

ARKANSAS BUDGET SYSTEM DEPARTMENT PROGRAM SUMMARY

AGENCY TITLE	1995-97 Expenditures				1997-99 Biennium Request				1997-99 Executive Recommendation			
	Actual 1995-96	No. of Pos.	Budgeted 1996-97	No. of Pos.	Year 1 1997-98	No. of Pos.	Year 2 1998-99	No. of Pos.	Year 1 1997-98	No. of Pos.	Year 2 1998-99	No. of Pos.
DEPARTMENT OF HUMAN SERVICES (710)												
Director's Office	\$1,462,437	20	\$3,853,787	18	\$4,452,025	21	\$4,483,009	21	\$3,070,137	18	\$3,094,602	18
Office of Chief Counsel	6,073,346	148	6,663,668	147	7,469,554	153	7,562,976	153	6,991,677	147	7,145,008	147
Administrative Services	37,269,289	419	54,411,887	363	56,723,902	372	57,149,819	372	54,891,193	363	55,208,930	363
Total	44,805,072	587	64,929,342	528	68,645,481	546	69,195,804	546	64,953,007	528	65,448,540	528
Aging and Adult Services	27,893,433	85	28,449,993	87	30,183,123	103	30,295,540	103	29,357,634	102	29,466,596	102
Services for the Blind	4,409,215	79	5,045,445	81	5,700,745	84	5,780,402	84	5,107,805	81	5,185,148	81
Children and Family Services	98,397,453	1,116	112,725,879	1,041	114,357,795	1,153	115,298,061	1,153	111,846,089	1,054	112,733,384	1,054
County Operations	141,674,832	1,873	158,942,341	1,908	172,389,993	1,964	174,913,754	1,964	167,358,835	1,907	168,957,141	1,907
Developmental Disabilities Services	93,743,469	2,449	98,025,178	2,373	109,382,701	2,455	111,367,231	2,455	102,144,648	2,373	103,871,368	2,373
Medical Services	1,301,291,542	359	1,381,233,506	371	1,534,011,923	550	1,683,484,415	550	1,523,683,008	371	1,672,919,800	371
Mental Health Services	71,553,417	1,296	73,568,289	1,128	87,555,593	1,408	88,722,714	1,408	80,317,168	1,128	81,306,292	1,128
Volunteer Services	3,768,628	23	2,919,434	22	3,045,759	25	3,069,891	25	3,012,295	25	3,035,487	25
Youth Services	26,262,318	345	34,771,980	358	52,579,410	545	55,989,965	545	38,570,400	358	38,865,298	358
TOTALS	\$1,813,799,379	8,212	\$1,960,611,367	7,897	\$2,177,852,523	8,833	\$2,338,117,777	8,833	\$2,126,350,889	7,927	\$2,281,789,054	7,927
Funding Sources		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances												
General Revenues	495,778,591	27.2%	505,268,689	25.6%	575,471,925	26.7%	621,129,956	26.8%	530,577,321	24.9%	544,215,248	23.8%
Special Revenues	434,713	0.1%	343,638	0.1%	346,785	0.1%	349,151	0.1%	346,785	0.1%	349,151	0.1%
Federal Funds	1,232,908,219	67.4%	1,335,239,657	67.7%	1,455,200,714	67.4%	1,566,355,546	67.5%	1,377,951,752	64.5%	1,418,170,373	62.0%
Const. & Fiscal Agency Fund												
Revolving Fund	100,000	0.1%	1,100,000	0.1%	1,100,000	0.1%	1,100,000	0.1%	1,100,000	0.1%	1,100,000	0.0%
Merit Adjustment Fund			8,351,472	0.4%								
Cash Funds	444,969	0.1%	1,021,029	0.1%	1,651,940	0.1%	1,757,222	0.1%	1,651,940	0.1%	1,757,222	0.1%
Various Program Support	94,256,866	5.1%	118,971,872	6.0%	122,121,901	5.6%	123,966,490	5.4%	219,422,789	10.3%	320,596,758	14.0%
Total Funding	1,823,923,358	100.0%	1,970,296,357	100.0%	2,155,893,265	100.0%	2,314,658,365	100.0%	2,131,050,587	100.0%	2,286,188,752	100.0%
Excess Appro./ (Funding)	(10,123,979)		(9,684,990)		21,959,258		23,459,412		(4,699,698)		(4,399,698)	
TOTAL	\$1,813,799,379		\$1,960,611,367		\$2,177,852,523		\$2,338,117,777		\$2,126,350,889		\$2,281,789,054	
DEPARTMENT			DIRECTOR					DEPARTMENT PROGRAM SUMMARY				
Department of Human Services			Tom Dalton					BR 22				

