	
Commodity Supplemental Food Program	10.565		Department of Human Services	2,151,904	⊛
Emergency Food Assistance Program (Administrative Costs)	10.568		Department of Human Services	866,761	⊛
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568		Department of Human Services	1,378,168	⊛
			Program Total	2,244,929	⊛
Emergency Food Assistance Program (Food Commodities)	⊛ 10.569		Department of Human Services	18,425,546	⊛
COVID-19 Emergency Food Assistance Program (Food Commodities)	⊛ 10.569		Department of Human Services	5,386,783	⊛
			Program Total	23,812,329	⊛
			Food Distribution Cluster Total	28,209,162	⊛
Farm to School Grant Program	10.575		Department of Education	45,558	
Senior Farmers Market Nutrition Program	10.576		Department of Human Services	49,582	
Pandemic EBT Administrative Costs	10.649		Department of Education	532,925	
Pandemic EBT Administrative Costs	10.649		Office of Juvenile Affairs	614	
COVID-19 Pandemic EBT Administrative Costs	10.649		Department of Human Services	6,699,221	
			Program Total	7,232,760	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Forestry Research	10.652		Department of Agriculture	425,254	
Cooperative Forestry Assistance	10.664		Department of Agriculture	1,785,712	
Forest Health Protection	10.680		Department of Agriculture	4,000	
State & Private Forestry Hazardous Fuel Reduction Program	10.697		Department of Agriculture	70,581	
Partnership Agreements	10.699		Department of Agriculture	1,566	
Soil and Water Conservation	10.902		Department of Agriculture	29,932	
Soil and Water Conservation	10.902		Conservation Commission	1,521,273	
			Program Total	1,551,205	-
Watershed Protection and Flood Prevention	10.904		Conservation Commission	1,589,730	
Watershed Rehabilitation Program	10.916		Conservation Commission	3,376,976	
Conservation Stewardship Program	10.924		Conservation Commission	60,323	
Agricultural Conservation Easement Program	10.931		Department of Wildlife Conservation	23,098	
Feral Swine Eradication and Control Pilot Program	10.934		Conservation Commission	(6,190)	
Cost Reimbursement Contract - McGee Creek Project	10 UNK		Department of Wildlife Conservation	98,292	
U.S. Department of Agriculture-Subtotal				<u>\$ 2,825,229,928</u>	<u>\$ 490,001,473</u>
<b>U.S. Department of Commerce</b>					
Direct and Pass Through Programs:					
Cost Reimbursement Contract: Economic Adjustment Assistance	11.307		Department of Commerce	282,000	-
			Economic Development Cluster Total	282,000	-
State and Local Implementation Grant Program	11.549		Office of Management and Enterprise Services	129,353	
U.S. Department of Commerce-Subtotal				<u>\$ 411,353</u>	<u>\$ -</u>
<b>U.S. Department of Defense</b>					
Direct and Pass Through Programs:					
Procurement Technical Assistance For Business Firms	12.002		Department of Career & Technology Education	756,041	362,834
Cost Reimbursement Contract: State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		Department of Environmental Quality	68,968	
Cost Reimbursement Contract - Military Construction, National Guard	12.400		Oklahoma Military Department	3,883,855	
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401		Oklahoma Military Department	33,909,505	
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404		Oklahoma Military Department	6,594,600	
Troops to Teachers grant Program	12.620		Department of Education	131,287	
U.S. Department of Defense-Subtotal				<u>\$ 45,344,256</u>	<u>\$ 362,834</u>
<b>U.S. Department of Housing and Urban Development</b>					
Direct and Pass Through Programs:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		Department of Commerce	15,623,475	15,095,874
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		Mental Health and Substance Abuse Services	177,075	153,306
			Program Total	15,800,550	15,249,180
Emergency Solutions Grant Program	14.231		Department of Commerce	10,373,369	10,050,880
Shelter Plus Care	14.238		Mental Health and Substance Abuse Services	275,601	200,490
Continuum of Care Program	14.267		Mental Health and Substance Abuse Services	779	
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		Department of Commerce	190,974	30,384
			CDBG-Disaster Recovery Grants - Pub. L. No. 113-2 Cluster Total	190,974	30,384
U.S. Department of Housing and Urban Development-Subtotal				<u>\$ 26,641,273</u>	<u>\$ 25,530,934</u>
<b>U.S. Department of the Interior</b>					
Direct and Pass Through Programs:					
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		Department of Mines	161,680	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Abandoned Mine Land Reclamation (AMLR)	15.252		Conservation Commission	173,356	
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427		State Auditor and Inspector	506,489	
Recreation Resources Management	15.524		Department of Agriculture	111,367	
Fish and Wildlife Management Assistance	15.608		Department of Wildlife Conservation	113,524	
Sport Fish Restoration Program	15.605		Department of Wildlife Conservation	7,378,659	180,719
Wildlife Restoration and Basic Hunter Education	15.611		Department of Wildlife Conservation	17,053,404	960,785
Enhanced Hunter Education and Safety	15.626		Department of Wildlife Conservation	142,777	
			Fish and Wildlife Cluster Total	24,574,840	1,141,504
Cooperative Endangered Species Conservation Fund	15.615		Department of Wildlife Conservation	77,980	40,369
Clean Vessels	15.616		Department of Environmental Quality	260,257	
Partners for Fish and Wildlife	15.631		Department of Wildlife Conservation	323,323	
Partners for Fish and Wildlife	15.631		Conservation Commission	100,000	
			Program Total	423,323	-
State Wildlife Grants	15.634		Department of Wildlife Conservation	895,908	698,521
Historic Preservation Fund Grants-In-Aid	15.904		Historical Society	985,225	260,997
Outdoor Recreation - Acquisition, Development and Planning	15.916		Department of Tourism and Recreation	1,091,512	
National Ground-Water Monitoring Network	15.980		Water Resources Board	71,943	
U.S. Department of the Interior-Subtotal				\$ 29,447,404	\$ 2,141,391
<b>U.S. Department of Justice</b>					
Direct and Pass Through Programs:					
Sexual Assault Services Formula Program	16.017		District Attorneys Council and District Attorney Offices	529,885	268,609
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		Attorney General	8,591	
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		District Attorneys Council and District Attorney Offices	2,249,844	1,430,899
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		State Bureau of Investigation	216,701	
			Program Total	2,475,136	1,430,899
Services for Trafficking Victims	16.320		Mental Health and Substance Abuse Services	28,765	6,200
Juvenile Justice and Delinquency Prevention	16.540		District Attorneys Council and District Attorney Offices	42,203	38,657
Juvenile Justice and Delinquency Prevention	16.540		Office of Juvenile Affairs	(99,192)	
			Program Total	(56,989)	38,657
Missing Children's Assistance	16.543		State Bureau of Investigation	509,419	
State Justice Statistics Program for Statistical Analysis Centers	16.550		State Bureau of Investigation	32,407	
National Criminal History Improvement Program (NCHIP)	16.554		Department of Corrections	104,598	
National Criminal History Improvement Program (NCHIP)	16.554		District Attorneys Council and District Attorney Offices	945,002	373,630
National Criminal History Improvement Program (NCHIP)	16.554		State Bureau of Investigation	153,916	
			Program Total	1,203,516	373,630
Crime Victim Assistance	16.575		Attorney General	106,634	
Crime Victim Assistance	16.575		District Attorneys Council and District Attorney Offices	28,930,510	19,626,090
Crime Victim Assistance	16.575		State Bureau of Investigation	65,086	
Crime Victim Assistance	16.575		Medicolegal Investigation Board	35,625	
			Program Total	29,137,855	19,626,090
Crime Victim Compensation	16.576		District Attorneys Council and District Attorney Offices	5,081,233	2,578,728
Crime Victim Assistance/Discretionary Grants	16.582		District Attorneys Council and District Attorney Offices	191,724	154,921
Crime Victim Assistance/Discretionary Grants	16.582		Mental Health and Substance Abuse Services	19,000	
			Program Total	210,724	154,921
Drug Court Discretionary Grant Program	16.585		Mental Health and Substance Abuse Services	1,464,482	1,092,842

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Violence Against Women Formula Grants	16.588		Attorney General	173,893	
Violence Against Women Formula Grants	16.588		District Attorneys Council and District Attorney Offices	2,767,943	1,844,865
				<u>Program Total</u>	<u>2,941,836</u>
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		District Attorneys Council and District Attorney Offices	239,115	233,803
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		District Attorneys Council and District Attorney Offices	126,513	93,233
Residential Substance Abuse Treatment for State Prisoners	16.593		Department of Corrections	261,488	
Residential Substance Abuse Treatment for State Prisoners	16.593		District Attorneys Council and District Attorney Offices	435,238	98,640
Residential Substance Abuse Treatment for State Prisoners	16.593		Office of Juvenile Affairs	89,629	
Residential Substance Abuse Treatment for State Prisoners	16.593		Mental Health and Substance Abuse Services	85,208	
				<u>Program Total</u>	<u>98,640</u>
Bulletproof Vest Partnership Program	16.607		Department of Corrections	823	
Project Safe Neighborhood	16.609		District Attorneys Council and District Attorney Offices	406,019	305,503
Public Safety Partnership and Community Policing Grants	16.710		Bureau of Narcotics & Dangerous Drugs Control	534,090	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		Department of Corrections	68,012	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		District Attorneys Council and District Attorney Offices	2,817,038	2,452,486
				<u>Program Total</u>	<u>2,885,050</u>
DNA Backlog Reduction Program	16.741		State Bureau of Investigation	587,196	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		District Attorneys Council and District Attorney Offices	272,189	83,453
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		State Bureau of Investigation	146,191	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		Medicolegal Investigation Board	25,612	
				<u>Program Total</u>	<u>83,453</u>
Support for Adam Walsh Act Implementation Grant Program	16.750		Department of Corrections	125,687	
Harold Rogers Prescription Drug Monitoring Program	16.754		Bureau of Narcotics & Dangerous Drugs Control	852,257	
NICS Act Record Improvement Program (NARIP)	16.813		Department of Corrections	42,700	
NICS Act Record Improvement Program (NARIP)	16.813		District Attorneys Council and District Attorney Offices	1,730,038	78,005
NICS Act Record Improvement Program (NARIP)	16.813		State Bureau of Investigation	1,558,300	
				<u>Program Total</u>	<u>78,005</u>
John R. Justice Prosecutors and Defenders Incentive Act	16.816		District Attorneys Council and District Attorney Offices	85,780	42,890
Postconviction Testing of DNA Evidence	16.820		State Bureau of Investigation	109,401	
Justice Reinvestment Initiative	16.827		Mental Health and Substance Abuse Services	212,388	33,750
Swift, Certain, and Fair Supervision Program: Applying the Principles Behind Project HOPE	16.828		Department of Corrections	149,009	
National Sexual Assault Kit Initiative (SAKI)	16.833		Attorney General	(629,643)	
National Sexual Assault Kit Initiative (SAKI)	16.833		State Bureau of Investigation	203,074	
				<u>Program Total</u>	<u>-</u>
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838		Bureau of Narcotics & Dangerous Drugs Control	97,381	
STOP School Violence	16.839		Department of Education	646,004	
Combatting Contraband Cell Phone Use in Prisons	16.844		Department of Corrections	135,582	
U.S. Department of Justice-Subtotal				<u>\$ 54,970,588</u>	<u>\$ 30,837,204</u>
<b>U.S. Department of Labor</b>					
Direct and Pass Through Programs:					
Labor Force Statistics	17.002		Employment Security Commission	884,156	
Compensation and Working Conditions	17.005		Department of Labor	153,045	
Employment Service/Wagner-Peyser Funded Activities	17.207		Office of Management and Enterprise Services	100,870	⊗
Employment Service/Wagner-Peyser Funded Activities	17.207		Employment Security Commission	6,062,764	⊗



Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
				Program Total	6,163,634 ☉ -
				Employment Service Cluster Total	6,163,634 ☉ -
WIOA Adult Program	17.258		Department of Commerce	6,477,200 ☉	5,907,063
WIOA Youth Activities	17.259		Department of Commerce	6,802,010 ☉	5,886,256
WIOA Dislocated Worker Formula Grants	17.278		Department of Commerce	6,078,215 ☉	5,133,267
				WIOA Cluster Total	19,357,425 ☉ ♦ 16,926,586
Unemployment Insurance	17.225		Employment Security Commission	233,832,104	
COVID-19 Unemployment Insurance	17.225		Employment Security Commission	38,186,550	
				Program Total	272,018,654 ☉ -
Senior Community Service Employment Program	17.235		Department of Human Services	630,712	621,952
Trade Adjustment Assistance	17.245		Employment Security Commission	1,912,252	
Work Opportunity Tax Credit Program (WOTC)	17.271		Employment Security Commission	164,075	
Temporary Labor Certification for Foreign Workers	17.273		Employment Security Commission	69,328	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		Department of Commerce	846,397	806,840
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		Employment Security Commission	19,152	
				Program Total	865,549 806,840
Apprenticeship USA Grants	17.285		Department of Commerce	448,702	
Consultation Agreements	17.504		Department of Labor	1,403,225	
Mine Health and Safety Grants	17.600		Department of Mines	274,950	
Jobs for Veterans Stat Grants	17.801		Employment Security Commission	1,422,281	
Local Veterans' Employment Representative Program	17.804		Employment Security Commission	463,508	
U.S. Department of Labor-Subtotal				\$ 306,231,496	\$ 18,355,378
<b>U.S. Department of Transportation</b>					
Direct and Pass Through Programs:					
Airport Improvement Program and COVID-19 Airports Programs	20.106		Aeronautics Commission	996,238	
Highway Research and Development Program	20.200		Department of Transportation	93,371	7,101
Highway Planning and Construction	20.205		Department of Transportation	756,432,085 ☉	6,573,875
Highway Planning and Construction	20.205	900006077; 9000017185; 9000014190	Pass-Through from Texas Department of Transportation to Department of Transportation	5,390,219 ☉	
			Program Total	761,822,304 ☉	6,573,875
Recreational Trails Program	20.219		Department of Tourism and Recreation	818,292 ☉	
			Highway Planning and Construction Cluster Total	762,640,596 ☉	6,573,875
Highway Training and Education	20.215		Department of Transportation	112,706	
Motor Carrier Safety Assistance	20.218		Department of Public Safety	1,568,757 ☉	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements (Commercial Vehicle Info Systems and Networks)	20.237		Department of Transportation	703,473 ☉	
			Federal Motor Carrier Safety Assistance Cluster Total	2,272,230 ☉	-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		Department of Transportation	1,761,905 ☉	1,761,905
			Federal Transit Cluster Total	1,761,905 ☉	1,761,905
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		Department of Transportation	593,008	574,720
Formula Grants for Rural Areas	20.509		Department of Transportation	9,185,301	9,185,301
COVID-19 Formula Grants for Rural Areas	20.509		Department of Transportation	3,453,299	3,453,299
			Program Total	12,638,600 ☉	12,638,600
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		Department of Transportation	981,097 ☉	981,097
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		Department of Human Services	(643) ☉	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients	
				Transit Services Programs Cluster Total	980,454	981,097
Program	20.528		Department of Transportation	8,394	8,394	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		Department of Public Safety	113,597		
National Highway Traffic Safety Administration Discretionary Safety Grants and Cooperative Agreements	20.614		Department of Public Safety	518		
E-911 Grant Program	20.615		Department of Emergency Management	1,581,429	1,439,376	
E-911 Grant Program	20.615		Conservation Commission	154,716		
				Program Total	1,736,145	1,439,376
State and Community Highway Safety	20.600		Mental Health and Substance Abuse Services	16,000		
State and Community Highway Safety	20.600		Department of Public Safety	3,914,386		
				Program Total	3,930,386	-
National Priority Safety Programs	20.616		District Attorneys Council and District Attorney Offices	42,999		
National Priority Safety Programs	20.616		State Bureau of Investigation	268,447		
National Priority Safety Programs	20.616		Mental Health and Substance Abuse Services	42,000		
National Priority Safety Programs	20.616		Department of Public Safety	897,194		
				Program Total	1,250,640	-
				Highway Safety Cluster Total	5,181,026	-
Cost Reimbursement Contract - Pipeline Safety Program State Based Grant	20.700		Corporation Commission	1,766,715		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		Department of Emergency Management	469,807	469,807	
National Infrastructure Investments	20.933		Department of Transportation	3,711,303		
U.S. Department of Transportation- Subtotal				\$ 795,076,613	\$ 24,454,875	
<b>U.S. Department of the Treasury</b>						
Direct and Pass Through Programs:						
COVID-19 Coronavirus Relief Fund	21.019		State of Oklahoma	\$ 9,649,051	\$ 6,585,563	
COVID-19 Coronavirus Relief Fund	21.019		Office of Management and Enterprise Services	12,383,796		
COVID-19 Coronavirus Relief Fund	21.019		Department of Corrections	131,793		
COVID-19 Coronavirus Relief Fund	21.019		Employment Security Commission	6,035,552		
COVID-19 Coronavirus Relief Fund	21.019		State Department of Health	2,981,914		
COVID-19 Coronavirus Relief Fund	21.019		Department of Transportation	703,633		
COVID-19 Coronavirus Relief Fund	21.019		Department of Public Safety	1,074,990		
COVID-19 Coronavirus Relief Fund	21.019		Center for Advancement of Science and Technology	149,892		
COVID-19 Coronavirus Relief Fund	21.019		Department of Human Services	1,855,055		
				Program Total	34,965,676	6,585,563
COVID-19 Emergency Rental Assistance Program	21.023		State of Oklahoma	239,529,714	-	
COVID-19 Emergency Rental Assistance Program	21.023		Office of Management and Enterprise Services	37,826		
				Program Total	239,567,540	-
COVID-19 Coronavirus State and Local Fiscal Recovery	21.027		Office of Management and Enterprise Services	2,595,232		
COVID-19 Coronavirus State and Local Fiscal Recovery	21.027		Legislative Service Bureau	130,000		
				Program Total	2,725,232	-
U.S. Department of the Treasury-Subtotal				\$ 277,258,448	\$ 6,585,563	
<b>Federal Communications Commission</b>						
Direct and Pass Through Programs:						
COVID-19 Telehealth Program	32.006		Department of Corrections	65,802		
Federal Communications Commission-Subtotal				\$ 65,802	\$ -	
<b>General Services Administration</b>						
Direct and Pass Through Programs:						
Donation of Federal Surplus Personal Property	39.003		Office of Management and Enterprise Services-DCAM	1,777,469		
General Services Administration-Subtotal				\$ 1,777,469	\$ -	
<b>National Foundation on the Arts and the Humanities</b>						
Direct and Pass Through Programs:						

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Promotion of the Arts Partnership Agreements	45.025		State Arts Council	1,949,744	
Grants to States	45.310		Historical Society	10,000	
Grants to States	45.310		Department of Libraries	1,858,052	501,244
COVID-19 Grants to States	45.310		Department of Libraries	2,116,031	1,907,789
				<u>3,984,083</u>	<u>2,409,033</u>
National Foundation on the Arts and the Humanities-Subtotal				<u>\$ 5,933,827</u>	<u>\$ 2,409,033</u>
<b>U.S. Small Business Administration</b>					
Direct and Pass Through Programs:					
State Trade Expansion Program	59.061		Department of Commerce	561,771	
U.S. Small Business Administration-Subtotal				<u>\$ 561,771</u>	<u>\$ -</u>
<b>U.S. Department of Veterans Affairs</b>					
Direct and Pass Through Programs:					
Grants to States for Construction of State Home Facilities	64.005		Department of Veterans Affairs	6,635,600	
Veterans State Nursing Home Care	64.015		Department of Veterans Affairs	99,842,681	
All-Volunteer Force Educational Assistance	64.124		Department of Veterans Affairs	405,457	
U.S. Department of Veterans Affairs-Subtotal				<u>\$ 106,883,738</u>	<u>\$ -</u>
<b>U.S. Environmental Protection Agency</b>					
Direct and Pass Through Programs:					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		Department of Environmental Quality	394,811	
State Clean Diesel Grant Program	66.040		Department of Environmental Quality	288,414	
Multipurpose Grants to States and Tribes	66.204		Corporation Commission	1,217	
Multipurpose Grants to States and Tribes	66.204	AA02F01601	Pass-Through from Sec. of Energy & Enviro. to Dept. of Enviro. Quality	31,870	
				<u>33,087</u>	<u>-</u>
Water Pollution Control State, Interstate and Tribal Program Support	66.419		Conservation Commission	(302)	
Water Pollution Control State, Interstate and Tribal Program Support	66.419	OK292PT2928126320; OK292PT2928131618; OK292PT2928131620;	Pass-Through from Sec. of Energy & Enviro. to Water Resources Board	226,443	
Water Pollution Control State, Interstate and Tribal Program Support	66.419	OK292PT2928131718 I-02F03301	Pass-Through from Sec. of Energy & Enviro. to Dept. of Enviro. Quality	1,911,410	
				<u>2,137,551</u>	<u>-</u>
State Underground Water Source Protection Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)	66.433		Corporation Commission	170,526	
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.442		Department of Environmental Quality	182,846	
	66.444		Department of Environmental Quality	139,224	
Water Quality Management Planning	66.454	OK292PT2928133417; OK292PT2928139520	Pass-Through from Sec. of Energy & Enviro. to Water Resources Board	54,663	
Capitalization Grants for Clean Water State Revolving Funds	66.458		Water Resources Board	10,076,067	10,076,067
				<u>10,076,067</u>	<u>10,076,067</u>
			Clean Water State Revolving Fund Cluster Total	10,076,067	10,076,067
Nonpoint Source Implementation Grants	66.460	OK292PT2928130017; OK292PT2928130019; OK292PT2928131319; OK292PT2928131320; OK292PT2928131321; OK292PT2928131420; OK292PT2928131421; OK292PT2928131520; OK292PT2928131521; OK292PT2928134018	Pass-Through from Sec. of Energy & Environment to Conservation Commission	2,538,619	
Regional Wetland Program Development Grants	66.461	OK292PT2928133817; OK292PT2928139319	Pass-Through from Sec. of Energy & Environment to Water Resources Board	212,844	
Regional Wetland Program Development Grants	66.461	OK292PT2928137919; OK292PT2928139820	Pass-Through from Sec. of Energy & Environment to Conservation Commission	(1,302)	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients	
				Program Total	211,542	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468		Department of Environmental Quality	23,336,032	18,327,808	
				Drinking Water State Revolving Fund Cluster Total	23,336,032	18,327,808
Performance Partnership Grants	66.605		Department of Environmental Quality	5,470,342		
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		Department of Environmental Quality	67,818		
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		Water Resources Board	54,145		
				Program Total	121,963	-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		Department of Agriculture	12,267		
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		Department of Labor	80,000		
Toxic Substances Control Act Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		Department of Environmental Quality	233,158		
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		Department of Environmental Quality	15,595,449		
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		State Department of Health	46,065		
				Program Total	15,641,514	-
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804		Corporation Commission	514,015		
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		Corporation Commission	970,089		
State and Tribal Response Program Grants	66.817		Corporation Commission	210,226		
State and Tribal Response Program Grants	66.817		Department of Environmental Quality	485,281		
				Program Total	695,507	-
Brownfields Multipurpose, Assessment, Revolving Loan Funds, and Cleanup Cooperative Agreements	66.818		Corporation Commission	41,859		
Brownfields Multipurpose, Assessment, Revolving Loan Funds, and Cleanup Cooperative Agreements	66.818		Department of Environmental Quality	394,225		
				Program Total	436,084	-
Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	66.961		Department of Environmental Quality	357,986		
U.S. Environmental Protection Agency-Subtotal				\$ 64,096,307	\$ 28,403,875	
<b>U.S. Department of Energy</b>						
Direct and Pass Through Programs:						
State Energy Program	81.041		Department of Commerce	651,749	482,127	
Weatherization Assistance for Low-Income Persons	81.042		Department of Commerce	1,866,384	1,556,098	
U.S. Department of Energy-Subtotal				\$ 2,518,133	\$ 2,038,225	
<b>U.S. Department of Education</b>						
Direct and Pass Through Programs:						
Adult Education - Basic Grants to States	84.002		Department of Corrections	316,773		
Adult Education - Basic Grants to States	84.002		Department of Career & Technology Education	7,897,827	5,863,734	
				Program Total	8,214,600	5,863,734
Title I Grants to Local Educational Agencies	84.010		Department of Education	204,956,896	202,842,350	
Title I Grants to Local Educational Agencies	84.010		Office of Juvenile Affairs	13,276		
				Program Total	204,970,172	202,842,350
Migrant Education State Grant Program	84.011		Department of Education	620,431	314,353	
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Department of Corrections	525,555		
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Department of Education	(78,110)		