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 710 - DEPT OF HUMAN SERVICES

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>1,266</u>	<u>4,044</u>	<u>5,310</u>	<u>69%</u>
BLACK EMPLOYEES	<u>510</u>	<u>1,735</u>	<u>2,245</u>	<u>29%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>25</u>	<u>62</u>	<u>87</u>	<u>1%</u>
TOTAL EMPLOYED AS OF 08/10/96			<u>2,332</u>	<u>31%</u>
DATE			TOTAL MINORITIES	
			<u>7,642</u>	<u>100%</u>
			TOTAL EMPLOYEES	



 AGENCY DIRECTOR

* PERCENTAGE TOTALS MAY NOT ADD DUE TO ROUNDING

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	Total Equity
\$ 45,323,238	\$ 112,317,877	\$ 75,928,328	\$ 233,569,443	\$ 13,315,919	\$ 12,912,720	\$ 26,228,639	\$ 207,340,804

Revenues				Expenditures					Other Sources (Uses)	
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	Other Sources (Uses)
\$ 477,234,146	\$ 1,190,237,133	\$ 8,476,568	\$ 58,930,247	\$ 1,734,878,094	\$ 208,207,976	\$ 1,453,097,976	\$ 10,212,903	\$ 88,813,271	\$ 1,760,332,126	\$ (16,701,468)

Findings

Recommendations

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS:

1. UNACCOUNTED FOR FUNDS - On August 16, 1994, the Agency discovered an instance of unaccounted for funds at the Food Stamp Central Mail Issuance Office. An investigation by the Agency, in conjunction with the Arkansas State Police, confirmed the shortage of food stamps in the amount of \$3,055.00 consisting of forty-seven (47) books of \$65.00 denominations. Several employees had access to the funds. The employees were interviewed and polygraph tests were administered; however, there was insufficient evidence to determine responsibility for the loss.
2. UNAUTHORIZED DISBURSEMENTS
 - A. During the audit, it came to our attention that Mr. Robyn Woods, a former employee of the Agency, was paid twice for a claim against the Department of Human Services (DHS). The claim was a result of the Equal Employment Opportunity Commission's (EEOC) determination that Mr. Woods had been discharged September 23, 1989, in a discriminatory manner from his job as houseparent at the Pine Bluff Youth Services Center.

1. This incident is being reported in accordance with Ark. Code Ann. 10-4-111 and 21-2-708.
2.
 - A. Review and comply with Chapter II-19 of the State Accounting Procedures Manual regarding the recovery of losses or shortages.

This incident is being reported in accordance with Ark. Code Ann. 10-4-111 and 21-2-708.

) Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

2. UNAUTHORIZED DISBURSEMENTS (Continued)

- A. On July 31, 1991, Mr. Woods filed a claim with the State Claims Commission for back pay of \$22,531.11 for the period September 23, 1989 through July 20, 1991. The Department of Human Services admitted liability and the claim was approved for payment by the Claims Commission on September 12, 1991. However, since the claim exceeded \$5,000.00, the Claims Commission was required to present it to the General Assembly of the State Legislature in 1993 for approval and specific appropriation. Mr. Woods expressed his dissatisfaction with this delay and contended the conciliation agreement between Mr. Woods, EEOC, and DHS called for immediate payment. On April 16, 1992, after consulting with the Office of the Attorney General and the Department of Finance and Administration, DHS paid Mr. Woods the \$22,531.11, less payroll deductions of \$2,672.63, on a supplemental payroll voucher. Documentation showing notification to the State Claims Commission of this payment by DHS, or a retraction of the previous admission of liability by DHS, could not be provided.