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Office of Juvenile Affairs	219,603	
				Program Total	667,048
Special Education Grants to States	84.027		Department of Corrections	2,018	⊕
Special Education Grants to States	84.027		Department of Education	154,984,766	⊕
Special Education Grants to States	84.027		Office of Juvenile Affairs	16,180	⊕
COVID-19 Special Education Grants to States	84.027		Department of Education	15,833,413	⊕
				Program Total	170,836,377
Special Education Preschool Grant	84.173		Department of Education	3,343,113	⊕
COVID-19 Special Education Preschool Grant	84.173		Department of Education	833,193	⊕
				Program Total	4,176,306
			Special Education Cluster (IDEA) Total	175,012,683	⊕
Career and Technical Education - Basic Grants to States	84.048		Department of Career & Technology Education	17,848,743	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		Department of Rehabilitation Services	38,116,225	⊕
Rehabilitation Services Client Assistance Program	84.161		Office of Disability Concerns	122,630	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		Department of Rehabilitation Services	291,443	
Special Education - Grants for Infants and Families	84.181		Department of Education	214,711	
Special Education - Grants for Infants and Families	84.181		State Department of Health	9,499,085	
COVID-19 Special Education - Grants for Infants and Families	84.181		Department of Education	208,074	
COVID-19 Special Education - Grants for Infants and Families	84.181		State Department of Health	116,984	
				Program Total	10,038,854
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184		Department of Education	1,610,250	67,632
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		Department of Rehabilitation Services	300,000	
Education for Homeless Children and Youth	84.196		Department of Education	1,165,406	1,138,523
Javits Gifted and Talented Students Education	84.206		Department of Education	294,422	
Twenty-First Century Community Learning Centers	84.287		Department of Education	13,027,122	12,173,893
Indian Education - Special Programs for Indian Children	84.299		Department of Education	558,762	
Special Education - State Personnel Development	84.323		Department of Education	1,339,188	
Rural Education	84.358		Department of Education	4,769,058	4,498,230
English Language Acquisition State Grants	84.365		Department of Education	5,725,220	5,414,134
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		Department of Education	20,258,569	18,098,798
Grants for State Assessments and Related Activities	84.369		Department of Education	7,734,182	
Comprehensive Literacy Development	84.371		Department of Education	810,188	745,874
School Improvement Grants	84.377		Department of Education	1,592,353	824,916
Performance Partnership Pilots for Disconnected Youth	84.420		Department of Human Services	(29)	
Student Support and Academic Enrichment Program	84.424		Department of Education	8,746,092	7,020,684
Student Support and Academic Enrichment Program	84.424		Office of Juvenile Affairs	2,704	
				Program Total	8,748,796
COVID-19 Education Stabilization Fund	84.425C		Office of Management and Enterprise Services	286,098	
COVID-19 Education Stabilization Fund	84.425C		Department of Education	3,408,031	
COVID-19 Education Stabilization Fund	84.425C		Governor's Office	49,500	
COVID-19 Education Stabilization Fund	84.425D		Department of Education	392,412,078	386,360,496
COVID-19 Education Stabilization Fund	84.425R		Department of Education	13,007,855	10,861,251
COVID-19 Education Stabilization Fund	84.425U		Department of Education	395,610,277	381,053,819
COVID-19 Education Stabilization Fund	84.425W		Department of Education	664,970	664,970
				Program Total	805,438,809
Randolph-Sheppard - Financial Relief and Restoration Payments	84.426		Department of Rehabilitation Services	2,294	
U.S. Department of Education-Subtotal				\$ 1,329,277,419	\$ 1,209,762,634

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>National Archives and Records Administration</b>					
Direct and Pass Through Programs:					
National Historical Publications and Records Grants	89.003		Department of Libraries	4,219	2,563
National Archives and Records Administration - Subtotal				<u>\$ 4,219</u>	<u>\$ 2,563</u>
<b>U.S. Election Assistance Commission</b>					
Direct and Pass Through Programs:					
Help America Vote Act Requirements Payments	90.401		State Election Board	899,388	
2018 HAVA Election Security Grants	90.404		State Election Board	244,865	
U.S. Election Assistance Commission - Subtotal				<u>\$ 1,144,253</u>	<u>\$ -</u>
<b>U.S. Department of Health and Human Services</b>					
Direct and Pass Through Programs:					
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		Department of Human Services	49,461	49,461
COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		Department of Human Services	223,001	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		Department of Human Services	287,082	249,991
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		Department of Human Services	4,396,548	4,396,548
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		Department of Human Services	7,193,303	7,193,303
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		Department of Human Services	9,000	-
			Program Total	<u>7,202,303</u>	<u>7,193,303</u>
Nutrition Services Incentive Program	93.053		Department of Human Services	778,199	778,199
			Aging Cluster Total	<u>12,377,050</u>	<u>12,368,050</u>
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		Insurance Department	240,556	
COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		Department of Human Services	744,479	94,200
			Program Total	<u>985,035</u>	<u>94,200</u>
National Family Caregiver Support, Title III, Part E	93.052		Department of Human Services	1,863,037	1,808,733
Public Health Emergency Preparedness	93.069		State Department of Health	4,914,599	2,135,879
COVID-19 Public Health Emergency Preparedness	93.069		State Department of Health	251,659	
			Program Total	<u>5,166,258</u>	<u>2,135,879</u>
Medicare Enrollment Assistance Program	93.071		Insurance Department	222,248	
Medicare Enrollment Assistance Program	93.071		Department of Human Services	201,171	-
			Program Total	<u>423,419</u>	<u>-</u>
Lifespan Respite Care Program	93.072		Department of Human Services	210,870	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		State Department of Health	471,837	417,776
COVID-19 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		State Department of Health	36,542	
			Program Total	<u>508,379</u>	<u>417,776</u>
Enhance Safety of Children Affected by Substance Abuse	93.087		Mental Health and Substance Abuse Services	1,045,929	785,344
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		State Department of Health	596,794	511,943
Food and Drug Administration - Research	93.103		Department of Agriculture	474,629	
COVID-19 Food and Drug Administration - Research	93.103		State Department of Health	84,627	
			Program Total	<u>559,256</u>	<u>-</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		Mental Health and Substance Abuse Services	3,313	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Maternal and Child Health Federal Consolidated Programs	93.110		State Department of Health	847,394	545,515
Maternal and Child Health Federal Consolidated Programs	93.110		Mental Health and Substance Abuse Services	74,541	31,123
COVID-19 Maternal and Child Health Federal Consolidated Programs	93.110		State Department of Health	4,530	
			Program Total	926,465	576,638
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		State Department of Health	466,075	78,108
COVID-19 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		State Department of Health	796	
			Program Total	466,871	78,108
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		State Department of Health	102,677	404
Injury Prevention and Control Research and State and Community Based Programs	93.136		State Department of Health	1,731,865	292,879
Injury Prevention and Control Research and State and Community Based Programs	93.136		Bureau of Narcotics & Dangerous Drugs Control	43,200	
COVID-19 Injury Prevention and Control Research and State and Community Based Programs	93.136		State Department of Health	8,944	
			Program Total	1,784,009	292,879
Projects for Assistance in Transition from Homelessness (PATH)	93.150		Mental Health and Substance Abuse Services	346,342	195,516
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		State Department of Health	229,067	
COVID-19 Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		State Department of Health	2,701	
			Program Total	231,768	-
Family Planning Services	93.217		State Department of Health	3,501,229	1,884,589
COVID-19 Family Planning Services	93.217		State Department of Health	13,847	
			Program Total	3,515,076	1,884,589
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		State Department of Health	449,476	311,379
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Department of Education	3,398,461	1,433,858
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		State Department of Health	6,820	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Mental Health and Substance Abuse Services	9,614,468	7,020,004
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Department of Human Services	(240)	
			Program Total	13,019,509	8,453,862
Early Hearing Detection and Intervention	93.251		State Department of Health	161,380	68,364
Immunization Cooperative Agreements	❖ 93.268		State Department of Health	71,003,447	1,652,859
COVID-19 Immunization Cooperative Agreements	❖ 93.268		State Department of Health	1,832,614	
			Program Total	72,836,061	1,652,859
Viral Hepatitis Prevention and Control	93.270		State Department of Health	133,216	441
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		State Department of Health	1,536	
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305		State Department of Health	(3,514)	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		State Department of Health	245,240	24,581
COVID-19 Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		State Department of Health	2,607	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
				Program Total	24,581
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		State Department of Health	22,399,834	22,399,834
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		Department of Education	15,064,922	
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		State Department of Health	27,784,478	
				Program Total	22,399,834
State Health Insurance Assistance Program	93.324		Insurance Department	613,936	
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		State Department of Health	99,544	2,485
COVID-19 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		State Department of Health	3,618	
				Program Total	2,485
Behavioral Risk Factor Surveillance System	93.336		State Department of Health	(57,586)	
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.354		State Department of Health	5,361,727	2,192,179
ACL Independent Living State Grants	93.369		Department of Rehabilitation Services	394,582	
National and State Tobacco Control Program	93.387		State Department of Health	763,646	228,788
COVID-19 National and State Tobacco Control Program	93.387		State Department of Health	581	
				Program Total	228,788
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crisis	93.391		State Department of Health	2,848,467	662,111
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crisis	93.391		State Department of Health	70,552	
				Program Total	662,111
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		State Department of Health	1,066,263	125,266
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		Mental Health and Substance Abuse	83,434	
COVID-19 Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		State Department of Health	15,205	
				Program Total	125,266
Title IV-E Kinship Navigator Program	93.471		Department of Human Services	1,655,000	
Community Health Workers for Public Health Response and Resilient	93.495		State Department of Health	71,769	38,811
Pregnancy Assistance Fund Program	93.500		State Department of Health	120,950	
				Program Total	-
Promoting Safe and Stable Families	93.556		Office of Juvenile Affairs	122,000	
Promoting Safe and Stable Families	93.556		Department of Human Services	3,693,253	335,779
				Program Total	335,779
Temporary Assistance for Needy Families	93.558		Department of Libraries	15,091	
Temporary Assistance for Needy Families	93.558		Mental Health and Substance Abuse Services	443,634	
Temporary Assistance for Needy Families	93.558		Department of Career & Technology Education	2,682,517	
Temporary Assistance for Needy Families	93.558		Department of Human Services	38,714,874	425,214
				Program Total	425,214
Child Support Enforcement	93.563		District Attorneys Council and District Attorney Offices	2,899,247	
Child Support Enforcement	93.563		Department of Human Services	33,487,184	847,688
				Program Total	847,688
Child Support Enforcement Research	93.564		Department of Human Services	1,470	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		Department of Human Services	2,805,345	1,907,731



Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Low-Income Home Energy Assistance	93.568		Department of Commerce	1,242,668	1,182,270
Low-Income Home Energy Assistance	93.568		Department of Human Services	38,346,394	
COVID-19 Low-Income Home Energy Assistance	93.568		Department of Human Services	10,909,654	
			Program Total	50,498,716	1,182,270
Community Services Block Grant	93.569		Department of Commerce	14,471,133	14,043,674
Child Care and Development Block Grant	93.575		Department of Human Services	129,174,319	2,700,168
COVID-19 Child Care and Development Block Grant	93.575		Department of Human Services	159,152,727	
			Program Total	288,327,046	2,700,168
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		Department of Human Services	54,425,328	
COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		Department of Human Services	2,524,374	
			Program Total	56,949,702	-
			CCDF Cluster Total	345,276,748	2,700,168
State Court Improvement Program	93.586		Supreme Court	526,876	
COVID-19 State Court Improvement Program	93.586		Supreme Court	11,916	
			Program Total	538,792	-
Community-Based Child Abuse Prevention Grants	93.590		Commission on Children and Youth	82,397	
Community-Based Child Abuse Prevention Grants	93.590		State Department of Health	421,616	180,115
			Program Total	504,013	180,115
Grants to States for Access and Visitation Programs	93.597		Department of Human Services	78,843	
Chafee Education and Training Vouchers Program (ETV)	93.599		Department of Human Services	1,062,496	
COVID-19 Chafee Education and Training Vouchers Program (ETV)	93.599		Department of Human Services	859,408	
			Program Total	1,921,904	-
Head Start	93.600		Department of Commerce	139,110	133,256
			Head Start Cluster Total	139,110	133,256
Adoption and Legal Guardianship Incentive Payments	93.603		Department of Human Services	5,479,475	
Basic Center Grant	93.623		Mental Health and Substance Abuse Services	156,816	151,947
Developmental Disabilities Basic Support and Advocacy Grants	93.630		Department of Human Services	816,276	
COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	93.630		Department of Human Services	978	
			Program Total	817,254	-
Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639		Health Care Authority	72,964	
Children's Justice Grants to States	93.643		Department of Human Services	246,688	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		Department of Human Services	1,422,803	
Child Welfare Research Training or Demonstration	93.648		Department of Human Services	270,086	
Adoption Opportunities	93.652		Department of Human Services	(125)	
Foster Care Title IV-E	93.658		Office of Juvenile Affairs	96,459	
Foster Care Title IV-E	93.658		Department of Human Services	69,422,330	3,159,147
COVID-19 Foster Care Title IV-E	93.658		Department of Human Services	1,301,190	
			Program Total	70,819,979	3,159,147
Adoption Assistance	93.659		Department of Human Services	99,581,753	
COVID-19 Adoption Assistance	93.659		Department of Human Services	7,862,650	
			Program Total	107,444,403	-
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		Mental Health and Substance Abuse Services	2,225,969	1,820,223
Social Services Block Grant	93.667		Department of Human Services	32,636,690	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Child Abuse and Neglect State Grants	93.669		Department of Human Services	906,518	
Child Abuse and Neglect Discretionary Activities	93.670	90CA1854	Pass-Through from National Quality Improvement Center to Mental Health and Substance Abuse Services	18,995	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		Attorney General	3,449,006	1,891,578
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		Department of Human Services	3,584,877	
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		Department of Human Services	3,250,531	
			Program Total	6,835,408	-
Elder Abuse Prevention Interventions Program	93.747		Department of Human Services	389,637	
COVID-19 Elder Abuse Prevention Interventions Program	93.747		Department of Human Services	393,627	
			Program Total	783,264	-
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753		State Department of Health	(1,316)	
Children's Health Insurance Program	93.767		State Department of Health	59,839	
Children's Health Insurance Program	93.767		Health Care Authority	223,918,285	
COVID-19 Children's Health Insurance Program	93.767		Health Care Authority	11,732,972	
			Program Total	235,711,096	-
State Medicaid Fraud Control Units	93.775		Attorney General	1,604,766	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health	4,121,102	87,106
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health	24,413	
			Program Total	4,145,515	87,106
Medical Assistance Program	93.778		State Department of Health	2,445,631	
Medical Assistance Program	93.778		Health Care Authority	5,789,111,240	
Medical Assistance Program	93.778		Department of Human Services	62,978,036	
COVID-19 Medical Assistance Program	93.778		Health Care Authority	291,696,055	
			Program Total	6,146,230,962	-
			Medicaid Cluster Total	6,151,981,243	87,106
Opioid STR	93.788		Mental Health and Substance Abuse Services	14,039,579	7,543,036
Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority	1,666,671	
Money Follows the Person Rebalancing Demonstration	93.791		Department of Human Services	525	
COVID-19 Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority	55,450	
			Program Total	1,722,646	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		State Department of Health	1,820,838	
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		Health Care Authority	3,182,543	
			Program Total	5,003,381	-
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		Mental Health and Substance Abuse Services	806,453	
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870		State Department of Health	5,161,495	336,642
COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant	93.870		State Department of Health	1,369	
			Program Total	5,162,864	336,642
National Bioterrorism Hospital Preparedness Program	93.889		State Department of Health	2,262,015	1,766,642
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889		State Department of Health	56,374	
			Program Total	2,318,389	1,766,642
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		State Department of Health	948,444	41,887
COVID-19 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		State Department of Health	3,065	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients	
				Program Total	951,509	41,887
HIV Care Formula Grants	93.917		State Department of Health	(881,676)	-	
HIV Care Formula Grants	93.917		Department of Human Services	155,783	-	
				Program Total	(725,893) ✚	-
HIV Prevention Activities Health Department Based	93.940		State Department of Health	1,558,304	390,377	
COVID-19 HIV Prevention Activities Health Department Based	93.940		State Department of Health	3,265		
				Program Total	1,561,569	390,377
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		State Department of Health	90,355	10,300	
Block Grants for Community Mental Health Services	93.958		Mental Health and Substance Abuse Services	13,988,871	6,680,385	
Block Grants for Prevention and Treatment of Substance Abuse	93.959		Mental Health and Substance Abuse Services	26,986,755	7,525,340	
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		State Department of Health	912,604	14,149	
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		State Department of Health	6,839		
				Program Total	919,443	14,149
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		Department of Education	460,554		
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		State Department of Health	86,422	7,730	
				Program Total	546,976	7,730
Mental Health Disaster Assistance and Emergency Mental Health	93.982		Mental Health and Substance Abuse Services	3,112,508	2,541,435	
Preventive Health and Health Services Block Grant	93.991		State Department of Health	682,515	143,164	
Preventive Health and Health Services Block Grant	93.991		Bureau of Narcotics & Dangerous Drugs Control	6,398		
				Program Total	688,913	143,164
Maternal and Child Health Services Block Grant to the States	93.994		State Department of Health	3,946,715	1,087,062	
Maternal and Child Health Services Block Grant to the States	93.994		Department of Human Services	2,551,097		
COVID-19 Maternal and Child Health Services Block Grant to the States	93.994		State Department of Health	25,542		
				Program Total	6,523,354	1,087,062
Assisted Outpatient Treatment	93.997		Mental Health and Substance Abuse Services	846,033	844,296	
Cost Reimbursement Contracts: Client Level Projects	93.UNK		Mental Health and Substance Abuse Services	45,514		
U.S. Department of Health and Human Services-Subtotal				\$ 7,401,038,834	\$ 115,408,812	
<b>Executive Office of the President</b>						
Cost Reimbursement Contract: High Intensity Drug Trafficking Areas Program	95.001		Bureau of Narcotics & Dangerous Drugs Control	72,296		
Executive Office of the President-Subtotal				\$ 72,296	\$ -	
<b>Social Security Administration</b>						
Direct and Pass Through Programs:						
Social Security Disability Insurance	96.001		Department of Rehabilitation Services	45,370,682 ✚		
				Disability Insurance/SSI Cluster Total	45,370,682 ✚	-
Social Security Administration-Subtotal				\$ 45,370,682	\$ -	
<b>U.S. Department of Homeland Security</b>						
Direct and Pass Through Programs:						
Non-Profit Security Program	97.008		Department of Emergency Management	419,744	419,744	
Boating Safety Financial Assistance	97.012		Department of Public Safety	863,123		
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		Water Resource Board	227,354		
Flood Mitigation Assistance	97.029		Department of Emergency Management	164,014	164,014	

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Department of Emergency Management	127,989,397	126,131,933
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		State Department of Health	4,948,303	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Department of Transportation	50,631	
			<b>Program Total</b>	<b>132,988,331</b>	<b>126,131,933</b>
Hazard Mitigation Grant	97.039		Department of Emergency Management	8,580,460	8,241,483
National Dam Safety Program	97.041		Water Resources Board	285,281	
Emergency Management Performance Grants	97.042		Department of Emergency Management	6,844,192	1,991,077
Cooperating Technical Partners	97.045		Water Resources Board	235,624	
Fire Management Assistance Grant	97.046		Department of Emergency Management	1,818,830	1,797,324
BRIC: Building Resilient Infrastructure and Communities	97.047		Department of Emergency Management	225,049	195,590
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050		Employment Security Commission	623,084	
Homeland Security Grant Program	97.067		Office of Management and Enterprise Services	14,852	
Homeland Security Grant Program	97.067		Department of Education	56,167	
Homeland Security Grant Program	97.067		State Election Board	65,250	
Homeland Security Grant Program	97.067		State Bureau of Investigation	133,664	
Homeland Security Grant Program	97.067		Department of Emergency Management	2,674,880	1,485,307
Homeland Security Grant Program	97.067		Department of Public Safety	15,132	
			<b>Program Total</b>	<b>2,959,945</b>	<b>1,485,307</b>
State Homeland Security Program (SHSP)	97.073		State Bureau of Investigation	681,537	
State Homeland Security Program (SHSP)	97.073		Department of Emergency Management	2,931,307	1,597,733
State Homeland Security Program (SHSP)	97.073		Department of Public Safety	171,812	
State Homeland Security Program (SHSP)	97.073		Conservation Commission	21,733	
			<b>Program Total</b>	<b>3,806,389</b>	<b>1,597,733</b>
Earthquake Consortium	97.082		Department of Emergency Management	39,357	39,357
Disaster Assistance Projects	97.088		Department of Emergency Management	550,530	550,529
Regional Catastrophic Preparedness Grant Program	97.111		Department of Emergency Management	174,648	
U.S. Department of Homeland Security-Subtotal				<u>\$ 160,805,955</u>	<u>\$ 142,614,091</u>
<b>U.S. Drug Enforcement Administration</b>					
Direct and Pass Through Programs:					
Other Federal Assistance - Marijuana Eradication Suppression Program	99.UNK		Bureau of Narcotics & Dangerous Drugs Control	96,896	
U.S. Drug Enforcement Administration-Subtotal				<u>\$ 96,896</u>	<u>\$ -</u>
<b>Total Federal Assistance</b>				<u>\$ 13,480,258,960</u>	<u>\$ 2,098,908,885</u>

- ⌘ Noncash Assistance
- ❖ Partially Noncash Assistance
- ⊛ Tested as a major program as defined by 2 CFR §200.518
- ◆ Program audited as a major program by independent auditor
- ⊕ Programs defined as a cluster by OMB Compliance Supplement
- ⚡ See SEFA footnote #7
- UNK Unknown

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

# NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2022

## Note 1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal award activity of the State of Oklahoma for the year ended June 30, 2022. The information in this schedule is presented in conformity with the requirements set forth in Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity includes the primary government of the State of Oklahoma as presented in the Annual Comprehensive Financial Report (ACFR). Component units included in the ACFR prepare individual financial statements that meet the requirements of Uniform Guidance and have not been included in the schedule. Uniform Guidance allows non-Federal entities to meet the audit requirements of the compliance supplement through a series of audits that cover the reporting entity.

### B. Basis of Presentation

The schedule presents expenditures and expenses for the fiscal year ended June 30, 2022. The schedule reports total federal award expenditures and expenses for each federal program as identified by the Assistance Listing (AL) number in the Catalog of Federal Domestic Assistance. Federal awards without identified AL numbers have been identified as "Unknown" (UNK).

Federal financial awards include federal financial assistance and federal cost-reimbursement contracts. Federal financial assistance may be defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, food commodities, interest subsidies, insurance or direct appropriations, but does not include direct federal cash assistance to individuals. Non-monetary federal assistance including surplus property, supplemental nutrition benefits and food commodities is reported in the schedule. Solicited contracts between the state and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Food and commodity distributions on the accompanying schedule are valued using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The supplemental nutrition benefits issuance amount included in the accompanying schedule is stated at the value of supplemental nutrition benefits redeemed. Donated federal surplus property is included in the schedule at a percentage of the federal government acquisition cost.

The scope of the schedule includes expenditures made by state primary recipients. The determination of when a federal award is expended is based on when the activity related to the federal award occurs. Generally, the activity pertains to events that require the state agency to comply with federal statutes, regulations, and the terms and conditions of federal awards. With reference to the primary government, the primary recipient expenditures are not adjusted for sub-recipient expenditures.

## Notes to the Schedule of Expenditures of Federal Awards

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Certain federal expenditure transactions may appear in the records of more than one state agency. To avoid duplication and overstatement of the aggregate level of federal expenditures by the State of Oklahoma, the following policies have been adopted:

- When monies are received by one state agency and distributed to another state agency, the federal expenditures are attributed to the state agency that actually expends the funds.
- When purchases of provider services between two state agencies occurs, the federal funds are normally recorded as expenditures on the purchasing state agency's records and provider service revenues on the records of the state agency rendering the services. Therefore, the receipt of federal funds related to provider services will be attributed to the purchasing agency which is the primary receiving/expending state agency.

Major programs are defined by levels of expenditures and expenses and risk assessments established in the Uniform Guidance.

### C. Basis of Accounting

The accompanying schedule, in general, reports expenditures of the primary government in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that governmental funds report revenue and expenditures using the modified accrual basis of accounting as described in the ACFR. The modified accrual basis of accounting recognizes expenditures and expenses when liquidated with current resources. The Oklahoma Department of Wildlife Conservation, Oklahoma Department of Environmental Quality and Oklahoma Water Resources Board use the accrual basis of accounting that recognizes expenditures when incurred.

### Note 2. Indirect Cost Rate

Per Uniform Guidance 2 CFR § 200.510(b)(6), agencies are required to disclose whether or not they elect to use the 10 percent de minimis cost rate that 2 CFR§ 200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate. Below is a table indicating whether the agency has elected to use the 10 percent de minimis cost rate or not:

<u>Yes</u>	<u>No</u>
Office of Management and Enterprise Services	State of Oklahoma
Department of Mines	Military Department
Office of Disability Concerns	Attorney General
State Auditor & Inspector	Oklahoma Arts Council
	Oklahoma Aeronautics Commission
	Oklahoma Commission on Children and Youth
	Department of Corrections
	Oklahoma Department of Commerce
	District Attorney's Council
	Election Board
	Oklahoma Employment Security Commission
	Governor's Office
	Oklahoma State Bureau of Investigation Oklahoma
	Department of Emergency Management and Homeland Security
	Oklahoma Department of Wildlife Conservation
	Medicolegal Investigation Board
	Transportation Department

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

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Oklahoma Historical Society  
Office of Juvenile Affairs  
Department of Libraries  
Narcotics/Dangerous Drugs Control  
Oklahoma Center for Science and Technology  
Oklahoma Tax Commission  
J. D. McCarty Center  
Supreme Court  
Veterans Affairs Department  
Oklahoma Health Care Authority  
Department of Human Services

### **Note 3. State Unemployment Insurance Fund**

Expenditures for unemployment insurance (UI), AL #17.225, include state UI funds as well as federal UI funds. The state portion of UI funds amounted to \$191,095,072. The federal portion of UI funds amounted to \$42,737,032. Federal UI funds expended specifically in response to the coronavirus pandemic amounted to \$38,186,550.

### **Note 4. Cost Recovery of Federal Program Expenditures**

During fiscal year 2022, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$19,200,415 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children, AL #10.557. The rebate contracts are authorized by 7 CFR 246.16a as a cost containment measure. The cash rebates are treated as a credit against prior food expenditures.

The Oklahoma Department of Transportation incurred significant expenditures on construction projects that exceeded the contract amounts approved by the federal grantor. These project expenditures are held in suspense until modified contracts are approved by the federal grantor and the expenditures subsequently reimbursed. Project expenditures totaling \$5,262,200 were in suspense at June 30, 2022, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

### **Note 5. Audits Provided by Auditors Other Than Principal Auditor**

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce  
Oklahoma Department of Wildlife Conservation  
Oklahoma Department of Environment Quality  
Oklahoma Water Resources Board

Several programs were identified as major and audited as such in the separate single audits of these entities. The schedule separately identifies programs that were audited as major programs by independent auditors of entities.

### **Note 6. Department of Transportation Federal Soft Match Provision**

Beginning in the year 1992, the Oklahoma Department of Transportation began using the “soft match” provision of the Inter-modal Surface Transportation Efficiency Act, which allows the maintenance and



## Notes to the Schedule of Expenditures of Federal Awards

construction cost of toll facilities that serve interstate commerce to be used in lieu of state matching funds. Annually, dollars spent for major maintenance (reconstruction) of turnpikes or new construction may be added to the amount of soft match credit available for use as state match. The state's share of expenditures is deducted from the available soft match amount. Federal money would then fund 100 percent of the project from the amount that had previously been apportioned for Oklahoma's highway projects.

The Department utilized \$30,339,549 of the soft match provision for projects billed during fiscal year 2022. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to the Federal Highway Administration.

### Note 7. Department of Health HIV Care Rebates

Although federal expenditures for HIV Care Formula Grants, AL #93.917, are minimal, this program also receives drug rebates to help administer the program. These rebates are not considered federal expenditures, however, they must be restricted and spent in accordance with applicable federal grant requirements. After considering these drug rebates of \$16,689,928, the Oklahoma State Department of Health expended \$16,779,470 during 2022 for this program.

### Note 8. Child Care and Development Fund Expenditures

The Child Care and Development Fund (CCDF) provides funds to increase the availability, affordability, and quality of child care services. Funds are used to subsidize child care for low-income families when the parents are working or attending training or educational programs, as well as for activities to promote overall child care quality for all children. As a response to several naturally occurring disasters during 2019 and the coronavirus pandemic in 2020, 2021, and 2022, additional federal funds were appropriated to CCDF. The Oklahoma Department of Human Services, the primary receiving agency, expended the following amounts for each CCDF program during fiscal year 2022:

Program	AL #	Total Federal Expenditures
CCDF Block Grant	93.575	\$161,826,637
CCDF Disaster Relief	93.575	-
CCDF Coronavirus Aid, Relief, and Economic Security	93.575	-
CCDF Coronavirus Response and Relief Supplemental Appropriation	93.575	\$56,278,963
CCDF America Rescue Plan Supplemental	93.575	-
CCDF America Rescue Plan Child Care Stabilization Funds	93.575	\$326,364,883
CCDF Mandatory and Matching	93.596	\$53,133,056
CCDF Coronavirus Mandatory and Matching	93.596	\$2,519,172
CCDF Coronavirus Aid, Relief, and Economic Security	93.596	-

## **Corrective Action Plan**



**STATE OF OKLAHOMA/OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES**  
**STATE OF OKLAHOMA – SINGLE AUDIT**  
**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**SFY 2022**

Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-028	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The State disagrees with this finding. Funds were reported as obligated and expended when the State issued payment to the partners carrying out the program on behalf of the State. This is how the State interpreted the guidance at the time. Treasury has accepted the State of Oklahoma’s reports provided to them to date. Treasury has since updated guidance, and the State is updating how obligated and expended are reported – however, that’s a recent (end of calendar 2023) change. Monthly and quarterly reports were snapshots in time. Towards the end of ERA-1, Treasury acknowledged this reality by recommending that no corrections should be made to past reports, that the final report would take care of any corrections that needed to be made (per NCSHA Meeting with Treasury on October 14th, 2022). As of Q1 2023, all reports submitted to Treasury are cumulative over the life of the program, due on a quarterly basis – monthly and quarterly reports are no longer required. The State believes that there is no corrective action plan needed since the cumulative reports should accurately reflect the reality of spend vs refunds.	N/A	Brandy Manek
2022-030	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The State of Oklahoma entered into contracts with two non-profit entities to administer the ERA program for the State of Oklahoma. The State viewed the relationship as contractual and proceeded accordingly on the SEFA. SAI reviewed the contracts for these two entities and determined that both agreements constituted a subrecipient relationship. However, according to Uniform Guidance the substance of the relationship	Next SEFA/Package Z Completion	Brandy Manek

		determines whether the entity is treated as a subrecipient or contractor. We are awaiting guidance from Treasury. This is the reason for the discrepancy on the SEFA not a process issue. Going forward and until there is a determination from Treasury, OMES will classify any ERA expenditures as payments to subrecipients.		
2022-032	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The State disagrees with this finding. CCP considered the spreadsheets returned by the utility companies to be acceptable supporting documentation for the amount that was paid, following Treasury’s best practices.	February 2024	Brandy Manek
2022-033	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The State disagrees with this finding. The State of Oklahoma entered into contracts with two non-profit entities to administer the ERA program for the State of Oklahoma. SAI reviewed the contracts for these two entities and determined that both agreements constituted a subrecipient relationship, however according to Uniform Guidance the substance of the relationship determines whether the entity is treated as a subrecipient or contractor. As we await a Treasury determination on the nature of the contracted relationship between OMES and its ERA partners, OMES sought to establish a Grants Management Office (GMO) that would be responsible for any future centralized state grants that come to the state. The GMO has drafted policies and procedures for administration of federal grants including a Grant Agreement and Grant Award Notification, as well as other documents on Policies and Procedures, Risk Assessment, Subrecipient Monitoring, Maintenance of Effort and Close Out Procedures. The State has previously engaged Eide Baily for subrecipient monitoring activities in FY22.	June 2021	Brandy Manek
2022-034	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The State concurs with this finding. OMES established a Grants Management Office that will be responsible for any future centralized state grants that come to the state.	June 2024	Brandy Manek
2022-036	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The State disagrees with this finding. We agree that the spreadsheet discussed was not designed to see “at a glance” the number of arrears and prospective payments as that was not the purpose of the spreadsheet. This information was tracked in a robust system specifically designed for ERA reporting, called Neighborly. The spreadsheet was designed to provide clarity of the flow of money across the different categories of ERA funds. The Neighborly system includes all the information mentioned in the audit finding. This includes the total number of months spent on each applicant and which months fell into the arrear’s vs prospective category.	February 2024	Brandy Manek

		<p>Inquiries throughout the audit were answered using documentation from this system. The documentation provided to answer multiple audit inquiries included the very information that is said to not be maintained in Finding #2022-036.</p> <p>Although the rental assistance program has ended and there will not be a need for tracking months of rental assistance going forward, the state will ensure that it has adequate supporting documentation for review of ongoing grant assistance.</p>		
2022-046	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	<p>The State partially concurs with this finding. The State partially disagrees with the ‘Condition and Context’ statement. Both contracted administrators of the ERA program underwent Single Audit reviews by independent, qualified CPA firms and neither had any findings. Review of internal controls was a significant portion of those audit(s). Both administrators regularly reported the status of ERA programs to the State.</p> <p>In addition, while the State disagrees with the findings overall context that supporting documents were inadequate, we do acknowledge that in those supporting documents provided to the auditor an error in billing was noted resulting in questioned costs of \$3,772.50. The subcontractor was notified and a credit issued so that funds could be returned to Treasury.</p> <p>Going forward, the State will review all documents provided by the administrator of ERA funds for accuracy and allowability.</p>	February 2024	Brandy Manek
2022-071	21.019 Coronavirus Relief Fund (CRF)	<p>Management partially agrees with this finding. As the Coronavirus Relief Fund grant has expired, CARES FORWARD no longer exists. OMES will review the reimbursements contained in the bulleted samples and will present its determinations once the review is complete.</p> <p>Additionally, completed third party audits performed on the 2 of the 3 subrecipients for fiscal year 2022 noted no questioned or unallowable costs related to federal expenditures. OMES is not yet in receipt of a third-party audit for the remaining subrecipient.</p>	Additional review will be conducted, and OMES determinations will be communicated on or before June 30, 2024	Brandy Manek
2022-076	21.019 Coronavirus Relief Fund (CRF)	<p>Management partially agrees with these findings. These recommendations are considered partially complete. As the Coronavirus Relief Fund grant has expired, CARES FORWARD no longer exists. The CARES Forward team developed procedures during rapid deployment of \$1.2 billion of pandemic relief funding and, later in the process, in response to certain previous single audit findings. Specifically, In June of 2021, OMES established a Grants Management Office (GMO) as a central agency resource to oversee and ensure compliance for specific grant programs. The GMO previously designed and implemented, and currently continues</p>	Partially Complete. Additional review will be conducted, and OMES determinations will be communicated on or before June 30, 2024	Brandy Manek

to improve, its controls to ensure that expenditures are properly incurred pursuant to the federal award and associated guidance. OMES will review the bulleted samples, the reimbursement to OESC, and OMES will present its determinations after it has conducted its review.

In relation to the context and cause section of this finding, management would suggest the following:

- that the auditor considers Title 62, Section 34.62 which is referenced in the contract and allows the OMES Director to waive competitive bidding when it is in the best interest of the state. Certainly, it was in the best interest of the state to support the deployment of over \$1.2 billion in less than one year that was intended to save lives and support state agencies as they battled the pandemic falls under this category.
- that the contractor referenced in the condition and context section did not approve their own contract nor did they approve invoices for payment to them. The selection of the contractor and approval of the contract was done by state employees. Invoice approvals were done in PeopleSoft by OMES employees. The contractor only approved those payments as eligible for reimbursement from the Coronavirus Relief Fund.
- The auditor states that the invoices contained no detail of the work performed. Subsequent to this audit period, the contractor has improved their invoicing procedures and includes detail such as number of hours worked and associated contract. Management will review the process with the contract for invoices submitted going forward.
- The auditor states that the number of hours worked by each consultant was not listed on the invoices. Subsequent to this audit period, the contractor has improved their invoicing procedures and includes detail such as number of hours worked and associated contract.
- The auditor states that there were no regular (at least weekly) reporting updating progress and status. The contractor did participate in weekly and bi-weekly meetings to report progress. The contractor did also provide email updates of progress. The auditor's office has been provided with emails and meeting notices to support this. The contract did not require written updates.

		<ul style="list-style-type: none"> <li>• The auditor states that the services to be performed by a specific date was not clearly documented. The services to be performed are tied to the federal covid relief funding. This essentially ended up being the Coronavirus Relief Fund grant which is a responsibility that the contractor will support until the last state audit and/or federal reviews are complete.</li> <li>• The auditor states that the services to be performed or scope of work for the deliverables-based contract was not supported. Management has supplied the auditor with several agendas and progress reports over the course of the contracts that represent the written documentation of scope of work of this project.</li> </ul> <p>Finally, the Central Purchasing division of OMES will review the current training offered to OMES Certified Procurement Officers and consider updates to such training responsive to this recommendation regarding conflicts of interest and other requirements when awarding consulting contracts.</p>		
2022-085	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	<p>The State partially concurs with this finding. The ERA contractors recorded their daily time worked through time sheets, subject to weekly review and approval. The entire scope of their work was ERA dedicated tasks, unlike an individual who might be working on multiple projects at once. Because of this singular focus, it was not necessary to itemize individual tasks.</p> <p>Within the contractual agreements and bonus policies, provisions were made for bonuses tied to various completion goals, strategically designed to enhance retention. The nature of the contractors' responsibilities was profound, involving tasks which subjected them to level two trauma such as engaging in daily conversations with individuals facing homelessness or contemplating suicide. Acknowledging the challenging nature of this work, the administrator intentionally incorporated opportunities for retention bonuses, understanding the significance of recognizing and incentivizing their continued work to assist as many Oklahomans as possible. It is imperative to note that both the structure of the bonuses and the overall approach were not only reasonable but also fully compliant with federal program regulations.</p>	February 2024	Brandy Manek

		Although the rental assistance portion of the ERA program has ended, the State will ensure that contractors continue to follow guidance on all future grants.		
2022-086	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	The state partially concurs with this finding. We disagree with the questioned expenses in the first bullet. These expenses were appropriate as a contractor and necessary expenses for the distribution of the ERA funds and fulfillment of the contract. We agree with bullets 2, 3, 4 and 5 as we were not able to provide adequate documentation to support the expenses. The state will ensure that adequate supporting documentation will be retained for future expenses.	February 2024	Brandy Manek
2022-087	21.023 Emergency Rental Assistance (ERA 1 and ERA 2)	OMES partially concurs with this finding. In the State Audit Report 2022-087, the question of administrative fees is raised as an unallowable expense. This finding is based on the interpretation that the State should have characterized the relationship between State and CFO/CCP as a subrecipient which was allowed by the Act but not required. The Federal Code of Regulations requires that the nature of the relationship determine the categorization of same; the reality that CCP had been created during CARES act and was continuing existing work under ERAP substantiates a contractor relationship. FAQ 21 clearly provides that the State could have made subawards to subrecipients or “enter into contracts...for goods or services to implement ERA programs.” As a contract for services, the questioned administrative fees are wholly appropriate. We strongly disagree with bullet point #6. In October 2021, along with many other ERA recipients, Oklahoma was directed to submit a Program Improvement Plan (PIP) by Treasury or the ERA grant would be subject to reallocation. Essentially, the funds set aside to help struggling Oklahomans during a pandemic, with unprecedented eviction rates, would have been clawed-back and redistributed to another jurisdiction. This would have left thousands of Oklahoma households facing eviction, ruined credit and homelessness. It was incumbent to improve the system, reduce the backlog of applications and become more efficient to fully serve Oklahomans and meet the requirements of the US Treasury. Oklahoma’s PIP was approved by Treasury on December 16, 2021. The submitted plan for improvement included implementation of software designed for the ERA program and engaging with a subcontractor who specialized in change management and efficiency. The work this subcontractor provided was absolutely essential to the PIP.	June 2024	Brandy Manek



	<p>The State of Oklahoma has sought to create and implement best practices regarding the administration of federal grant funds, including subrecipient monitoring protocols. These best practices include the creation of a Grant Management Office, which has drafted policies and procedures for administration of federal grants including a Grant Agreement and Grant Award Notification, as well as other documents on Policies and Procedures, Risk Assessment, Subrecipient Monitoring, Maintenance of Effort and Close Out Procedures. The State engaged Eide Baily for monitoring in FY22.</p>		
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**STATE OF OKLAHOMA/OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES  
STATE OF OKLAHOMA – SINGLE AUDIT  
CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2022**

Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-081	<p align="center"><b>AL #84.425 – EDUCATION STABILIZATION FUND (ESF AL #84.425C – GOVERNOR’S EMERGENCY EDUCATION RELIEF FUND</b></p>	<p><b>SAI Recommendation 1:</b> <i>“We recommend that OMES gain an understanding of the requirements of federal awards applicable to activities allowed and allowable costs.”</i></p> <p><b>OMES Response to Rec. 1:</b> This recommendation is considered complete. In January 2021, OMES established a Grants Management Office as a central agency resource to track and ensure compliance of specific grant programs. Since the creation of this team, OMES has gained a fuller understanding of program requirements of federal awards being overseen and has an ongoing effort to ensure compliance with federal monitoring and reporting regulations.</p> <p><b>SAI Recommendation 2:</b> <i>“We recommend that OMES ensure all employees responsible for the administration of federal</i></p>	COMPLETE	<p>Caden Cleveland, OMES Director of Public Affairs and Grants Management;</p> <p>John Laws, Chief Financial Officer for the State of Oklahoma</p>

*awards provides adequate oversight of any contracted services applicable to those federal awards.”*

**OMES Response to Rec. 2:** This recommendation is considered complete. In January 2021, OMES established a Grants Management Office as a central agency resource to track and ensure compliance of specific grant programs. Since the creation of this team, OMES has gained a fuller understanding of program requirements of federal awards being overseen and has an ongoing effort to ensure compliance with federal monitoring and reporting regulations.

**SAI Recommendation 3:** *“We recommend that OMES provide training to all employees involved in the procurement of services with regard to federal requirements and State purchasing rules including ethical considerations.”*

**OMES Response to Rec. 3:** This recommendation is considered complete. All employees of the Grants Management Office currently undergo monthly grant training to ensure staff is up to date with the latest federal guidance and knowledgeable on all facets of the grant lifecycle. Additionally, in September 2023 the Grants Management Office conducted a focused training with OMES Central Purchasing personnel specifically focused on the state’s procurement requirements for grants. This training with Central Purchasing is planned to become an annual event to ensure staff is knowledgeable of any updates to the Central Purchase Act, rules or subsequent procedures. The Grants Management Office has maintained a continual line of communication with OMES Central Purchasing in the event that clarification or guidance is needed related to procurement.

**SAI Recommendation 4:** *“We recommend that OMES ensure individuals responsible for procurement of services do not have a conflict of interest with parties OMES contracts with.”*

**OMES Response to Rec. 4:** This recommendation is considered complete.

**SAI Recommendation 5:** *“We recommend that OMES does not pay for any services until the services are appropriately performed and the invoiced services are supported by adequate documentation verifying the number of hours actually worked and the services actually performed.”*

**OMES Response to Rec. 5:** This recommendation is considered complete. In the case cited by SAI in Finding 2022- 081, OMES would disagree with the statement that the agency continued to pay invoices to a consulting firm without proper knowledge or documentation of services provided. Specifically, for the GEER II consultation agreement OMES received weekly risk mitigation reports, policies, procedures, templates, scoring sheets, review documents, etc. during the timeframe of the agreement. Additionally, OMES was invoiced and paid for services the month after work was provided.

OMES would also like to furnish the following responses to additional statements made in this finding that were not included in the above recommendations:

- a. Claim: *“The contracts/agreements constituted unallowable fixed rate agreements.”*

Response:

OMES asserts that the contract awarded for consultant services was deliverables-based, rather than a fixed rate agreement.

A fixed rate contract is for services provided directly to the clients of an agency by a third-party at a fixed rate. These contracts include six necessary attributes:

1) In order to enter into a fixed rate contract, an agency must first submit a request to the state purchasing director for preapproval before issuing the contract. 2) The services must be for clients of the agency (i.e., foster children in state custody or clients of the ODMHSAS); 3) The services must be provided directly to clients of an agency (i.e., health care services, foster care services); 4) The services must be provided by a third-party (i.e., a medical clinic, foster parents, mental health facilities); 5) The services must be provided on a unit basis (i.e., per day, per bed, per office visit); and 6) The contract must be for services that are not provided by the agency and the agency does not have employees capable of providing the services.

For the above reasons, the type of contract contemplated by 74 O.S. § 85.7(A)(6)(f)(2) and cited within the State Auditor and Inspector's findings would not be the type of contract that was utilized to contract with a c. Rather, what was utilized was a deliverables-based contract.

A deliverables-based contract differs from a fixed-rate contract in that the client in a deliverables-based contract agrees to pay a fixed, pre-negotiated price amount when the supplier completes and conveys the deliverable to the client. A deliverables-based contract is not subject to the provisions cited in 74 O.S. § 85.7. In this particular case, the contractor was providing staff augmentation hours for a range of services at a set price. The result of these hours was the foundation of the GEER II program with subsequent supporting documentation (policies, procedures, templates, review of applications, scoring, etc.).

Central Purchasing advises state entities to utilize a deliverables-based contract as it helps agencies determine

their budgets with better accuracy. The State Purchasing Director’s administrative code directs suppliers to provide a “firm, fixed price for the term of the contract” when submitting a bid (OAC 260:115-3-7(g)).

Based on this information provided by the State Purchasing Director, the contract with a consulting firm referenced by SAI was a deliverables-based contract and was properly formed and paid in accordance with state law. We would request that the SAI reconsider including the related statements in Finding 2022-081.

- b. Claim: *“The consulting firm was paid prior to performing any services and, was paid for some services that were not performed.”*

Response:

OMES would disagree with this statement. Invoices were received for services provided and payment was sent the month following services. When services were no longer needed, the consulting firm ceased invoicing the state and the state ceased payment for services.

- c. Claim: The GEER II consultant agreement entered in 2021 was a *“no bid contract”*.

Response:

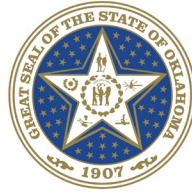
After a competitive solicitation (sol. # 09000005512), which included an RFP, adequate time for questions and responses, blind evaluation (PIPS process), review committee member scoring, an interview with the respondent, and legal review, OMES entered into an agreement with a consulting firm to provide program support for the Governor’s Emergency Education Relief Fund, part two (GEER II). On Nov. 22, 2021, after the full RFP, evaluation, and contracting process was completed, the agreement was finalized by both parties. The specific items outlined in this deliverables-based contract agreement numerous, including but not limited to, program organization, communication and planning, creation of policies, procedures and templates, program monitoring, and closeout (see full Statement of Works on pages 52-53 of contract).

2022-082	<p style="text-align: center;"><b>AL #84.425 – EDUCATION STABILIZATION FUND (ESF AL #84.425C – GOVERNOR’S EMERGENCY EDUCATION RELIEF FUND</b></p>	<p>SAI Recommendation 1: <i>“We recommend that OMES develop policies and procedures to ensure that FFATA reports, and applicable revisions are submitted timely, and information is complete.”</i></p> <p>OMES Response to Rec. 1: The OMES Grants Management Office has implemented policies and procedures that include reporting requirements. However, the office will review these policies and procedures to ensure it effectively outlines steps to ensure applicable federal reports are submitted in an efficient and timely manner.</p> <p>SAI Recommendation 2: <i>“We recommend that OMES develop policies and procedures to ensure that GEER Annual reports are submitted timely, and information is accurate and complete.”</i></p> <p>OMES Response to Rec. 2: The OMES Grants Management Office has implemented policies and procedures that include reporting requirements. However, the office will review these policies and procedures to ensure it effectively outlines steps to ensure applicable federal reports are submitted in an efficient and timely manner.</p> <p>SAI Recommendation 3: <i>“We recommend that OMES revise the FFATA reports and GEER Annual reports to correct all inaccurate and incomplete information previously reported.”</i></p>	06/30/2024	<p>Caden Cleveland, OMES Director of Public Affairs and Grants Management;</p> <p>John Laws, Chief Financial Officer for the State of Oklahoma</p>
2022-088	<p style="text-align: center;"><b>17.225 Unemployment Insurance Program</b></p>	<p><b>SAI Recommendation 1:</b> <i>“We recommend OESC and OMES ensure all related party transactions are properly reported on Question #28 of OMES GAAP Package X.”</i></p> <p><b>OMES Response to Rec. 1:</b> OMES Finance will work to implement new procedures to ensure that all related party transactions are properly reported going forward.</p> <p><b>SAI Recommendation 2:</b> <i>“Further, we recommend both OMES and OESC work to strengthen the procurement control process by ensuring initial contracts for new vendors be competitively bid until a determination can be made as to whether the vendor’s services were a benefit to the State of Oklahoma.”</i></p> <p><b>OMES Response to Rec. 2:</b> In response to the specific action taken by OMES and OESC in hiring Phase 2 in the spring of 2020, the State was faced with an unprecedented global pandemic and needed to address a critical IT issue for the State. The procurement in question must be analyzed with all surrounding</p>	<p>07/01/2024</p> <p>N/A</p>	<p>Megan Meers, OMES Chief Financial Officer</p> <p>Megan Meers, OMES Chief Financial Officer</p>

		<p>context and facts. OESC’s legacy systems were not able to address the demand for services from Oklahoma’s citizens and risk of fraud and abuse caused by the pandemic (as documented in the links provided below). The Governor acknowledged the emergency created by the COVID-19 pandemic and issued Executive Order # 2020-13 and suspended the requirement for competitive bidding for emergency purchases not exceeding \$250,000.00. OMES Finance acknowledges the procurement was a result of a once in a lifetime emergency, and requests SAI to acknowledge the same.</p> <p><b>SAI Recommendation 3:</b> <i>“Lastly, we recommend that OMES and OESC not contract with any vendor in the future they become aware of that could result in a conflict of interest.”</i></p> <p><b>OMES Response to Rec. 3:</b> OMES will work to implement new procedures to follow for when we become aware of situations that could result in a conflict of interest.</p> <p>OMES Response to Rec. 3: OMES has confirmed with the USDOE that FFATA reporting for GEER I and II are now accurate. OMES agrees that additional revisions should be made to the GEER I and II Annual Performance Reports for reporting years 1-2. OMES will work with the State Auditor and the USDOE on applying revisions during the timeframes specified by the USDOE for reporting adjustments.</p>	07/01/2024	Megan Meers, OMES Chief Financial Officer
2022-090	Multiple	<p><b>SAI Recommendation 1:</b> <i>“We recommend the OMES develop and implement policies and procedures for the Statewide Contract pilot programs to ensure all federal contracts are properly executed.”</i></p> <p><b>OMES Response to Rec. 1:</b> This recommendation is considered complete. The OMES Central Purchasing Division has implemented published guidance for the Statewide Contract pilot programs known as “rolling solicitations”.  <a href="https://oklahoma.gov/omes/divisions/central-purchasing/solicitations/rolling-solicitations/sw1025-it-staff-augmentation-services-pilot-program.html">https://oklahoma.gov/omes/divisions/central-purchasing/solicitations/rolling-solicitations/sw1025-it-staff-augmentation-services-pilot-program.html</a>  The State Purchasing Director will develop training regarding this guidance so Certified Procurement Officers (CPOs) are aware of the published guidance. This will ensure CPOs effectively outline steps necessary to educate agencies of the requirements for use of this new form of statewide contracts.</p> <p><b>SAI Recommendation 2:</b> <i>“We recommend the OMES provide justification on how vendors/consultants put on the Statewide Contract pilot programs are exempt from competitive bidding requirements.”</i></p>	Sine Die	Amanda Otis, State Purchasing Director for the State of Oklahoma



	<p><b>OMES Response to Rec. 2:</b> This recommendation cannot be completed as the OMES considers the solicitations conducted pursuant to the requirements of the Statewide Contract pilot programs to meet competitive bidding requirements. The Statewide Contract pilot programs utilize the same initial procedures as statewide contracts prescribed in statute. Vendors are required to agree to standard state terms as prescribed by the agency. Agencies utilizing contracts under the Statewide Contract pilot programs conduct an evaluation process relevant to the particular scope of services and negotiate price when choosing a vendor pursuant to the direction of the State Purchasing Director.</p> <p><b>SAI Recommendation 3:</b> <i>“We recommend the OMES work in a timely manner to either bring the Statewide Contract pilot programs before the legislature to explain the benefits to the state and what should be written into law or eliminate the program.”</i></p> <p><b>OMES Response to Rec. 3:</b> This recommendation is in process. The OMES plans to present evidence of the success of the Statewide Contract pilot programs during the upcoming legislative session and request amendments to the Central Purchasing Act to include this method of statewide contracting.</p> <p>OMES would also like to furnish the following responses to additional statements made in this finding that were not specifically included in the above recommendations:</p> <p style="padding-left: 40px;">Claim: The OMES does not have adequate controls in place, including policies and procedures, to ensure federal grant contracts are properly executed.</p> <p style="padding-left: 40px;">Response: Federal contracts awarded under the Statewide Contract pilot programs meet the state’s competitive bidding requirements pursuant to the OMES policies and procedures.</p> <p style="padding-left: 40px;">The Grant Management Office (GMO) has a standard Grant Agreement with each sub-recipient of a federal award. This agreement requires the sub-recipient to document that specific terms and conditions required by the various federal awards are included in the sub-recipient’s contracts with vendors.</p> <p style="padding-left: 40px;">Claim: Contracts with vendors may not contain the applicable provisions required by 2 CFR §200.327.</p> <p style="padding-left: 40px;">Response: Recipients of federal funds are ultimately charged with ensuring and documenting that specific terms and conditions required under the federal award are included in their procurements.</p>	<p>Sine Die</p> <p>Sine Die</p>	<p>Amanda Otis, State Purchasing Director for the State of Oklahoma</p> <p>Amanda Otis, State Purchasing Director for the State of Oklahoma</p>
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RYAN WALTERS  
 STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION  
 OKLAHOMA STATE DEPARTMENT *of* EDUCATION

**STATE OF OKLAHOMA – SINGLE AUDIT  
 CORRECTIVE ACTION PLAN  
 2 CFR § 200.511(c)  
 SFY 2022**

Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-012	AL #84.425 – EDUCATION STABILIZATION FUND (ESF  AL #84.425C; 84.425D; 84.425U)	<p>The Office of Title Services will review all future construction contracts for the required wage rate clauses. Current practices address the application of the Davis-Bacon Act to the extent possible given the capacity of the Office of Title Services.</p> <p>In the Assurances section of the COVID Relief Construction Application, the Office of Title Services requires LEAs to attest that they have read and will comply with “Appendix II to Part 200 – Contract Provision for Non-Federal Entity Under Federal Awards,” and specifically with the “Davis-Bacon Act, as amended (40 U.S.C. 3701-3708).” Furthermore, in the Consolidated Monitoring process LEAs are required to submit “Copies of relevant contracts showing wage agreements (Davis-Bacon Act). Written statements from contractors and accompanying documentation to demonstrate prevailing wages have been applied when paying contractors and subcontractors (e.g., payment ledgers of wages paid and a copy of the prevailing wage scale for the area).”</p> <p>The Office of Title Services does not have the capacity to review all construction contracts past and present, nor does the Office of Title Services have the capacity to collect and examine wage data on all ESF funded construction projects past and future. The Office of Title Services will act on cases of non-compliance that come to light through Consolidated Monitoring and through required independent audits.</p>	Feb-24	Thomas Kirk



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2022-022	AL #84.425 – EDUCATION STABILIZATION FUND (ESF AL #84.425C; 84.425D; 84.425U)	The Oklahoma State Department of Education (OSDE) has revised the risk assessment procedures to include a second review of data sourced for the risk assessment. The second review will reduce the likelihood of errors. In addition, OSDE is taking steps to create an agency-wide risk assessment.	1-Jul-23	Tammy Smith



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2022-043	AL #84.425 – EDUCATION STABILIZATION FUND (ESF  AL #84.425D; 84.425U)	The Office of Title Services will continue to provide additional training to all reviewers to strengthen its claims review process. In addition, the Office of Title Services will work with MTW Solutions, our Grants Management System (GMS) vendor, to ensure that there is something in place to prevent a district from being able to submit a claim where the Function/Object Code is not in the LEAs budget.	30-Jun-24	Tammy Smith



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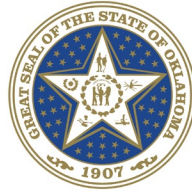
Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-044	AL #84.425 – EDUCATION STABILIZATION FUND (ESF  AL #84.425D; 84.425U; 84.425V; 84.425W)	<p>OSDE, in partnership with a third-party consulting firm, has developed a formalized procedure of FFATA reporting that includes an established timeline and calendar notifications/reminders for the staff members involved in the FFATA reporting process to report in a timely manner in compliance with USDE requirements.</p> <p>We have a Project Director of Data and Reporting in place now to ensure the established timeline for meeting FFATA reporting is being met.</p>	22-Sep	Tammy Smith



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2022-049	AL #84.425 – EDUCATION STABILIZATION FUND (ESF - AL #84.425R)	We now have a Project Director of Data and Reporting working closely with our CFO to ensure that EANS reporting is being met, both accurately and timely.	24-May	Tammy Smith



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2022-070	AL #84.425 – EDUCATION STABILIZATION FUND (ESF - AL #84.425V)	After initial allocations were made to the non-public schools in GMS, leadership of the Office of Federal Programs decided to amend the way services were delivered. OSDE contracted with Catapult Learning West, LLC, and Galt Foundation to provide services to non-public schools based on services needed by the school to respond to COVID-19. As services were rendered to the non-public schools, Catapult Learning West LLC and/or Galt Foundation were paid directly from OSDE with EANS funds.	23-Jun	Tammy Smith



# OKLAHOMA

## Employment Security Commission

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Chief Executive Officer

**J. Kevin Stitt**  
Governor

**Representing Employers**  
Christy Rawlings, Commissioner  
Dean Pennello, Commissioner

**Representing the Public**  
David Reid, Chair

**Representing Employees**  
Aaron Johnson, Commissioner  
Traci Cook, Commissioner

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Finding Number	Subject Heading (Financial) or AL no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-038	#17.225 Unemployment Insurance	OESC concurs with the audit finding and agrees with the recommendation. The agency also acknowledges the importance of data integrity when reporting ETA 9128 activities and the important role such reporting plays in evaluating and monitoring the RESEA program. OESC realized there was an issue with the RESEA enrollments opened during 3 <sup>rd</sup> quarter 2021 and worked on creating procedures to ensure enrollments opened properly. Beginning in 1 <sup>st</sup> quarter 2022, RESEA administrative staff started verifying that every participant enrolled in RESEA had an open enrollment to ensure the data is captured on the ETA 9128 Report. In January 2023, administrative staff identified issues with enrollments not opening with a recently implemented technology tool. The agency subsequently decided to abandon the new technology and revert to its original scheduling system. OESC worked with the OKJM vendor to ensure all required services are opened automatically when the RESEA enrollment is established. In December 2023, OESC initiated a process to verify the enrollments opened and perform monthly review of all enrollments to ensure all data elements are captured for all participants. This process is expected to continue until a reliable technology solution can be implemented.	Ongoing until modernization of RESEA tools are complete	Sharon Smith, RESEA Program Manager
2022-051	#17.225 Unemployment Insurance	OESC concurs with the audit finding and agrees with the recommendation. The processes underlying these issues are embedded in the agency’s legacy mainframe platform. IT spends significant time addressing issues identified by agency staff, so the recommended effort is ongoing. The agency has been successful in gaining legislative support for technology modernization efforts that are underway, and we expect those efforts to provide the ultimate resolution for these types of issues that have proven to be difficult to resolve in the legacy environment.	Ultimate resolution expected in conjunction with modernization efforts, timing to be determined	Christopher O’Brien, Director Integrity Division
2022-053	#17.225 Unemployment Insurance	While the agency does not completely disagree with the Condition, Cause and Effect as documented by the auditors, the agency believes additional considerations are important in drawing conclusions about whether all payments associated with the 2 claims identified as unallowable payments should be	The efforts required for fraud prevention are not expected to end, as bad actors are	Michelle Britten, Chief Financial Officer



		<p>considered unallowable benefit expenditures. We agree that both claims have unresolved fraud stops associated with them, but there was also no record of subsequent contact with appropriate parties for either claim that would be necessary to draw an absolute conclusion that any or all of the previous payments were unallowable. The lack of evidence that either claimant attempted to clear the fraud stop and allow further payments could be the result of the claimant finding work. The conclusion drawn by the auditors is the worst-case scenario based on the information available. As mentioned by the auditors, the agency implemented an enhanced version of VerifyOK in November 2022, which would have likely prevented either of the 2 claims from being filed if they involved identity theft. This version of VerifyOK enables a much higher degree of accuracy to ensure identity of claimants thus minimizing the possibility of fraud. This new tool uses similar technology to that used in airports around the globe by security personnel.</p> <p>The agency continues to make fraud prevention a priority and is engaging with federal partners, other state agencies and vendor partners to be vigilant in anticipating trends in fraud activity. While we believe we are expending appropriate levels of effort in this area, we also want to acknowledge that the complexity and ever-changing nature of the fraud space will continue to make this a difficult risk to mitigate entirely.</p>	<p>expected to continually pursue new methods to exploit unemployment benefit systems in all states.</p>	
<p>2022-077</p>	<p>#17.225 Unemployment Insurance</p>	<p>The agency concurs with the finding and agrees with the recommendation. The agency acknowledges our responsibility for program integrity and proper controls for the RESEA program. The technology solution for RESEA during this period is no longer in place, and the agency has reverted to the previous process for scheduling participants that automatically uploads the letters to Docushare. The agency is undertaking modernization efforts that will continue to provide better solutions for the RESEA program in the future.</p> <p>A monthly review process was established in 3<sup>rd</sup> quarter 2022 to review and verify that any necessary documents for the appointments were uploaded as required.</p> <p>In July 2022, DOL guidelines ended the process of utilizing declining industry to select RESEA participants. This change addresses the exceptions related to industry codes and NAICS numbers. Due to provisions within DOL's annual appropriations, states have been given additional flexibility to include all Unemployment Insurance (UI) claimants and former U.S. military service members receiving Unemployment Compensation for Ex-service (UCX) claimants.</p> <p>To ensure proper and effective controls are in place, the agency most recently reviewed and updated its RESEA Policy effective May 2023. The policy outlines how to conduct RESEA appointments, complete and document RESEA services. RESEA Staff were trained May 2023 and training will be offered as needed on an ongoing basis. In addition, we review RESEA data quarterly to assess the effectiveness of controls, and follow-up occurs with the OESC Quality Control group to assess any corrective action needed to address their findings. The agency will continue to look for opportunities to improve RESEA procedures.</p>	<p>May 31, 2023</p>	<p>Sharon Smith, RESEA Program Manager</p>

2022-084	#17.225 Unemployment Insurance	OESC concurs with the audit finding and agrees with the recommendations. The processes underlying these issues are embedded in the agency’s legacy mainframe platform. Efforts expended by both Tax and IT staff have been unsuccessful to manually correct the penalty and interest on the 5 accounts identified. Tax staff have confirmed this error has not occurred in subsequent quarters, but IT efforts have been unsuccessful at identifying the cause for the original issue. The agency is undertaking modernization efforts expected to provide the ultimate resolution for this issue. While the agency is not satisfied with not having resolution, the amount of penalty and interest in question is not significant and is not causing negative impact to the employers involved. OESC staff will continue to monitor these tax processes for similar issues and take appropriate actions to address as timely as possible.	Resolution expected in conjunction with modernization efforts, timing to be determined	Mike Hemphill, Tax Manager
2022-088	#17.225 Unemployment Insurance	<p>OESC - The agency acknowledges the audit finding and recommendation as appropriate. The agency intends to respond to the recommendations as follows:</p> <ol style="list-style-type: none"> <li>1. OESC will reinstitute the practice of completing Related Party Affidavits on an annual basis. Completion of these affidavits will strengthen the ability of the agency to properly report any related party transactions on Question #28 of OMES GAAP Package X each year.</li> <li>2. While OMES initiated the initial contract with the vendor on behalf of OESC, the agency will commit to completing a review of our procurement procedures involving non-statewide contract vendors with the objective of exceeding state procurement requirements. As is currently the case with OESC’s contracts with the vendor, OESC seeks to utilize statewide contracts for services whenever possible. Statewide contracts provide the benefit of pre-negotiated terms and pricing.</li> <li>3. OESC is committed to not contract with any vendor in the future that could result in a known conflict of interest, and our commitment to the first recommendation will provide the basis for monitoring for compliance with this commitment.</li> </ol> <p>OMES - OMES Finance will work to implement new procedures to ensure that all related party transactions are properly reported going forward. In response to the specific action taken by OMES and OESC in hiring Phase 2 in the spring of 2020, the State was faced with an unprecedented global pandemic and needed to address a critical IT issue for the State. The procurement in question must be analyzed with all surrounding context and facts. OESC’s legacy systems were not able to address the demand for services from Oklahoma’s citizens and risk of fraud and abuse caused by the pandemic (as documented in the links provided below). The Governor acknowledged the emergency created by the COVID-19 pandemic and issued Executive Order # 2020-13 and suspended the requirement for competitive bidding for emergency purchases not exceeding \$250,000.00. OMES Finance acknowledges the procurement was a result of a once in a lifetime emergency, and requests SAI to acknowledge the same.</p>	July 31, 2024	<p>OESC - Michelle Britten, Chief Financial Officer</p> <p>OMES – Felicia Clark, State Comptroller</p>
22-290-035	ACFR – Benefit Expenditures	While the agency does not completely disagree with the Condition, Cause and Effect as documented by the auditors, the agency believes additional considerations are important in drawing conclusions about whether all payments associated with the 2 claims identified as unallowable payments should be considered unallowable benefit expenditures. We agree that	The efforts required for fraud prevention are not expected to end, as bad actors are expected to	Michelle Britten, Chief Financial Officer

		<p>both claims have unresolved fraud stops associated with them, but there was also no record of subsequent contact with appropriate parties for either claim that would be necessary to draw an absolute conclusion that any or all of the previous payments were unallowable. The lack of evidence that either claimant attempted to clear the fraud stop and allow further payments could be the result of the claimant finding work. The conclusion drawn by the auditors is the worst-case scenario based on the information available. As mentioned by the auditors, the agency implemented an enhanced version of VerifyOK in November 2022, which would have likely prevented either of the 2 claims from being filed if they involved identity theft. This version of VerifyOK enables a much higher degree of accuracy to ensure identity of claimants thus minimizing the possibility of fraud. This new tool uses similar technology to that used in airports around the globe by security personnel.</p> <p>The agency continues to make fraud prevention a priority and is engaging with federal partners, other state agencies and vendor partners to be vigilant in anticipating trends in fraud activity. While we believe we are expending appropriate levels of effort in this area, we also want to acknowledge that the complexity and ever-changing nature of the fraud space will continue to make this a difficult risk to mitigate entirely.</p>	continually pursue new methods to exploit unemployment benefit systems in all states.	
2022-078	#21.019 - Coronavirus Relief Fund	<p>The agency concurs with the audit findings and agrees with the recommendation. The Back-to-Work Initiative was a one-time, short-term program that was initiated by the agency while also winding down all other Pandemic-related benefit programs. OESC acted quickly to design systems and processes to support the conceptual program leveraging new tools and resources involved in modernization efforts for the agency. The dynamics of moving quickly and utilizing resources that were new to the agency contributed to the audit findings that were identified. OESC is committed to designing controls for strong eligibility verification and fraud prevention in conjunction with any new programs in the future. Since the timeframe in which these findings occurred, the agency implemented enhanced identity verification capabilities that have improved the agency's ability to prevent fraudulent attempts to obtain benefit payments.</p>	Ongoing	Michelle Britten, Chief Financial Officer

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Finding Number	Subject Heading (Financial) or AL no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-201	93.268: Immunizations Cooperative Agreements  93.323: Epidemiology and Laboratory Capacity for Infectious Diseases	Management agrees with this finding and recognized these issues earlier this year, and as a result, has already implemented the following control changes in 2023: 1. Simplified the COA from 1.5M to 500 options to limit employees coding incorrectly. 2. Locked down access where possible. 3. Continuing to emphasize supervisor review. 4. July 2023 Payroll began providing a weekly payroll spreadsheet on a Teams Page (POC chat) for all agency Points of Contacts.	6/30/24	Stefan Von Dollen
2022-202	93.268: Immunizations Cooperative Agreements  93.323: Epidemiology and Laboratory Capacity for Infectious Diseases	Management agrees with this finding and is working on implementing procedures to ensure that the data reported on the SEFA and FFRs is timely and accurate. Internal controls are currently being established to create a more formal and adequate review process and to include adequate support documentation retention.	6/30/24	Stefan Von Dollen
2022-203	93.268: Immunizations Cooperative Agreements  93.323: Epidemiology and Laboratory Capacity for Infectious Diseases	In 2023, OSDH established a dedicated employee to be responsible for tracking audit requests and ensuring a timelier response to all requests going forward. Management has also revised the current report structure of the dedicated employee to report directly to the Deputy CFO to help eliminate any bottlenecks and delays in providing responses. Management has also recently added a new Deputy CFO to the leadership team, with a background as a former Controller and Auditor, to be designated as the primary contact person on OSDH audits.	6/30/24	Stefan Von Dollen
2022-204	93.268: Immunizations Cooperative Agreements	OSDH management will work with the appropriate area to provide guidance on document preparation and retention going forward.	6/30/24	Stefan Von Dollen
2022-205	93.268: Immunizations Cooperative Agreements	Management agrees and accepts the finding and the recommendation to complete a reconciliation for the identified period and agency. Additional controls are currently being developed to ensure an adequate review	6/30/24	Stefan Von Dollen

	93.323: Epidemiology and Laboratory Capacity for Infectious Diseases	of PMS claimed costs are being completed and documentation of the review is retained.		
2022-206	93.268: Immunizations Cooperative Agreements  93.323: Epidemiology and Laboratory Capacity for Infectious Diseases	<p>The OSDH Procurement team fully understands and agrees with the audit findings. OSDH Procurement is being revamped, all processes will be re-examined, and changes will occur to ensure only allowable expenses are authorized when a PO is issued. Procurement management will work to standardize our practices to ensure SOWS are thoroughly reviewed.</p> <p>Management is also adding a layer of oversight with the reorganization plan for the Procurement team and the rest of the Logistics operation. OSDH Procurement initiatives are being revamped to ensure transparency and adherence to all state purchasing requirements.</p> <p>OSDH is establishing a more thorough reconciliation and review of expenditures prior to a draw down of funds through the PMS system. In addition, a separation of the preparation of the draw down worksheets and the final review and draw down submittal in PMS is currently being established and documented.</p>	6/30/24	Stefan Von Dollen



Ellen M. Buettner | Chief Executive Officer

J. Kevin Stitt | Governor

**STATE OF OKLAHOMA – SINGLE AUDIT  
CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2022**

Finding Number	Subject Heading (Financial) or ALN no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-029	93.778 Medicaid Cluster	<p>After a comprehensive study of the G1DX edit creation process related to the findings in the 2021 audit, several issues were found including:</p> <ol style="list-style-type: none"> <li>1. Edits were being created for time periods in which no benefits were issued.</li> <li>2. Edits were being created for cases that were closed, or for Household (HH) members who had been removed from the Household before the edit was created.</li> <li>3. Edits were being created for cases outside of review cycle, thereby creating additional tasks for case management staff.</li> <li>4. Duplicate edits were being generated for several reasons.</li> <li>5. Staff were not addressing the edits in a timely manner.</li> </ol> <p>The issues with the staff not addressing the edits in a timely manner was addressed in the complete restructure of our organization and case management process on April 10, 2023. In this new structure, G1DX edits creates tasks that are served up in a queue as workers work through the workload. G1DX edits on open cases are bundled with pending case actions so that they can be addressed along with the case actions. This change in structure highlighted the shortcomings in the G1DX edit creation process. We expect to have changes to the reports fully tested and in place by early spring, 2024, which will account for a dramatic fall in the number of G1DX edits that are demanding the staffs' time and for a reduction of the backlog of edits.</p> <p>OHCA Member Audit will continuously monitor G1DX case actions and inactions. The team monitors reports to determine timely case actions as well as ensuring cleared discrepancies are processed as expected according to the type of discrepancy. There is no end date for this monitoring at the present time. The outcome of this monitoring is reported to OHS leadership, and failure to show progress in resolving the issues will require further corrective action.</p>	July 2024	<p>Paulette Kendrick, Jeff Rosebeary (OKDHS)</p> <p>Ginger Clayton (OHCA)</p>



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**J. Kevin Stitt** | Governor

2022-025	<p>93.767 Children's Health Insurance Program</p> <p>93.778 Medicaid Cluster</p>	<p>OHCA completed corrective actions for post-enrollment verification issues prior to the Public Health Emergency (PHE); however, with the requirement to maintain enrollment during the PHE, the PHE protections had to be initiated quickly and efforts taken to ensure continuous eligibility. The agency found it necessary to suspend all post-enrollment verification requests to ensure that those requirements were met as they triggered closures when documents were not received. The changes included verification requests and data exchange updates that would result in verification requests.</p> <p>OKDHS processes non-MAGI cases. OKDHS changed case record maintenance practices and records are no longer maintained in local county offices. The Records Management Department does not have any records to support the redetermination was completed. OKDHS confirmed that caseworkers failed to assess a five-year lookback period to evaluate Long Term Care eligibility at initial application.</p> <p>OKDHS determined that systems change in 2021 had a coding issue that resulted in failed notification to recipients. The agency corrected the issue in May of 2022 and have no longer found cases where the notice issue occurs.</p> <p>For the MAGI deficiencies, OHCA ended suspension of verification requests by the conclusion of the PHE and all normal processes have resumed as Oklahoma is at the end of the allowed unwinding period. Member Audit will complete a minimum of three months of case reviews to ensure that post-enrollment verification processes and PARIS match verification processes are functioning as required.</p> <p>For the Non-MAGI deficiencies, OKDHS will address case issues through the establishment of a committee responsible for monitoring corrective actions, providing training to all appropriate employees, and updating training and informational webpages utilized by eligibility staff. OHCA Member Audit has been monitoring these issues through monthly case reviews and provides feedback to OKDHS leadership. This process will continue until the issues have been corrected. Additional steps to correct issues are requested as deemed necessary by Member Audit.</p> <p>OKDHS has corrected coding issues that impacted notices. Member Audit will complete a minimum of three months of case reviews to ensure notices issues as required.</p>	June 2024 unless indicated as complete	<p>April Anonsen (OKHCA) Carla McCarrell-Williams (OKDHS)</p> <p>Ginger Clayton (OKHCA Member Audit)</p>
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2022-039	93.778 Medicaid Cluster	<p>Fraud overpayment: The Notice of Credible Allegation was sent from the MFCU to OHCA on November 23, 2021 for the \$108,000 fraud overpayment. The May 11, 2022 draw was reduced to reflect the overpayment. The amount was not reported on the CMS-64.9C1 to avoid duplicate reporting. OHCA will work to improve the process of reporting the MFCU overpayments.</p> <p>Non-fraud overpayment: The historical cases were reported on the 9/30/2022 CMS-64.9C1 report. New procedures were implemented to ensure all overpayments are reported quarterly on the CMS-64.9C1 within one year of discovery. Corrective action has been implemented.</p>	<p>Fraud overpayment: May 2024</p> <p>Non-fraud overpayment: November 2022</p>	Kristine West, Senior Director of Program Integrity and Accountability
2022-040	93.778 Medicaid Cluster	<p>Phase 1 professional service edits went live on January 2, 2022. Phase 2 institutional edits went live on April 29, 2022.</p> <p>For the Medically Unlikely Edits (MUE's), a stricter version of the NCCI requirements were implemented. The entire line will be denied if the provider bills over the limit.</p> <p>Corrective action was implemented by the end of SFY 2022. The NCCI procedure to procedure edits were fully implemented and set to deny on April 29, 2022. OHCA continuously utilizes the CMS Medically Unlikely Edits (MUEs) to guide the limits placed in the system.</p>	May 2022	Karen Beam, Director, Medical Administrative Support Services and Thi Nguyen, Senior System Analyst Manager
2022-006	93.778 Medicaid Cluster	OHCA revised its process and incorporated additional mechanisms to ensure timely independent reviews of the Service Quality Reviews (SQR) and accounts receivable set-up for any potential recoupments.	January 2023	Tanesha Hooks, Director of Behavioral Health
2022-020	93.767 Children's Health Insurance Program  93.778 Medicaid Cluster	<p>Medicaid Payable/Receivable: The PDF data will be input by an individual other than the one responsible for preparing the spreadsheet, and a review of the manual entry into the Encumbered Funds by Date of Service spreadsheet will be completed by the Financial Services division before entering the data into the GAAP Package Q.</p> <p>HCBS: The HCBS will be classified in the Statewide Generally Accepted Accounting Principles (GAAP) Package Z: Schedule of Expenditures for Federal Awards (SEFA) as a passthrough as instructed by the Office of Management and Enterprise Services (OMES). OMES utilizes the GAAP Packages to make necessary adjustments to the Statewide Financial Statements.</p>	November 2023	Susan Crooke, Director of Financial Services



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2022-054	93.778 Medicaid Cluster	<p>OHCA Member Audits requests updates from OKDHS and OMES continuously to work toward obtaining the information for ongoing review.</p> <p>OKDHS has resolved all issues preventing jobs from running as expected and monitors to ensure jobs are running. The Lottery Commission data exchange is now in production and being utilized by the Oklahoma Human Services (OKDHS) as of August 14, 2023.</p> <p>OMES, the contracted entity coordinating data exchange job reports from OKDHS to OHCA for monitoring, has not completed its work. OHCA has been working with OKDHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. Once received, OHCA will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OKDHS to determine the appropriate remedy occurred to address the failed job.</p>	<p>Lottery Commission data exchange was implemented on August, 2023;</p> <p>OHCA monitoring – March 2024</p>	Ginger Clayton, Director of Member Audits
2022-074	93.778 Medicaid Cluster	<p>The OHCA and OKDHS failed to update Medicaid for TANF recipients when the Welfare Reform Act of 1996 changed eligibility requirements. OKDHS has continued to approve Medicaid services automatically for individuals receiving TANF when that should have stopped. The members would have remained eligible based on income standards; however, the processing was incorrect. When additional changes occurred to require the use of Modified Adjusted Gross Income (MAGI) in 2013 the eligibility for TANF recipients was not moved under MAGI income rules as required due to the agencies not recognizing the change from the Welfare Reform Act.</p> <p>OKDHS and OHCA are evaluating system changes required to move Medicaid eligibility for TANF recipients to the MAGI eligibility process. OKDHS will have to move forward with their required changes prior to the OHCA implementation as the two systems work together to direct eligibility to the proper system. The agencies are in the process of creating requirements based on the necessary changes and at this time estimate the changes will be completed by June 30, 2024.</p> <p>OHCA Member Audit will begin a post corrective action audit for a minimum of three months to ensure all aspects of the eligibility on the parts of both agencies are processing members receiving TANF under the appropriate rules. If issues persist the agencies will be required to identify additional corrective actions and further reviews will be completed by OHCA.</p>	September 2024	<p>April Anonsen (OKHCA) Carla McCarrell-Williams (OKDHS)</p> <p>Ginger Clayton (OKHCA Member Audit)</p>



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2022-002	93.778 Medicaid Cluster	The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue National Correct Coding Initiative (NCCI) edit updates, as well as continue with provider training to better educate our providers. The questioned costs will be reported on the CMS 64.9P line 10A on Cost of Service (COS) line 5 for the quarter ending December 31, 2023.	February 2024	Kristine West, Senior Director of Program Integrity and Accountability
2022-004	93.767 Children's Health Insurance Program	The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue National Correct Coding Initiative (NCCI) edit updates, as well as continue with provider training to better educate our providers. The questioned costs will be reported on the CMS 64.21UP line 10A on Cost of Service (COS) line 5 for the quarter ending December 31, 2023.	February 2024	Kristine West, Senior Director of Program Integrity and Accountability
2022- 807-008	General Fund – Accounts Payable & Federal Receivable	A request has been made for Gainwell to produce the Service Date Reimbursement Analysis Report (MAR-2300-M) as an excel report to transfer the encumbered data to the Encumbered Funds excel more accurately. Gainwell's anticipated completion is January 2024. In the interim, the PDF data will be input by an individual other than the one responsible for preparing the spreadsheet, and a review of the manual entry into the Encumbered Funds by Date of Service spreadsheet will be completed by the Financial Services division before entering the data into the GAAP Package Q.	November 2023	Susan Crooke, Director of Financial Services



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**DEPARTMENT OF HUMAN SERVICES  
STATE OF OKLAHOMA – SINGLE AUDIT  
CORRECTIVE ACTION PLAN  
45 CFR § 75.511(c)  
SFY 2022**

Finding Number	Subject Heading (Financial) or AL no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-007	10.551 – SNAP Cluster	<p>Checking Identity: In response to the control that was not tested due to the non-utilization of the Daily Issuance form, we wish to clarify that our 55C office had already transitioned from the Daily Issuance Form to the Microsoft List at the time of the walkthrough. Our EBT SNAP card prints are requested through the IMS CARDR system, ensuring that the 'EBT Specialist' at the office verifies the client's identity and inputs necessary information prior to requesting EPS to remotely print the EBT SNAP card.</p> <p>Missing Signatures: OHS EPS identified and rectified this issue prior to the audit. We have since undergone a substantial transformation in our EBT card inventory management procedures. The transition from Adobe PDF documents to Microsoft Lists to account for EBT inventory has resulted in a more centralized and streamlined approach. Through a consolidation initiative, we moved from three separate inventory documents to a singular, comprehensive Microsoft List, significantly improving the accuracy of our record-keeping processes. This transition was facilitated through individual training sessions for all counties, ensuring a seamless adaptation to the new system. The Microsoft Lists platform offers enhanced accessibility and electronic review capabilities, to further address concerns related to manual signature verification. This digital documentation and automation of online records enables our teams to allocate additional time and resources to identify and promptly resolve any discrepancies that may impact the elements within the scope of this audit.</p> <p>Destroyed Cards Still Active: OHS had identified the deficiency prior to the audit and had established an internal group of off-site staff dedicated to overseeing EBT processes. This collaborative effort, involving AFS staff both on-site, off-site, and State EPS staff, ensures accurate accounting of cards and compliance with CFR requirements.</p> <p>Documented changes have been made to our EBT Handbook in response to the deficiencies identified in the</p>	January 2024	Thomas Pennington

		audit, providing clear guidelines for compliance. Real-time monitoring capabilities enable us to promptly identify and address errors, fostering a proactive approach to compliance.		
2022-010	10.561 – SNAP Cluster	Additional reporting requirements for COVID funds created additional complexity to the reporting process that was not anticipated when designing the existing internal controls. Going forward, all worksheets for SNAP will be housed in one workbook to ensure that the total funding on all reports are tied out to a master worksheet and avoid possible reporting duplications.	December 2023	Kevin Haddock
2022-014	93.575 and 93.596 – CCDF Cluster	<p>Child Care Services has continually inspected child care programs for compliance with health and safety requirements according to the Oklahoma Child Care Facilities Licensing Act and Oklahoma Administrative Code. Our inspection monitoring checklist that was used at the time this was audited specifically contained health inspection as a work step, but the checklist did not require the worker to specifically mark it as performed. The checklist did specifically state that the worker performed all steps and only exceptions would be further documented. The Oklahoma State Auditor and Inspectors took the position that our process did not provide enough assurance for them to validate that health inspections were performed, and they wanted a specific tick mark on the inspection. We do not agree on this point as one additional tick mark on a form does not provide any more assurance than the employees signature stating that all of the steps were performed. We did however agree to change the form to resolve this issue with the auditors. Quality review audits are also being conducted annually with each supervisory group in Child Care Services to address errors or inconsistencies when monitoring child care programs.</p> <p>On January 30th, 2023; Child Care Services implemented the “Go-Live” phase of updating the monitoring checklists and summaries to include visual verification that all health and safety requirements are observed during inspections. Licensing specialists indicate on each health and safety item; compliance, non-compliance, or not reviewed while completing inspections. Furthermore, Child Care Services professional development unit has included a new training module regarding documentation requirements. It is important to note that the Oklahoma State Auditor and Inspectors office is almost two years behind on conducting audits so we expect repeat findings will appear in the 2023 audit report.</p>	January 30, 2023	Dione Smith
2022-017	93.659 – Adoption Assistance Program	The missing documents are required for any case to be approved and proceed. We believe the forms were likely misfiled but we will take immediate action to get these documents added to the case file. This finding will be added to the next Child Welfare meeting agenda to ensure everyone in this process is aware of the documents required and the importance of properly filing every document.	January 2024	Kevin Haddock
2022-018	93.658-Foster Care	<p>We are in the process of amending contracts to include the requirements of 2 CFR §200.332 (a). Ten of the 13 pass though entities have been amended as of December 2023 and the remaining three are in process to be completed before the end of State fiscal year 2024.</p> <p>Foster Care has a risk analysis document that includes all</p>	June 2024	Kevin Haddock

		<p>pass through entities with support for the conclusions. Foster Care also performs monitoring activity on all payments and that is documented on each individual claim prior to payment. We will arrange a meeting with SAI to explain this process in detail in the coming fiscal year to explain the procedures performed and provide the documents to resolve this issue.</p>		
2022-023	<p>93.558 – TANF, 93.658 – Foster Care, 93.659 – Adoption Assistance Program, 93.778 Medicaid Cluster, 10.561 – SNAP Cluster, 93.658 – Child Care Development Cluster</p>	<p>The AS400 based cost allocation system used for many years ceased to function properly in January of 2022. We were forced to manually calculate allocated costs in March and convert to a new automated system in June of 2022. This is an extremely complex process and some errors in the pool allocations were made. We posted corrections in June 2023 and the related cost adjustment have been processed. For the QE 12/2021 the adjustments were made in QE June 2023 schedules 16, 17, and 18. For QE 6/2022 the adjustment was made QE June 2023 schedule 12. It is important to note that adjustments to cost allocation are performed routinely each quarter as new information comes to light. The adjustment results in a change to the cost associated to each individual grant in the quarter it was processed and offsets the prior recorded amount accordingly.</p> <p>The cost allocation system is new, and we have developed additional procedures and reviews that reduce risk in the areas of concern addressed in this finding.</p>	June 2023	Kevin Haddock
2022-029	<p>10.551 – SNAP Cluster, 93.558 - TANF, 93.575 - Child Care Development Cluster, 93.778 – Medicaid Cluster</p>	<p>After a comprehensive study of the G1DX edit creation process related to the findings in the 2021 audit, several issues were found including:</p> <ol style="list-style-type: none"> <li>1. Edits were being created for time periods in which no benefits were issued.</li> <li>2. Edits were being created for Cases that were closed, or for HH members who had been removed from the Household before the edit was created.</li> <li>3. Edits were being created for cases outside of review cycle, thereby creating additional tasks for case management staff.</li> <li>4. Duplicate edits were being generated for several reasons.</li> <li>5. Staff were not addressing the edits in a timely manner.</li> </ol> <p>The issues with the staff not addressing the edits in a timely manner was addressed in the complete restructure of our organization and case management process on April 10, 2023. In this new structure, G1DX edits creates tasks that are served up in a queue as workers work through the workload. G1DX edits on open cases are bundled with pending case actions so that they can be addressed along with the case actions. This change in structure highlighted the shortcomings in the G1DX edit creation process. We expect to have changes to the reports fully tested and in place by early spring, 2024, which will account for a dramatic fall in the number of G1DX edits that are demanding the staffs' time and for a reduction of the backlog of edits.</p>	Spring 2024	Paulette Kendrick, Jeff Rosebeary (OKDHS), Ginger Clayton (OHCA)
2022-031	<p>93.658 – Foster Care</p>	<p>The file without a proper Difficulty of Care document will be corrected immediately. The DHS will also conduct additional training surrounding this finding to reinforce the requirements and improve compliance with policy.</p>	June 2024	Kevin Haddock

		The OKDHS is taking action to bring the annual Foster Home updates current through training employees. Annual updates are required by DHS policy, but DHS policy also grants Foster Home continuous approval unless action is taken by either party to terminate the contract or close the home. There are no eligibility issues on the Foster Homes, but we are not in compliance with DHS policy.		
2022-037	93.558 – TANF	Currently, Business Intelligence has a query that checks for adults approaching their time limit and any approaching 60 months. Moving forward they are updating the process to create a table that compares that number of months reported on the FTANF report to the current months of TANF received for each adult recipient. This should resolve any issues caused by only validating the number of months received for adults approaching the time-limit for TANF and validate the entirety of the populations' months as reported.	December 19, 2023	Rhonda Archer & Jeff Rosebeary
2022-041	10.542 – P-EBT	<p>DHS - The P-EBT program was rapidly developed and implemented to meet the emergent nutritional needs of students and children affected by school and childcare closures during the pandemic. It was an unprecedented situation that required swift action to ensure no child went hungry due to the national health emergency. Upon reviewing the instances of incorrect benefit calculation and eligibility determination, we recognize that the program's rapid deployment, while necessary, led to some oversights. Should there be a need for a future emergency or permanent program, we assure you that the lessons learned from this experience will significantly inform its structure and execution. We will execute improvements in our internal controls and validation/reconciliation processes to mitigate concerns similar to those identified in the audit.</p> <p>We are working in conjunction with OSDE to correct the exceptions noted. The PEBT program has now expired.</p> <p>OSDE - The P-EBT process was put in place by Congress to help children during school closures due to the pandemic. It was an unprecedented time for the country and P-EBT was the process that was put in place to ensure children had funds for food during the Federal health emergency. The States were tasked with standing up a brand new program in the middle of a pandemic and based on that the processes put in place things were overlooked, We recognize errors were made and we have learned from those errors. Internal controls will be evaluated and corrected where needed. We will work with DHS to correct any exceptions noted. The P-EBT program has now expired.</p>	March 30, 2024	Sondra Shelby (DHS) Jennifer Weber (ODE)
2022-042	10.542 – P-EBT	<p>The FNS-46 and FNS-388 reports are correctly stated. The original reports were prepared using an internal report and we did not identify the correct data. We discovered that while preparing the information for the audit and immediately corrected all reports. We advised the auditors about the corrections immediately. The FNS encourages States to correct any report if new information comes to light. These reporting issued are fully corrected.</p> <p>The FNS-292B report is on the United States Department of Agriculture's reporting system. This system will only allows the user to enter one new reporting month at a time and you must wait until the USDA approves that report</p>	March 30, 2024	Matthew Conley & Damian Lim

		<p>before entering the next month. The system will automatically delete the previous unapproved monthly report if you enter another report. We failed to note this on one reporting month and a report was deleted by the reporting system. We will obtain all the issuance amounts and recipient count data for PEBT from our AFS analyst group and recalculate the amounts that should have been reported. We will contact FNS to determine how we can correct any errors that may be discovered in that process.</p> <p>The PEBT program has expired but we will use the lessons learned to place better controls in place for any programs of a similar nature going forward.</p>		
2022-048	93.558 – TANF	<p>We agree that the Form 08TW013E was not present in the case file, but a missing form does not in and of itself constitute an error on the ACF-199 report.</p> <p>We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue.</p>	September 30, 2022	Rhonda Archer
2022-054	93.778 - Medicaid	<p>OHCA Member Audits requests updates from OKDHS and OMES continuously to work toward obtaining the information for ongoing review.</p> <p>OKDHS has resolved all issues preventing jobs from running as expected and monitors to ensure jobs are running. The Lottery Commission data exchange is now in production and being utilized by the Oklahoma Human Services (OKDHS) as of August 14, 2023.</p> <p>OMES, the contracted entity coordinating data exchange job reports from OKDHS to OHCA for monitoring, has not completed its work. OHCA has been working with OKDHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. Once received, OHCA will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OKDHS to determine the appropriate remedy occurred to address the failed job.</p>	March 2024	Ginger Clayton
2022-057	93.558 – TANF	<p>A directive came from the OCSS to not penalize TANF recipients for non-cooperation during this period due to the pandemic. Non-Coop penalties have now been restored within DHS. In the future, DHS will not waive non coop penalties unless directed to do so by federal awarding agencies.</p>	July 2022	Rhonda Archer
2022-058	93.558 – TANF	<p>The AS400 based cost allocation system used for many years ceased to function properly in January of 2022. We were forced to manually calculate allocated costs in March and convert to a new automated system in June of 2022. This is an extremely complex process and some errors in the pool allocations were made. We posted corrections in June 2023 on schedule 17 and the related cost adjustment have been processed.</p> <p>The cost allocation system is new, and we have developed additional procedures and reviews that reduce risk in the areas of concern addressed in this finding.</p>	June 2023	Kevin Haddock

2022-059	93.558 – TANF	<p>We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.</p> <p>We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue.</p>	June 9, 2022	Rhonda Archer
2022-060	93.558 – TANF	<p>We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.</p> <p>We began a restructure of the entire statewide TANF staff as part of our overall corrective action plan last year. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of 2 Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning in October 2022. We conducted an all TANF staff back to basics training which included addressing the specific items noted on this finding. We were able to address this to the entire TANF unit at the same time on 06/09/2022.</p>	June 9, 2022	Rhonda Archer
2022-061	93.558 – TANF	<p>We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.</p> <p>We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue. We expect improvement in the compliance in the 2023 audit.</p>	June 9, 2022	Rhonda Archer
2022-062	93.558 – TANF	<p>We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.</p> <p>We are working with systems to try to make ACES automatically attach to the applications. Until that is accomplished, we are continual training new staff in TANF academy to make sure that ACES are attached to all applications. We conducted an all TANF staff back to basics training addressing uploading the ACES Screens at all applications and renewals when reviewed as well as documenting in case notes. We expect improvement in the compliance in the 2023 audit.</p>	September 30, 2022	Rhonda Archer



2022-063	93.558 – TANF	<p>These were child only cases. The adult in each case was not required to participate in TANF work as they were not included in the TANF benefits and receiving SSI at this time. These two cases were coded incorrectly but were eligible.</p> <p>Our statewide training and TANF Academy that began in 2022 both include training on how to code cases correctly.</p>	March 1, 2024	Rhonda Archer
2022-064	93.558 – TANF	<p>We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.</p> <p>We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue. We expect improvement in the compliance in the 2023 audit.</p>	September 30, 2022	Rhonda Archer
2022-065	93.558 – TANF	<p>We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training which addressed this issue.</p>	September 30, 2022	Rhonda Archer
2022-066	93.558 – TANF	<p>We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.</p> <p>We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue. We expect improvement in the compliance in the 2023 audit.</p>	September 30, 2022	Rhonda Archer
2022-067	93.558 – TANF	<p>Medicaid was the primary example used in the discussion with OKDHS management and as it applies to children in custody since children in custody have Medicaid. Children not in custody who are clients of Medicaid, SNAP, TANF, and Childcare are also able to be funded with TANF funds. This test only looked at the documentation used to determine custody children as eligible for TANF. The OCS liaison researches other programs that this child could be a client of and marks the log as whether any other programs serve this child therefore making them eligible for TANF. This is consistent with the previously submitted corrective action plan to the State Auditor and Inspectors office, the Public Assistance Cost Allocation Plan, and the TANF state plan.</p>	N/A	Kevin Haddock
2022-068	93.558 – TANF	<p>The AS400 based payment system that was in place at the time of the audit was retired at the end of July in 2022. The AS400 relied on the invoice processor to determine if the proper approval was obtained based on a review of a physical signature. The AS400 was replaced with a system that has a workflow for processing, approval, and payment of invoices. Specific people are authorized to approve</p>	August 2022	Kayla Urtz

		<p>invoices for each division, and they are set up with specific authorities within the system. The system determines the correct authorized individual/individuals for approval of each specific invoice and notifies them via e-mail. They log on to the system and approve/deny payment after their review. The log on credentials validate that the correct individual approves the invoice and records who approved it. This systematic workflow eliminates human error in the process of determining if the correct individual physically approved an invoice.</p>		
2022-074	93.778 - Medicaid	<p>OKDHS and OHCA are evaluating system changes required to move Medicaid eligibility for TANF recipients to the MAGI eligibility process. OKDHS will have to move forward with their required changes prior to the OHCA implementation as the two systems work together to direct eligibility to the proper system. The agencies are in the process of creating requirements based on the necessary changes and at this time estimate the changes will be completed by June 30, 2024.</p> <p>OHCA Member Audit will begin a post corrective action audit for a minimum of three months to ensure all aspects of the eligibility on the parts of both agencies are processing members receiving TANF under the appropriate rules. If issues persist the agencies will be required to identify additional corrective actions and further reviews will be completed by OHCA.</p>	June 30, 2024	<p>April Anonsen (OKHCA), Carla McCarrell-Williams (OKDHS), Ginger Clayton (OKHCA)</p>



**➤ Financial Services**

**STATE OF OKLAHOMA – SINGLE AUDIT  
 CORRECTIVE ACTION PLAN  
 2 CFR § 200.511(c)  
 SFY 2022**

<b>Finding Number</b>	<b>Subject Heading and program Federal Program Name</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-101	84.126 - Vocational Rehabilitation Services Program	A correction plan has already been completed in the form of training conducted by Field Services Coordinators who oversee field operations that occurred between August 2022 through October 2022. All Vocational Rehabilitation Counselors and Rehabilitation Technicians, and Program Managers received VR 101 training which covered all topics case related. In addition to this training all new VR counselors and Rehabilitation Technicians coming into the VR program receive new employee orientation which covers case processes. Further corrections will be on going and addressed through consistent case reviews performed by our Process Improvement staff as well as our Field Services Coordinators and Programs Managers.	October 31, 2022  Trainings are on-going	Mark Kinnison

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Executive Director Melinda Fruendt  
 Commissioners Janet C. Barresi, DDS, Theresa Flannery and Wes Hilliard  
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OKLAHOMA DEPARTMENT OF TRANSPORTATION  
 STATE OF OKLAHOMA – SINGLE AUDIT  
**CORRECTIVE ACTION PLAN**  
 2 CFR § 200.511(c)  
 SFY 2022

Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-024	20.509 - Formula Grants for Rural Areas	<p>We concur with the auditor’s recommendation. Since we became aware of this issue, we have created a central depository for all audit work papers of these types and are now placing all work papers in that central depository. We have also established an additional review process to review a sample of those work papers, this is beyond the manager review that already occurs. We will also work with OMPT in the development of a process to review audit results which are shared with OMPT for monitoring activities.</p> <p>OMPT will develop &amp; implement procedures to ensure risk assessments are completed annually &amp; the audit spreadsheet is updated monthly if deadlines are not met. We also plan to include CWO to implement a process for audit reviews &amp; results are shared with OMPT for monitoring activities.</p>	<p>January 31, 2024 - CWO findings</p> <p>03/2024 – OMPT findings</p>	<p>Holly Lowe, CWO</p> <p>Eric Rose/Jared Schwennesen/ OMPT</p>
2022-056	20.509 - Formula Grants for Rural Areas	<p>We concur with the auditor’s recommendation. Office of Mobility &amp; Public Transit (OMPT) implemented 100% documentation requirements for all subrecipient monthly claims as of 01/2022. Project Managers review all 100% of the supporting documentation to ensure allowability prior to reimbursement.</p>	Completed	Eric Rose/Jared Schwennesen
2022-079	20.509 - Formula Grants for Rural Areas	<p>We concur with the auditor’s recommendation to strengthen Internal Controls to follow weekly billing procedures properly. Additionally, staff training is ongoing to ensure draws are properly reviewed and adequately supported with approved documentation.</p> <p>The Office of Mobility and Public Transit (OMPT) is on an ECHO suspension from the Federal Transit Administration (FTA), which has been in effect since the last tri-annual review in 2021. ECHO is the system used by FTA for</p>	February 29, 2024	Sam Ddamba/ Robert Hackney

		reimbursement. Consequently, this creates an impact on the weekly billing timing. The preauthorization approval process includes the following: OMPT provides all documentation to FTA for review. Once reviewed, conditional approval is provided to enable the department to submit the ECHO reimbursement request.		
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*“The mission of the Oklahoma Department of Transportation is to provide a safe, economical, and Effective transportation network for the people, commerce and communities of Oklahoma.”*

## **Summary Schedule of Prior Audit Findings**



**STATE OF OKLAHOMA – CARES FORWARD  
STATE OF OKLAHOMA – SINGLE AUDIT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022**

**ALN:** 21.019  
**Finding No:** 2021-072  
**Federal Program Name:** Coronavirus Relief Fund  
**Status:** Corrected

**ALN:** 21.023  
**FINDING NO:** 2021-080  
**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA)  
**STATUS:** Not Corrected

Reason for recurrence: OMES received the FY2021 findings for this program after FY2022 ended. Also, due to the nature of the relationship, the state maintains that the administrators contracted to deploy the Emergency Rental Assistance Program were in fact vendors and not subrecipients. However, because the state auditors office disagrees with this designation, the state has endeavored to follow the monitoring requirements until a determination is made by Treasury.

Actions taken: No actions taken. OMES received the FY2021 finding for this program after FY2022 ended.

Actions remaining: Awaiting determination of Treasury on the nature of the relationship between the state and its partners.

**ALN:** 21.023  
**FINDING NO:** 2021-081  
**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA)  
**STATUS:** Not Corrected

Reason for recurrence: OMES received the FY2021 findings for this program after FY2022 ended. Also, due to the nature of the relationship, the state maintains that the administrators contracted to deploy the Emergency Rental Assistance Program were in fact vendors and not subrecipients. However, because the state auditors office disagrees with this designation, the state has endeavored to follow the monitoring requirements until a determination is made by Treasury.

Actions taken: OMES contracted with Eide Bailly for monitoring services. This report was provided to SAI 10/25/2023. The OMES Grants Management Office was also stood up to assist with subrecipient monitoring for future federal grants awarded at a statewide level.

Actions remaining: There is no additional action needed.

**ALN:** 21.019  
**Finding No:** 2020-083, 2021-084  
**Federal Program Name:** Coronavirus Relief Fund  
**Status:** Partially Corrected

Reason for Recurrence: Due to the short term nature of this program, part of the action plans to correct findings were forward looking to make improvements for future centralized grants.



Actions Remaining: As the Coronavirus Relief Fund grant has expired, CARES FORWARD no longer exists. OMES will review the reimbursements contained in the bulleted samples and will present its determinations once the review is complete.

Additionally, completed third party audits performed on the 2 of the 3 subrecipients for fiscal year 2022 noted no questioned or unallowable costs related to federal expenditures. OMES is not yet in receipt of a third party audit for the remaining subrecipient.

**ALN:** 21.019  
**Finding No:** 2021-085  
**Federal Program Name:** Coronavirus Relief Fund  
**Status:** Corrected

**ALN:** 21.019  
**Finding No:** 2021-091  
**Federal Program Name:** Coronavirus Relief Fund  
**Status:** Corrected

**ALN:** 21.019  
**Finding No:** 2020-080, 2020-081, 2021-094  
**Federal Program Name:** Coronavirus Relief Fund  
**Status:** Partially Corrected

Reason for Recurrence: Due to the short term nature of this program, part of the action plans to correct findings were forward looking to make improvements for future centralized grants.

Actions Remaining: As the Coronavirus Relief Fund grant has expired, CARES FORWARD no longer exists. The CARES Forward team developed procedures during rapid deployment of \$1.2 billion of pandemic relief funding and, later in the process, in response to certain previous single audit findings. Specifically, In June of 2021, OMES established a Grants Management Office (GMO) as a central agency resource to oversee and ensure compliance for specific grant programs. The GMO previously designed and implemented, and currently continues to improve, its controls to ensure that expenditures are properly incurred pursuant to the federal award and associated guidance. OMES will review the bulleted samples, the reimbursement to OESC, and OMES will present its determinations after it has conducted its review.

**ALN:** 21.023  
**FINDING NO:** 2021-105  
**FEDERAL PROGRAM NAME:** Emergency Rental Assistance (ERA)  
**STATUS:** Corrected





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**STATE OF OKLAHOMA/OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES**  
**STATE OF OKLAHOMA – SINGLE AUDIT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(b)**  
**SFY 2022**

**ALN:** 84.425C

**Finding No:** 2021-019

**Federal Program Name:** Education Stabilization Fund - GEER

**Status:** Partially Corrected

**Reason for recurrence:** The Single Audit Report for the Fiscal Year Ended June 30, 2021 (2021 Single Audit) was not published until June 27, 2023. Accordingly, the response provided in the 2021 Single Audit represented the status as of the end of the fiscal year ended June 30, 2022.

**Actions taken:** The Single Audit Report for the Fiscal Year Ended June 30, 2021 (2021 Single Audit) was not published until June 27, 2023. Accordingly, the response provided in the 2021 Single Audit represented the status as of the end of the fiscal year ended June 30, 2022.

**Actions remaining:** OMES, through the Grants Management Office, has continued to hold periodic meetings with the USDOE to provide additional detail and complete the requests made of the State by the USDOE regarding GEER. OMES has completed a review of the Bridge the Gap program and provided this information to the USDOE. Additionally, OMES completed the review of Stay in School Scholarship program enrollment eligibility and has provided that information to the USDOE.

**ALN:** 84.425C

**Finding No:** 2021-060

**Federal Program Name:** Education Stabilization Fund - GEER

**Status:** Corrected

**Finding No:** 2021-078

**Federal Program Name:** Education Stabilization Fund - GEER

**Status:** Corrected

**ALN:** 84.425C

**Finding No:** 2021-109

**Federal Program Name:** Education Stabilization Fund - GEER

**Status:** Partially Corrected

**Reason for recurrence:** The Single Audit Report for the Fiscal Year Ended June 30, 2021 (2021 Single Audit) was not published until June 27, 2023. Accordingly, the response provided in the 2021 Single Audit represented the status as of the end of the fiscal year ended June 30, 2022.

**Actions taken:** The 2021 Single Audit was not published until June 27, 2023. Accordingly, the response provided in the 2021 Single Audit represented the status as of the end of the fiscal year ended June 30, 2022

**Actions remaining:** OMES has continued to work with the USDOE and provide responses to all requests made in relation to GEER. In addition, OMES has continued to develop the Grants Management Office as indicted in the 2021 Single Audit Corrective Action Plan. OMES anticipates that the Grants Management Office will continue to develop and mature into the future.



OKLAHOMA STATE  
DEPARTMENT *of* EDUCATION

STATE OF OKLAHOMA – SINGLE AUDIT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022

**ALN:** 10.558

**Finding No:** 2021-018

**Federal Program Name:** Child and Adult Care Food Program (CACFP)

**Status:** Corrected

**ALN:** 10.558

**Finding No:** 2021-020, 2020-073

**Federal Program Name:** Child and Adult Care Food Program (CACFP)

**Status:** Corrected

**ALN:** 10.558

**Finding No:** 2021-021, 2020-002, & 2020-07

**Federal Program Name:** Child and Adult Care Food Program (CACFP)

**Status:** Corrected

**ALN:** 84.425D

**Finding No:** 2021-036

**Federal Program Name:** Education Stabilization Fund (ESF); Elementary and Secondary School Emergency Relief (ESER) Fund

**Status:** Partially Corrected

**Reason for recurrence:** The partnership with the third-party consulting firm was not established until January 30, 2023.

**Actions taken:** OSDE, in partnership with a third-party consulting firm, has developed a formalized procedure for FFATA reporting that includes an established timeline and calendar notifications/reminders for the staff members involved in the FFATA process to report in timely manner in compliance with USDE requirements.

**Actions remaining:** FFATA reports should be completed timely and in compliance with USDE requirements due to the partnership with the third-party consulting firm.



**PREPAREDNESS  
RESPONSE  
RECOVERY  
MITIGATION**

**STATE OF OKLAHOMA – SINGLE AUDIT SUMMARY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022**

**ALN:** 97.036

**Finding No:** 2018-012

**Program Name:** Disaster Grants – Public Assistance

**Status:** Corrected

**ALN:** 97.036

**Finding No:** 2020-066, 2021-073

**Program Name:** Disaster Grants – Public Assistance

**Status:** Partially Corrected

**Reason for recurrence:** The agency was unable to update their subrecipient monitoring processes for state fiscal year 2022.

**Actions taken:** The agency updated the Subrecipient Monitoring Standard Operating Procedures in August of 2023. The revised SOP can be found here, SOP 3.1.2 Agency Subrecipient Monitoring Policy. Approximately 773 PA projects were monitored in calendar year 2023, proof of monitoring can be provided. PA monitoring activities are recorded in SharePoint and OKEMGrants.

**Actions remaining:** A full implementation of the Monitoring SOP has not yet been adopted across all programs; we anticipate it being implemented by June 30, 2024.

**ALN:** 97.036

**Finding No:** 2021-041

**Program Name:** Disaster Grants – Public Assistance

**Status:** Corrected

**ALN:** 97.036

**Finding No:** 2021-045

**Program Name:** Disaster Grants – Public Assistance

**Status:** Corrected



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**STATE OF OKLAHOMA – SINGLE AUDIT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022**

**ALN:** 17.225

**Finding No:** 2021-001

**Federal Program Name:** Unemployment Insurance Program

**Status:** Partially Corrected

**Reason for recurrence:** The agency continuously makes fraud prevention a priority and is engaging with federal partners, other state agencies and vendor partners to be vigilant in anticipating trends in fraud activity. While we believe we are expending appropriate levels of effort in this area, the complexity and ever-changing nature of the fraud space makes it difficult to mitigate this risk entirely.

**Actions taken:** In addition to ongoing efforts to strengthen internal processes to identify fraudulent claims, in November 2022, the agency implemented an enhanced version of VerifyOK. This version enables a much higher degree of accuracy to ensure identity of claimants thus minimizing the possibility of fraud.

**Actions remaining:** As mentioned above, the agency will continue to make fraud prevention a priority to minimize the possibility of fraud, but we also expect this to be a difficult risk to fully mitigate.

**ALN:** 17.225

**Finding No:** 2021-002

**Federal Program Name:** Unemployment Insurance Program

**Status:** Corrected

**ALN:** 17.225

**Finding No:** 2021-011

**Federal Program Name:** Unemployment Insurance Program

**Status:** Partially Corrected

**Reason for recurrence:** Aged and/or antiquated technologies are at the root of the cause for the challenges the agency faces in the area of reliable data capture and reporting.

**Actions taken:** A technology implementation project is currently underway to replace the current Oklahoma Job Match platform.

**Actions remaining:** Completion of the technology project is expected during 2024 and is expected to address the issues underlying this finding.

**ALN:** 17.225

**Finding No:** 2021-012

**Federal Program Name:** Unemployment Insurance Program

**Status:** Corrected

**ALN:** 17.225

**Finding No:** 2021-022

**Federal Program Name:** Unemployment Insurance Program  
**Status:** Not Corrected

**Reason for recurrence:** Aged and/or antiquated technologies are at the root of the cause for the challenges the agency faces in the area of reliable data capture and reporting.

**Actions taken:** A technology implementation project is currently underway to replace the current Oklahoma Job Match platform.

**Actions remaining:** Completion of the technology project is expected during 2024 and is expected to address the issues underlying this finding.

**ALN:** 97.050  
**Finding No:** 2021-042  
**Federal Program Name:** Lost Wage Assistance  
**Status:** Not Corrected

**Reason for recurrence:** The finding is no longer warranted because the program ended in SFY 2022 before the SFY 2021 findings were received.

**ALN:** 97.050  
**Finding No:** 2021-071  
**Federal Program Name:** Lost Wage Assistance  
**Status:** Not Corrected

**Reason for recurrence:** The finding is no longer warranted because the program ended in SFY 2022 before the SFY 2021 findings were received.

**ALN:** 97.050  
**Finding No:** 2021-093  
**Federal Program Name:** Lost Wage Assistance  
**Status:** Not Corrected

**Reason for recurrence:** The finding is no longer warranted because the program ended in SFY 2022 before the SFY 2021 findings were received.

**ALN:** 97.050  
**Finding No:** 2021-095  
**Federal Program Name:** Lost Wage Assistance  
**Status:** Not Corrected

**Reason for recurrence:** The finding is no longer warranted because the program ended in SFY 2022 before the SFY 2021 findings were received.

**ALN:** 17.225  
**Finding No:** 2021-114  
**Federal Program Name:** Unemployment Insurance Program  
**Status:** Corrected

**ALN:** 17.225  
**Finding No:** 2021-290-013  
**Federal Program Name:** Unemployment Insurance Program  
**Status:** Partially Corrected

**Reason for recurrence:** The agency continuously makes fraud prevention a priority and is engaging with federal partners, other state agencies and vendor partners to be vigilant in anticipating trends in fraud activity. While we believe we are expending appropriate levels of effort in this area, the complexity and ever-changing nature of the fraud space makes it difficult to mitigate this risk entirely.

**Actions taken:** In addition to ongoing efforts to strengthen internal processes to identify fraudulent claims, in November 2022, the agency implemented an enhanced version of VerifyOK. This version enables a much higher

degree of accuracy to ensure identity of claimants thus minimizing the possibility of fraud.

**Actions remaining:** As mentioned above, the agency will continue to make fraud prevention a priority to minimize the possibility of fraud, but we also expect this to be a difficult risk to fully mitigate.

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**STATE OF OKLAHOMA – SINGLE AUDIT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022**

**ALN:** 10.557

**Finding No:** 2021-030

**Federal Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

**Status:** Not Corrected (as of June 2022)

**Reason for Recurrence:** The leadership responsible for this did not follow procedures and are no longer employed in Finance or with OSDH.

**Actions Taken:** Regarding the follow-up on finding 2021-030 and how it is impacted by the finding mentioned in the SFY 2022 audit, these are two separate issues with two separate programs. Over a two-year period, Finance has taken the following actions:

1. Regarding the timely reconciliation between the “Time & Effort” system and the general ledger, the system used in 2021 has since been de-commissioned. Currently, OSDH uses WorkDay to input actual time worked. Workday is reconciled monthly, by program, to the time booked on the general ledger on the PeopleSoft system. A final reconciliation between Workday and the GL is completed at the close-out of each grant to determine if there is any difference and any necessary adjusting entry is then completed.
2. In regard to a lack of controls related to time recording, Finance has simplified the COA from 1.5M to 500 options to limit employees coding incorrectly, locked down access where possible; are continuing to emphasize supervisor review. In July 2023 Payroll began providing a weekly payroll spreadsheet on a Teams Page (POC chat) for all agency Points of Contacts.

**Actions Remaining:** Finance is working with Innofin Solutions to create reporting in Hyperion to provide a payroll variance report along with additional reports to ensure more accurate reporting for the SEFA.

**ALN:** 10.557

**Finding No:** 2021-061

**Federal Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

**Status:** Not Corrected (as of June 2022)

**Reason for Recurrence:**

1. The finding for 2021-061 was impacted by temporary procedures put into place to accommodate a fast move to telework during the COVID-19 pandemic. The temporary procedures allowed agencies to submit vouchers without scanning and attaching the supporting documentation. Agencies were to retain the documentation to be made available upon request.
2. Finding 2022-204 was mentioned as the source for follow-up on 2021-061. OSDH provided the information on 12-19-2023; however, it was after the request date.

**Actions Taken:**

1. Management submitted responses from the programs that provided explanations and support and considers this corrected and closed.

2. Management has added a layer of oversight by reorganizing Procurement and Warehousing functions under a new centralized Logistics team to ensure transparency and adherence to all state and federal purchasing requirements. One of the primary initiatives of this new organization is to establish a single inventory and asset tracking system to support all agency programs to ensure internal controls are consistently applied.

Actions Remaining: None

**ALN:** 10.557

**Finding No:** 2021-086

**Federal Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

**Status:** Corrected

**ALN:** 21.019

**Finding No:** 2021-091

**Federal Program Name:** Coronavirus Relief Fund (CRF)

**Status:** Corrected

**ALN:** 10.557

**Finding No:** 2021-096

**Federal Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

**Status:** Not Corrected (as of June 2022)

Reason for Recurrence: The leadership responsible for this did not follow procedures and are no longer employed in Finance or with OSDH.

Actions Taken: In 2023, OSDH established a dedicated employee to be responsible for tracking audit requests and ensuring a timelier response to all requests going forward. Management has also revised the current report structure of the dedicated employee to report directly to the Deputy CFO to help eliminate any bottlenecks and delays in providing responses. Management has also recently added a new Deputy CFO to the leadership team, with a background in Auditing, to be designated as the primary contact person on OSDH audits.

Actions Remaining: None.

**ALN:** 10.557

**Finding No:** 2018-071

**Federal Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

**Status:** 'Do Not Warrant Further Actions'

- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru in not currently following up with the auditors on the finding •
- A management decision was not issued.

**ALN:** 93.268

**Finding No:** 2019-084

**Federal Program Name:** Immunization Cooperative Agreements

**Status:** Status: 'Do Not Warrant Further Actions'

- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru in not currently following up with the auditors on the finding •
- A management decision was not issued.



ALN: 93.917

Finding No: 2019-070

Federal Program Name: HIV Care Formula Grant

Status: Status: 'Do Not Warrant Further Actions'

- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru is not currently following up with the auditors on the finding •
- A management decision was not issued.



**Ellen M. Buettner** | Chief Executive Officer

**J. Kevin Stitt** | Governor

**ALN:** 93.767; 93.778

**Finding No:** 2019-025, 2020-021, 2021-014

**Federal Program Name:** Children's Health Insurance Program; Medicaid Cluster

**Status:** Not Corrected

**Reason for recurrence:** Clearing GIDX exceptions is a manual process that involves hundreds of caseworkers across the state. Oklahoma Human Services (OKDHS) has provided training and emphasized the importance of clearing exceptions in a timely manner. OKDHS should continue their work to improve the timeliness of clearing GIDX exceptions.

**Actions remaining:** OKDHS is implementing a new structure for GIDX edits to create tasks in a queue as workers work through the workload. GIDX edits on open cases will be bundled with pending case actions so that they can be addressed along with the case actions. The OHCA Member Audit division continues to review cases and monitor OKDHS progress to ensure GIDX cases are timely and appropriately resolved.

**ALN:** 93.778

**Finding No:** 2019-089, 2020-034, 2021-026

**Federal Program Name:** Medicaid Cluster

**Status:** Partially Corrected

**Reason for recurrence:** The timing of the finding and implementation of the corrective action occurred within a nine-month period and encompassed multiple state fiscal years (SFY) – 2021, 2022, and 2023. The SFY 2021 Single Audit finding reporting the Lottery Exchange deficiency was reported to OHCA during SFY 2023 (December 2022). Corrective action implementation took place during SFY 2024 (August 2023). All other corrective action was implemented prior to SFY 2022.

**Actions taken:** Correction of the IRS/SSA data exchange failures occurred immediately.

**Actions remaining:** The Lottery Commission change order is now in production and being utilized by the OKDHS) as of August 14, 2023. OKDHS. Corrective Action was implemented during SFY 2024 (August 2023).

OKDHS has resolved all issues preventing jobs from running as expected and monitors to ensure jobs are running; however, the Oklahoma Office of Management and Enterprise Services (OMES), the contracted entity coordinating data exchange job reports from OKDHS to OHCA for monitoring, has not completed its work. OHCA Member Audit requests updates from OKDHS and OMES continuously to work toward obtaining the information for ongoing review.

**ALN:** 93.778

**Finding No:** 2021-028

**Federal Program Name:** Children's Health Insurance Program; Medicaid Cluster

**Status:** Partially Corrected

**Reason for recurrence:** The system change was not put into production until May 1, 2023, at the end of the public health emergency (PHE), due to a need to avoid inappropriate notices being sent to members.

**Actions taken:** OHCA has corrected the notice issue for terminated benefits since the end of the PHE. Corrective action was fully implemented on May 1, 2023. Corrective action was implemented during SFY 2023.

OKDHS has implemented corrections to their termination notices. Death notices are in production. Corrective action was implemented during SFY 2024.



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**Ellen M. Buettner** | Chief Executive Officer

**J. Kevin Stitt** | Governor

**Actions remaining:** OKDHS and OHCA are evaluating system changes required to move Medicaid eligibility for Temporary Assistance for Needy Families (TANF) recipients to the Modified Adjusted Gross Income (MAGI) eligibility process. OKDHS will have to move forward with their required changes prior to the OHCA implementation as the two systems work together to direct eligibility to the proper system. The agencies are in the process of creating requirements based on the necessary changes and at this time estimate the changes will be completed by June 30, 2024.

OHCA Member Audit will begin a post corrective action audit for a minimum of three months to ensure all aspects of the eligibility on the parts of both agencies are processing members receiving TANF under the appropriate rules. If issues persist the agencies will be required to identify additional corrective actions and further reviews will be completed by OHCA.

**ALN:** 93.767; 93.778

**Finding No:** 2019-087, 2020-045, 2021-069

**Federal Program Name:** Children’s Health Insurance Program; Medicaid Cluster

**Status:** Not Corrected

**Reason for recurrence:** OHCA temporarily stopped income verification requests and changes due to data matches to prevent closures during the public health emergency (PHE).

**Actions remaining:** The last corrections were complete effective August 22, 2023 to move members to a higher coverage level. Corrective action has been implemented. Corrective action was implemented during SFY 2024.

**ALN:** 93.778

**Finding No:** 2020-051, 2021-008

**Federal Program Name:** Medicaid Cluster

**Status:** Partially Corrected

**Reason for recurrence:** A vendor was leveraged to implement to the National Correct Coding Initiative (NCCI) edit codes into the sub-system. In addition to the time taken to procure the vendor, testing occurred in early SFY 2022, prior to implementation by the end of SFY 2022.

**Actions remaining:** Phase 1 professional service edits went live January 3, 2022. Phase 2 institutional edits went live April 29, 2022.

For the Medically Unlikely Edits (MUEs), a stricter version of the NCCI requirements were implemented. The entire line will be denied if the provider bills over the limit. OHCA continuously utilizes the CMS MUEs to guide the limits placed in the system.

Corrective action was implemented by the end of SFY 2022.

**ALN:** 93.778

**Finding No:** 12-807-008, 2013-043, 2014-026, 2015-035, 2016-006, 2017-033, 2018-025, 2019-046, 2020-068, 2021-010

**Federal Program Name:** Medicaid Cluster

**Status:** Not Corrected

**Reason for recurrence:** The agency continues to utilize actions in the “Actions remaining” section to mitigate unallowable claims. Due to the high volume of claims submitted, reviewing every claim is not feasible.



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**Ellen M. Buettner** | Chief Executive Officer

**J. Kevin Stitt** | Governor

**Actions remaining:** The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue National Correct Coding Initiative (NCCI) edit updates, as well as continue with provider training to better educate our providers. The \$286 FFP was returned on the 9/30/2022 CMS-64 report as a Line 10A adjustment referencing 06-21-010SAI. Corrective action has been implemented.

**ALN:** 93.778

**Finding No:** 2020-075, 2021-048

**Federal Program Name:** Medicaid Cluster

**Status:** Not Corrected

**Reason for recurrence:** The overpayment deficiency reported in the SFY 2021 Single Audit was issued to OHCA during SFY 2023. The implementation of the corrective action occurred promptly after the finding was reported. Corrective action implementation took place during SFY 2023 (September 2022).

**Actions remaining:** The historical cases were reported on the September 30, 2022 CMS-64.9C1 report. New procedures were implemented to ensure all overpayments are reported quarterly on the CMS-64.9C1 within one year of discovery. Corrective action was implemented during SFY 2023.

**Fund Type:** General Fund

**Finding No:** 21-807-010

**Federal Program Name:** Accounts Payable & Federal Receivable (GAAP Pkg. Q - Medicaid Payable and Receivable & GAAP Pkg. Z - Schedule of Expenditures of Federal Awards)

**Status:** Not Corrected

**Reason for recurrence:** The report is delivered in a PDF format and hand keyed into the excel spreadsheet. Errors in the manual process caused the deficiency.

**Actions remaining:** The Financial Services Unit developed a work around to address the issue until Gainwell produces the Service Date Reimbursement Analysis Report (MAR-2300-M) as an excel report to transfer the encumbered data to the Encumbered Funds excel more accurately. For the SFY 2023 Statewide Generally Accepted Accounting Principles (GAAP) Package Q: Medicaid Summary, the PDF data was input by an individual other than the one responsible for preparing the spreadsheet and reviewed by the preparer during preparation.



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**STATE OF OKLAHOMA – SINGLE AUDIT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022**

**ALN:** 93.575, 93.596

**Finding No:** 2019-001, 2020-061, 2021-089

**Program Name:** CCDF Cluster

**Status:** Not Corrected

**Reason for Recurrence:** In the past we have not concurred with the auditor’s finding as one additional tick mark on a form does not provide any more assurance than the employees signature stating that all of the steps were performed. We are upgrading the related IT system where these steps are documented and decided this would be a cost-effective time to resolve this issue.

**Actions remaining:** This finding identified a need for IT system changes to the inspection reports. On January 30th, 2023; Child Care Services implemented the “Go-Live” phase of updating the monitoring checklists and summaries to include visual verification that all health and safety requirements are observed during inspections. Child Care Services professional development unit has included a new training module regarding documentation requirements. We expect repeat findings will appear in the 2023 audit as the new system was not implemented until the middle of the fiscal year.

**ALN:** 10.551

**Finding No:** 2018-067, 2019-016, 2020-058, 2021-059

**Program Name:** SNAP Cluster

**Status:** Not Corrected

**Reason for Recurrence:** Due to the late timing of when DHS received the findings for the last two years, corrective action was delayed, and we expected repeat findings. Inventory records were being moved from paper copies to an electronic format from April 2022 to April 2023. We were also updating the destruction process to comply with CFR requirements.

**Actions remaining:** Documented changes have been made to our EBT Handbook in response to the deficiencies identified in the audit, providing clear guidelines for compliance. Real-time monitoring capabilities enable us to promptly identify and address errors, fostering a proactive approach to compliance. We expect repeat findings will appear in the 2023 audit as these changes have been ongoing through the 2023 fiscal year.

**ALN:** 93.558

**Finding No:** 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012, 12-830-001, 2013-034, 2014-020, 2015-014, 2016-013, 2019-025, 2020-021, 2021-014

**Program Name:** Temporary Assistance for Needy Families

**Anticipated Completion Date:** Spring, 2024

**Status:** Not Corrected

**Reason for Recurrence:** Due to the timing of receiving the prior year finding we expected repeat findings. After a comprehensive study of the G1DX edit creation process related to the findings in the 2021 audit, several issues were found including:

1. Edits were being created for time periods in which no benefits were issued.
2. Edits were being created for Cases that were closed, or for HH members who had been removed from the Household before the edit was created.

3. Edits were being created for cases outside of review cycle, thereby creating additional tasks for case management staff.
4. Duplicate edits were being generated for several reasons.
5. Staff were not addressing the edits in a timely manner.

**Actions remaining:** The issues with the staff not addressing the edits in a timely manner was addressed in the complete restructure of our organization and case management process on April 10, 2023. In this new structure, G1DX edits creates tasks that are served up in a queue as workers work through the workload. G1DX edits on open cases are bundled with pending case actions so that they can be addressed along with the case actions. This change in structure highlighted the shortcomings in the G1DX edit creation process. We expect to have changes to the reports fully tested and in place by early spring, 2024, which will account for a dramatic fall in the number of G1DX edits that are demanding the staffs' time and for a reduction of the backlog of edits.

**ALN:** 10.551

**Finding No:** 2019-025, 2020-021, 2021-014

**Program Name:** SNAP Cluster

**Status:** Not Corrected

**Reason for Recurrence:** Due to the timing of receiving the prior year finding we expected repeat findings. After a comprehensive study of the G1DX edit creation process related to the findings in the 2021 audit, several issues were found including:

1. Edits were being created for time periods in which no benefits were issued.
2. Edits were being created for Cases that were closed, or for HH members who had been removed from the Household before the edit was created.
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**ALN:** 93.575, 93.596

**Finding No:** 2019-025, 2020-021, 2021-014

**Program Name:** CCDF Cluster

**Status:** Not Corrected

**Reason for Recurrence:** Due to the timing of receiving the prior year finding we expected repeat findings. After a comprehensive study of the G1DX edit creation process related to the findings in the 2021 audit, several issues were found including:

1. Edits were being created for time periods in which no benefits were issued.
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cases are bundled with pending case actions so that they can be addressed along with the case actions. This change in structure highlighted the shortcomings in the G1DX edit creation process. We expect to have changes to the reports fully tested and in place by early spring, 2024, which will account for a dramatic fall in the number of G1DX edits that are demanding the staffs' time and for a reduction of the backlog of edits.

**ALN:** 93.778

**Finding No:** 2019-025, 2020-021, 2021-014

**Program Name:** Medicaid Cluster

**Status:** Not Corrected

**Reason for Recurrence:** Due to the timing of receiving the prior year finding we expected repeat findings. After a comprehensive study of the G1DX edit creation process related to the findings in the 2021 audit, several issues were found including:

1. Edits were being created for time periods in which no benefits were issued.
2. Edits were being created for Cases that were closed, or for HH members who had been removed from the Household before the edit was created.
3. Edits were being created for cases outside of review cycle, thereby creating additional tasks for case management staff.
4. Duplicate edits were being generated for several reasons.
5. Staff were not addressing the edits in a timely manner.

**Actions remaining:** The issues with the staff not addressing the edits in a timely manner was addressed in the complete restructure of our organization and case management process on April 10, 2023. In this new structure, G1DX edits creates tasks that are served up in a queue as workers work through the workload. G1DX edits on open cases are bundled with pending case actions so that they can be addressed along with the case actions. This change in structure highlighted the shortcomings in the G1DX edit creation process. We expect to have changes to the reports fully tested and in place by early spring, 2024, which will account for a dramatic fall in the number of G1DX edits that are demanding the staffs' time and for a reduction of the backlog of edits.

**ALN:** 93.558

**Finding No:** 2019-027, 2020-040, 2021-088

**Program Name:** Temporary Assistance for Needy Families

**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue.

**ALN:** 93.558

**Finding No:** 2019-043, 2020-035, 2021-065

**Program Name:** Temporary Assistance for Needy Families

**Anticipated Completion Date:** 06/09/2022

**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue.

**ALN:** 93.558  
**Finding No:** 2019-044, 2020-037, 2021-067  
**Program Name:** Temporary Assistance for Needy Families  
**Anticipated Completion Date:** 09/30/2022  
**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** We are working with system developers to try to make ACES automatically attach to the applications. Until that is accomplished, we are continuing training all staff in TANF academy to make sure that ACES are attached to all applications. We conducted an all TANF staff back to basics training addressing uploading the ACES Screens on all applications and renewals when reviewed as well as documenting in case notes.

**ALN:** 93.558  
**Finding No:** 2019-045, 2020-057, 2021-046  
**Program Name:** Temporary Assistance for Needy Families  
**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** We restructured the entire statewide TANF staff as part of our overall corrective action plan. As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue.

**ALN:** 93.667  
**Finding No:** 2019-050, 2020-086, 2021-110  
**Program Name:** Social Services Block Grant  
**Status:** Corrected

**ALN:** 93.658  
**Finding No:** 2017-050, 2018-052, 2019-063, 2020-053, 2021-099  
**Program Name:** Foster Care – Title IV-E  
**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** We are in the process of amending contracts to include the requirements of 2 CFR §200.332 (a). Ten of the 13 pass through entities have been amended as of December 2023 and the remaining three are in process to be completed before the end of State fiscal year 2024.

**ALN:** 93.778  
**Finding No:** 2019-089, 2020-034, 2021-026  
**Program Name:** Medicaid Cluster  
**Status:** Partially Corrected

**Reason for recurrence:** The timing of the finding and implementation of the corrective action occurred within a nine-month period and encompassed multiple state fiscal years (SFY) – 2021, 2022, and 2023. The SFY 2021 Single Audit finding reporting the Lottery Exchange deficiency was reported to OHCA during SFY 2022 (December 2022). Corrective action implementation took place during SFY 2024 (August 2023). All other corrective action was implemented prior to SFY 2022.



**Actions taken:** Correction of the IRS/SSA data exchange failures occurred immediately.

**Actions remaining:** The Lottery Commission change order is now in production and being utilized by the Oklahoma Human Services (OKDHS) as of August 14, 2023. OKDHS. Corrective Action was implemented during SFY 2024 (August 2023).

OKDHS has resolved all issues preventing jobs from running as expected and monitors to ensure jobs are running; however, the Oklahoma Office of Management and Enterprise Services (OMES), the contracted entity coordinating data exchange job reports from OKDHS to OHCA for monitoring, has not completed its work. OHCA Member Audit requests updates from OKDHS and OMES continuously to work toward obtaining the information for ongoing review.

**ALN:** 93.558

**Finding No:** 2020-033, 2021-053

**Program Name:** Temporary Assistance for Needy Families

**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** As of May 1, 2022, we vertically integrated the TANF Staff under the supervision of two Field Managers to bring greater consistency in policy, procedure, and service delivery to our families. We conducted an all TANF staff back to basics training addressing this issue.

**ALN:** 93.558

**Finding No:** 2020-036, 2021-066

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected

**ALN:** 93.575, 93.596

**Finding No:** 2020-038, 2021-079

**Program Name:** CCDF Cluster

**Status:** Corrected

**ALN:** 93.558

**Finding No:** 2021-015

**Program Name:** Temporary Assistance for Needy Families

**Status:** Not Corrected

**Reason for recurrence:** The cause for this finding stems from several changes in administration and personnel without an established process in place to ensure continuity.

**Actions remaining:** Business Intelligence has a query that checks for adults approaching their time limit and any approaching 60 months. Moving forward they are updating the process to create a table that compares that number of months reported on the FTANF report to the current months of TANF received for each adult recipient. This should resolve any issues caused by only validating the number of months received for adults approaching the time-limit for TANF and validate the entirety of the populations' months as reported.

**ALN:** 93.767; 93.778

**Finding No:** 2021-028

**Program Name:** Children's Health Insurance Program; Medicaid Cluster

**Status:** Partially Corrected

**Reason for recurrence:** The system change was not put into production until May 1, 2023, at the end of the PHE, due to a need to avoid inappropriate notices being sent to members.

**Actions taken:** OHCA has corrected the notice issue for terminated benefits since the end of the public health emergency (PHE). Corrective action was fully implemented on May 1, 2023. Corrective action was implemented during SFY 2023.

The Oklahoma Human Services (OKDHS) has implemented corrections to their termination notices. Death notices are in production. Corrective action was implemented during SFY 2024.

**Actions remaining:** OKDHS and OHCA are evaluating system changes required to move Medicaid eligibility for Temporary Assistance for Needy Families (TANF) recipients to the Modified Adjusted Gross Income (MAGI) eligibility process. OKDHS will have to move forward with their required changes prior to the OHCA implementation as the two systems work together to direct eligibility to the proper system. The agencies are in the process of creating requirements based on the necessary changes and at this time estimate the changes will be completed by June 30, 2024.

OHCA Member Audit will begin a post corrective action audit for a minimum of three months to ensure all aspects of the eligibility on the parts of both agencies are processing members receiving TANF under the appropriate rules. If issues persist the agencies will be required to identify additional corrective actions and further reviews will be completed by OHCA.

**ALN:** 93.558

**Finding No:** 2021-029

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected

**ALN:** 10.551

**Finding No:** 2021-037

**Program Name:** SNAP Cluster

**Status:** Corrected

**ALN:** 10.542

**Finding No:** 2021-037

**Program Name:** Pandemic EBT Food Benefits (P-EBT)

**Status:** Corrected

**ALN:** 93.558

**Finding No:** 2021-040

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected

**ALN:** 93.558

**Finding No:** 2021-049

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected

**ALN:** 10.542

**Finding No:** 2021-062

**Program Name:** Pandemic EBT Food Benefits (P-EBT)

**Status:** Not Corrected

**Reason for recurrence:** Additional reporting requirements for COVID funds created additional complexity to the reporting process that was not anticipated when designing the existing internal controls.

**Actions remaining:** We are presently working to obtain system data to correct reporting as needed. The PEBT program has expired but we will use the lessons learned to place better controls in place for any programs of a similar nature going forward.

**ALN:** 93.558

**Finding No:** 2021-064

**Program Name:** Temporary Assistance for Needy Families

**Status:** Not Corrected

**Reason for recurrence:** A directive came from the OCSS to not penalize TANF recipients for non-cooperation during this period due to the pandemic. The 2021 findings were also not received until 2023 so corrective action was delayed.

**Actions remaining:** Non-Coop penalties have now been restored within DHS. In the future, DHS will not waive non coop penalties unless directed to do so by federal awarding agencies.

**ALN:** 93.558

**Finding No:** 2021-068

**Program Name:** Temporary Assistance for Needy Families

**Status:** Not Corrected

**Reason for recurrence:** The Oklahoma Department of Human Services does not concur with the finding.

**Actions remaining:** Medicaid was the primary example used in the discussion with OKDHS management and as it applies to children in custody since children in custody have Medicaid. Children not in custody who are clients of Medicaid, SNAP, TANF, and Childcare are also able to be funded with TANF funds. This test only looked at the documentation used to determine custody children as eligible for TANF. The OCS liaison researches other programs that this child could be a client of and marks the log as whether any other programs serve this child therefore making them eligible for TANF. This is consistent with the previously submitted corrective action plan to the State Auditor and Inspectors office, the Public Assistance Cost Allocation Plan, and the TANF state plan.

**ALN:** 93.558

**Finding No:** 2021-076

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected

**ALN:** 93.659

**Finding No:** 2021-100

**Program Name:** Adoption Assistance

**Status:** Not Corrected

**Reason for recurrence:** The missing documents are required for any case to be approved and proceed. We believe the forms were likely misfiled but we will take immediate action to get these documents added to the case file.

**Actions remaining:** The missing documents are required for any case to be approved and proceed. We believe the forms were likely misfiled but we will take immediate action to get these documents added to the case file. This finding will be added to the next Child Welfare meeting agenda to ensure everyone in this process is aware of the documents required and the importance of properly filing every document.

**ALN:** 93.658

**Finding No:** 2021-101

**Program Name:** Foster Care – Title IV-E

**Status:** Not Corrected

**Reason for recurrence:** We did not receive the 2021 finding until the end of 2022 due to delays from the pandemic. As a result, our corrective action was not put in place until after the beginning of 2023 resulting in repeat findings.

**Actions remaining:** The file without a proper Difficulty of Care document will be corrected immediately. The DHS will also conduct additional training surrounding this finding to reinforce the requirements and improve compliance with policy.

The OKDHS is taking action to bring the annual Foster Home updates current through training employees. Annual updates are required by DHS policy, but DHS policy also grants Foster Home continuous approval unless action is taken by either party to terminate the contract or close the home. There are no eligibility issues on the Foster Homes, but we are not in compliance with DHS policy.

**ALN:** 10.565, 10.568, 10.569

**Finding No:** 2021-106

**Program Name:** Food Distribution Cluster

**Status:** Not corrected

**Reason for recurrence:** This finding was received after the 2022 SEFA process was completed so we were unable to put the put any corrective action in place for 2022.

**Actions remaining:** We have since implemented a review process to review the supporting data to ensure that only funds related to food actually delivered is included in the SEFA.

**ALN:** 93.667

**Finding No:** 2021-107

**Program Name:** Social Services Block Grant

**Status:** Corrected

**ALN:** 10.565, 10.568, 10.569

**Finding No:** 2021-112

**Program Name:** Food Distribution Cluster

**Status:** Corrected

**STATE OF OKLAHOMA – SINGLE AUDIT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
SFY 2022**

**ALN:** 20.509

**Finding No:** 2021-017

**Federal Program Name:** Formula Grants for Rural Areas

**Status:** Not corrected

**Reason for recurrence:** The finding was issued after 6/30/2022; consequently, corrective actions could not be implemented.

**Actions remaining:** Multi-Modal will update the Single Audit Spreadsheet by the date identified, and ongoing throughout the year, to know the audit type required by each sub-recipient. Contract Compliance Division will complete a risk assessment with each subrecipient by 12/31/2022. An employee has been tasked with this responsibility. In addition, the Multi-Modal and Contract Compliance Division now share office space, and ease of communication has increased. Multi-Modal completed the single audit spreadsheet on 9/2022. Contract Compliance will review each annual risk assessment by 12/31/2023.

**ALN:** 20.509

**Finding No:** 2021-044

**Federal Program Name:** Formula Grants for Rural Areas

**Status:** Corrected

**ALN:** 20.205

**Finding No:** 2021-025

**Federal Program Name:** Highway Planning and Construction Cluster

**Status:** Not corrected

**Reason for recurrence:** The finding was issued after 6/30/2022; consequently, corrective actions could not be implemented.

**Actions remaining:** The Contract Compliance Division was created in March of 2022. A major function of the Division is to establish, support, and ensure adequate subrecipient monitoring of ODOT-administered federal programs. The policy was adopted on 7/26/2022.

**ALN:** 20.205

**Finding No:** 2021-051

**Federal Program Name:** Highway Planning and Construction Cluster

**Status:** Not corrected

**Reason for recurrence:** The finding was issued after 6/30/2022; consequently, corrective actions could not be implemented.

**Actions remaining:** The Quality Assurance / Independent Assurance process will be modified to provide an alternative for performance or review/approval in the event of an absence. Effective immediately. Materials Certification procedures are currently in place. We plan on providing training and awareness through the annual Resident Engineer Academy training and the monthly District Engineer meeting to emphasize the required steps for the materials certification documentation.

**ALN:** 20.509

**Finding No:** 2021-058

**Federal Program Name:** Formula Grants for Rural Areas

**Status:** Corrected

**ALN:** 20.205  
**Finding No:** 2021-077  
**Federal Program Name:** Highway Planning and Construction Cluster  
**Status:** Not corrected

**Reason for recurrence:** The finding was issued after 6/30/2022; consequently, corrective actions could not be implemented.

**Actions remaining:** We have reviewed and revised our procedures and instructions to ensure closed projects are processed in a timely basis.

**ALN:** 20.509  
**Finding No:** 2021-082  
**Federal Program Name:** Formula Grants for Rural Areas  
**Status:** Corrected

**ALN:** 20.509  
**Finding No:** 2021-108  
**Federal Program Name:** Formula Grants for Rural Areas  
**Status:** Corrected

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**STATE OF OKLAHOMA**  
**DEPARTMENT OF VETERANS AFFAIRS**

**STATE OF OKLAHOMA – SINGLE AUDIT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(b)**  
**SFY 2022**

**ALN:** 64.015

**Finding No:** 2021-111

**Federal Program Name:** Veterans State Nursing Home Care

**Status:** Corrected



**OKLAHOMA DEPARTMENT OF VETERANS AFFAIRS**

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O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



**Cindy Byrd, CPA | State Auditor & Inspector**

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# **Appendix D**

Form SF 424M

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Administration for Children and Families

Form Approved  
Control No: 4040-0020  
Expires:02/08/2026  
Version 01.2

APPLICATION FOR FEDERAL ASSISTANCE  
SF - 424 - MANDATORY

<b>* 1.a. Type of Submission:</b> <input type="radio"/> Plan <input checked="" type="radio"/> Funding Request	<b>* 1.b. Frequency:</b> <input checked="" type="radio"/> Annual <input type="radio"/> Other  * Other (Specify)	<b>* 1.c. Consolidated Application/Plan/Funding Request?</b>  Explanation:	<b>* 1.d. Version:</b> <input checked="" type="radio"/> Initial <input type="radio"/> Resubmission <input type="radio"/> Revision <input type="radio"/> Update
		2. Date Received:	State Use Only:
		3. Applicant Identifier:	5. Date Received By State:
		4a. Federal Entity Identifier:	6. State Application Identifier:
		4b. Federal Award Identifier:	

7. APPLICANT INFORMATION

\* a. Legal Name: HUMAN SERVICES, OKLAHOMA DEPT OF

* b. Employer/Taxpayer Identification Number (EIN/TIN):	1736017987E1	* c. Organizational UE I:	NML2FG3CVSG5
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\* d. Address:

* Street 1:	P.O. Box 25352	Street 2:	
* City:	OKLAHOMA CITY	County:	
* State:	OK	Province:	
* Country:	United States	* Zip / Postal Code:	73125 -

e. Organizational Unit:

Department Name:	Division Name:
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f. Name and contact information of person to be contacted on matters involving this application:

Prefix:	* First Name: Kevin	Middle Name:	* Last Name: Haddock
Suffix:	Title: director- C.A.R.E.	Organizational Affiliation:	
* Telephone Number: (405) 625-6091	Fax Number: (405) 522-2082	* Email: kevin.haddock@okdhs.org	

\* 8a. TYPE OF APPLICANT:  
A: State Government

b. Additional Description:

\* 9. Name of Federal Agency:

Administration for Children and Families, Office of Community Services

	Catalog of Federal Domestic Assistance Number:	CFDA Title:
10. CFDA Numbers and Titles 1	93.667	Social Services Block Grant

11. Descriptive Title of Applicant's Project  
Child and Adult Protective Services

12. Areas Affected by Funding:  
Child Welfare and Adult Protective Services

13. CONGRESSIONAL DISTRICTS OF:

* a. Applicant 05	b. Program/Project:
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Attach an additional list of Program/Project Congressional Districts if needed.

14. FUNDING PERIOD: 15. ESTIMATED FUNDING:

a. Start Date: 10/01/2024	b. End Date: 09/30/2025	* a. Federal (\$): \$0	b. Match (\$): \$0
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\* 16. IS SUBMISSION SUBJECT TO REVIEW BY STATE UNDER EXECUTIVE ORDER 12372 PROCESS?

a. This submission was made available to the State under the Executive Order 12372

Process for Review on :

b. Program is subject to E.O. 12372 but has not been selected by State for review.

c. Program is not covered by E.O. 12372.

\* 17. Is The Applicant Delinquent On Any Federal Debt?

YES  
 NO

Explanation:

18. By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

\*\*I Agree

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

18a. Typed or Printed Name and Title of Authorized Certifying Official  
Kevin Haddock

18c. Telephone (area code, number and extension)

18d. Email Address  
kevin.haddock@okdhs.org

18b. Signature of Authorized Certifying Official



18e. Date Report Submitted (Month, Day, Year)  
08/13/2024

**Attach supporting documents as specified in agency instructions.**

# **Appendix E**

FFR Form SF-425

**FEDERAL FINANCIAL REPORT**

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted <b>HHS-ADMINISTRATION FOR CHILDREN &amp; FAMILIES</b>	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <b>2301OKSOSR</b>
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3. Recipient Organization (Name and complete address including Zip code)  
**Human Services, Oklahoma Dept Of**  
**P.O. Box 25352, , OKLAHOMA CITY, OK 73125 USA**

4a. UEI <b>NML2FG3CVSG5</b>	4b. EIN <b>1736017987E1</b>	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) <b>1918B</b>	6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual
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8. Project/Grant Period (Month, Day, Year) From: <b>October 1, 2022</b> To: <b>September 30, 2024</b>	9. Reporting Period End Date (Month, Day, Year) <b>September 30, 2023</b>
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**10. Transactions** Cumulative  
*(Use lines a-c for single or combined multiple grant reporting)*

**Federal Cash (To report multiple grants separately, also use FFR Attachment):**

a. Cash Receipts	\$19,227,036.00
b. Cash Disbursements	\$19,227,036.00
c. Cash on Hand (line a minus b)	\$0.00

*(Use lines d-o for single grant reporting)*

**Federal Expenditures and Unobligated Balance:**

d. Total Federal funds authorized	\$19,227,036.00
e. Federal share of expenditures	\$19,227,036.00
f. Federal share of unliquidated obligations	\$0.00
g. Total Federal share (sum of lines e and f)	\$19,227,036.00
h. Unobligated balance of Federal funds (line d minus g)	\$0.00

**Recipient Share:**

i. Total recipient share required	\$0.00
j. Recipient share of expenditures	\$0.00
k. Remaining recipient share to be provided (line i minus j)	\$0.00

**Program Income:**

l. Total Federal share of program income earned	\$0.00
m. Program income expended in accordance with the deduction alternative	\$0.00
n. Program income expended in accordance with the addition alternative	\$0.00
o. Unexpended program income (line l minus line m and line n)	\$0.00

11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
<b>g. Totals:</b>						\$0.00	\$0.00

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:

**13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)**

a. Typed or Printed Name and Title of Authorized Certifying Official  <b>Kelley, Amber</b> <b>Comptroller II</b>	c. Telephone (Area code, number, and extension) <b>+1 (405) 627-7939</b>
b. Signature of Authorized Certifying Official <b>Kelley, Amber</b>	d. Email Address <b>amber.kelley@okdhs.org</b>
	e. Date Report Submitted (Month, Day, Year) <b>October 24, 2023</b>

Standard Form 425  
OMB Approval Number: 4040-0014  
Expiration Date: 02/28/2025

**Paperwork Burden Statement**  
According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 4040-0014. Public reporting burden for this collection of information is estimated to average 1 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: US Department of Health & Human Services, OS/OCIO/PRA, 200 Independence Ave, SW, Suite 336-E, Washington DC 20201. Attention: PRA Reports Clearance Officer

**FEDERAL FINANCIAL REPORT**

(Additional Page)

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Federal Agency & Organization : HHS-ADMINISTRATION FOR CHILDREN & FAMILIES

Federal Grant ID : 2301OKSOSR

Recipient Organization : Human Services, Oklahoma Dept Of  
P.O. Box 25352, \_\_\_\_, OKLAHOMA CITY, OK 73125 USA

UEI : NML2FG3CVSG5

UEI Status when Certified : ACTIVE (as of 10/24/2023)

EIN : 1736017987E1

Reporting Period End Date : September 30, 2023

Status : Awarding Agency Approval

Remarks :

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**Federal Agency Review**

Reviewer Name : Chen, Angel

Phone # : +1 (646) 905-8120

Email : angel.chen@acf.hhs.gov

Review Date : May 17, 2024

Review Comments :

# **Appendix F**

TANF ACF -196-R


**Department of Health and Human Services**  
**Administration for Children and Families**  
**Temporary Assistance for Needy Families (TANF) ACF - 196R Financial Report**  
**Part 1: Expenditure Data**

State OKLAHOMA	Grant Year 2023	Fiscal Year 2024	Report Quarter Ending 06/30/2024	Next Quarter E nding 12/31/2024	Report is Submi tted as: <input checked="" type="radio"/> New <input type="radio"/> Revised <input type="radio"/> Final
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	(A) Federal Funds  State Family Assistance Grant	(B) State Funds	(C) State Funds	(D) Federal Funds  Contingency Funds Award Reconciliation FS at FMAP Rate of .7236
1. Awarded	\$138,007,998.00			\$0.00
2. Transferred to CCDF Discretionary	\$27,601,599.60			
3. Transferred to SSBG	\$13,800,799.80			
4. Adjusted Award	\$96,605,598.60			
5. Carryover	\$96,605,598.60			

Expenditure Categories	Federal TANF Expenditures	State MOE Expenditures in TANF	MOE Expenditures Separate State Programs	Expenditures with Contingency Funds
6. Basic Assistance	\$0.00			
6.a. Basic Assistance (excluding Relative Foster Care Maintenance Payments and Adoption and Guardianship Subsidies)	\$0.00			
6.b. Relative Foster Care Maintenance Payments and Adoption and Guardianship Subsidies	\$0.00			
7. Assistance Authorized Solely Under Prior Law	\$0.00			
7.a. Foster Care Payments	\$0.00			
7.b. Juvenile Justice Payments	\$0.00			
7.c. Emergency Assistance Authorized Solely Under Prior Law	\$0.00			
8. Non-Assistance Authorized Solely Under Prior Law	\$0.00			
8.a. Child Welfare or Foster Care Services	\$0.00			
8.b. Juvenile Justice Services	\$0.00			
8.c. Emergency Services Authorized Solely Under Prior Law	\$0.00			
9. Work, Education, and Training Activities	\$0.00			
9.a. Subsidized Employment	\$0.00			
9.b. Education and Training	\$0.00			
9.c. Additional Work Activities	\$0.00			
10. Work Supports	\$0.00			
11. Early Care and Education	\$0.00			
11.a. Child Care (Assistance and Non-Assistance)	\$0.00			
11.b. Pre-Kindergarten/Head Start	\$0.00			
12. Financial Education and Asset Development	\$0.00			
13. Refundable Earned Income Tax Credits	\$0.00			
14. Non-EITC Refundable State Tax Credits	\$0.00			
15. Non-Recurrent Short Term Benefits	\$0.00			



16. Supportive Services	\$0.00			
17. Services for Children and Youth	\$0.00			
18. Prevention of Out-of-Wedlock Pregnancies	\$0.00			
19. Fatherhood and Two-Parent Family Formation and Maintenance Programs	\$0.00			
20. Child Welfare Services	\$0.00			
20.a. Family Support/Family Preservation /Reunification Services	\$0.00			
20.b. Adoption Services	\$0.00			
20.c. Additional Child Welfare Services	\$0.00			
21. Home Visiting Programs	\$0.00			
22. Program Management	\$0.00			
22.a. Administrative Costs	\$0.00			
22.b. Assessment/Service Provision	\$0.00			
22.c. Systems	\$0.00			
23. Other	\$0.00			
24. Total Expenditures	\$0.00			
25. Transitional Services for Employed	\$0.00			
26. Job Access	\$0.00			
27. Federal Unliquidated Obligations	\$0.00			
28. Unobligated Balance	\$96,605,598.60			
29. State Replacement Funds				
Quarterly Estimate	Estimate of TANF Funds Requested			
30. Estimate of TANF Funds Requested for the Following Quarter	\$0.00			
<b>THIS IS TO CERTIFY THAT THE INFORMATION REPORTED ON ALL PARTS OF THIS FORM IS ACCURATE AND TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF.</b>				
Signature, Approving State Official 	State Official Name Kevin Haddock	State Official Title CW Deputy Director of Finance and Business	State Official Agency OKLAHOMA	
Signature Date: 07/29/2024		Date Submitted: 07/29/2024		