In the 1993 regular session, the General Assembly approved an appropriation for the payment of the claim and the Claims Commission obtained a state warrant payable to Mr. Woods in the amount of \$22,531.11. A summary prepared by DHS staff indicated that on the same day Mr. Woods arrived to obtain the state warrant from the Claims Commission, and prior to his arrival, DHS staff informed the State Claims Commission's staff that the payment of the claim had previously been made by DHS and that Mr. Woods was not entitled to the warrant. According to the Claims Commission Director, the communication to the Claims Commission was made by a DHS employee with whom he was not familiar and the amount mentioned was different from that of the warrant. The Director further stated that upon arriving at the Claims Commission to pick up the warrant, Mr. Woods was questioned as to whether he had been paid previously for this claim by DHS, and he indicated that he had not. Subsequently, the state warrant was delivered by the Claims Commission to Mr. Woods on January 19, 1994, and cashed.

2.

- A. Review and comply with Chapter II-19 of the State Accounting Procedures Manual regarding the recovery of losses or shortages.

This incident is being reported in accordance with Ark. Code Ann. 10-4-111 and 21-2-708.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Findings (Continued)

Recommendations (Continued)

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

2. UNAUTHORIZED DISBURSEMENTS (Continued)

A. According to the Office of Chief Counsel of DHS, Mr. Woods was notified of the duplicate payment and agreed orally, on March 30, 1995, to reimburse the State at the rate of \$100.00 per month for twenty (20) years. DHS collected the first payment of \$100.00. However, due to subsequent nonpayment, a writ of garnishment was filed in the Circuit Court of Pulaski County on June 12, 1995, by DHS. On July 17, 1995, DHS received notice that Mr. Woods had filed and received protection, under Chapter 13 of the Bankruptcy Code through the United States Bankruptcy Court. DHS was listed as an unsecured creditor and is scheduled to receive \$74.99 per month for approximately 60 months, for a total of \$4,499.40.

The Agency negotiated the recovery of the loss above without the approval of the Chief Fiscal Officer of the State as required by Chapter II-19 of the State Accounting Procedures Manual.

B. The Agency discovered and subsequently investigated unauthorized disbursements totaling \$1,424.60, as detailed at Schedule 12. The investigation revealed that thirty-three (33) unauthorized purchases were made with an Agency-issued Visa credit card between December 1, 1994 and December 20, 1994. According to Administrative Policy 1037 (2-a) of the Department of Human Services, VISA Corporate Credit Cards issued by the Agency are to be utilized only for meals and lodging when conducting business for the State. The Agency determined that Maureen Phipps, a former employee with the Office of Long-Term Care, made the purchases for personal use. While in her employment with the Agency, Ms. Phipps reimbursed \$500.00 of the outstanding charges by submitting a cashiers check directly to the VISA account without the Agency's knowledge and approval. Ms. Phipps terminated her employment with the Agency on January 17, 1995. A payroll warrant for \$198.45, due to her on termination, was applied to the outstanding balance leaving a total amount owed of \$726.15.

2.

B. Review and comply with Chapter II-19 of the State Accounting Procedures Manual regarding the recovery of losses or shortages.

This incident is being reported in accordance with Ark. Code Ann. 10-4-111 and 21-2-708.

) Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

2. UNAUTHORIZED DISBURSEMENTS (Continued)

- B. The loss of State Funds was not reported to the Chief Fiscal Officer of the State of Arkansas and the Legislative Auditor as required by Chapter II-19 of the State Accounting Procedures Manual.
- C. The review of accounts receivable balances at June 30, 1994, revealed an unauthorized reduction in contract obligations between the University of Arkansas Medical Sciences (UAMS) and the Arkansas State Hospital (ASH) totaling \$4,500.00. The reduction occurred as a result of negotiations between Bob Davis, former Administrator of ASH and Liberty Healthcare employee, and Edward Carson, the Associate Hospital director of UAMS. Mr. Davis contacted Mr. Carson concerning an employee of UAMS that he wanted to hire for a nursing position at ASH. UAMS and the employee, Tony Brechtel, agreed to the transfer; however, the employee had a tuition reimbursement obligation with UAMS that required settlement before the transfer could be completed. An agreement was reached whereby utility payments owed by UAMS to ASH under contract by Kids Kollege, a daycare center operated by UAMS and housed in an ASH building, would be reduced to cover the tuition reimbursement obligation owed by the employee. A review of invoices for utility charges incurred by Kids Kollege for the period June 1992 through September 1992, and payable to ASH, revealed a reduction in payment obligations of \$4,500.00. There was no documentation provided by the Agency indicating that any State employee of the Department of Human Services gave prior approval or had prior knowledge of this incident. On May 24, 1993, the Agency, after reviewing the available documentation regarding this incident, recorded an accounts receivable for \$4,500.00 and requested reimbursement from Kids Kollege; however, payment was not received. In February, 1994, the Agency, contending that the employee tuition reimbursement was actually an obligation of the employee, transferred the accounts receivable balance to his account. However, a written agreement transferring the responsibility of repayment to the employee could not be located and payment has not been received.

2.

- C. The Director of the Department of Human Services, in coordination with the Director of the Department of Finance and Administration, determine the propriety of this incident and collect any funds due the Agency.

This incident is being reported in accordance with Ark. Code Ann. 10-4-111 and 21-2-708.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Findings (Continued)

Recommendations (Continued)

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

3. BURGLARIES - During the audit of the Department of Human Services for the period July 1, 1993 to June 30, 1994 and subsequent period, the Agency reported several burglaries in which numerous items of fixed assets valued at \$15,547.35 were taken. Investigations were performed on these incidents by Agency personnel and local law enforcement officers, and reports of the incidents were prepared. In all of the instances, the investigations were inconclusive as to the identity of the burglar. These incidents are detailed at Schedule 11.
4. TRAVEL ADVANCE FUND - Our review of records of the travel advance fund revealed the Agency had not reconciled the bank balance to the Agency's fund balance for June 30, 1994 and subsequent months. We also noted that at June 30, 1994, eight travel advances, totalling \$1,907.56, were outstanding between 49 and 116 days. Chapter II-11.9 of the State Accounting Procedures Manual states that the Agency's records must be maintained in proper order for audit purposes and, at all times, equal the amount established for the fund. It also requires that travel advances be properly and timely reimbursed.
5. CASH IN BANK - The review of the Agency's records related to cash in bank revealed the following weaknesses:
 - A. (COUNTY OFFICES'S CLIENT BENEFIT FUNDS - The Agency receives private donations restricted for the benefit of indigent persons. These funds are received and maintained at the county level and are generally to be used at the discretion of the Agency. The review of these funds subsequent to June 30, 1994 revealed nineteen counties were not complying with the Department of Human Services Financial Procedures Manual, Chapter 201-III, which addresses the reporting of these funds to the Division of Finance. Inconsistencies include revenues and expenditures not classified or explained and central office issued prenumbered receipts not submitted as required. It appears in most cases that county office personnel were not aware of the policies and procedures for reporting these funds.)

3. Our findings in this matter are being reported in accordance with Ark. Code Ann. 10-4-111 and 21-2-708.
4. Review the reconciliation procedures for this fund to insure proper accountability and reporting. Establish procedures for the timely collection of outstanding travel advances.
5.
 - A. (Enforce compliance with the Department of Human Services Financial Procedures Manual, Chapter 201-III for all funds collected at the county level.)

) Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

5. CASH IN BANK (Continued)

- B. LONG-TERM CARE PROGRAM - The Agency operates two bank accounts in which long-term care license renewals and receivership collections are deposited. The Agency utilizes a mail receipt log to record income items deposited to these accounts. Department of Human Services Financial Procedures Manual, Chapter 201-III(A), requires all cash fund items be receipted using prenumbered receipts issued by Managerial Accounting.
- C. FOSTER CARE CHILDREN CASH FUND - The review of records of the Foster Care Children Cash Fund revealed the following:
1. Variances on the Agency's reconciliation between the book balance and client's equity balances were not identified and corrected for the year ended June 30, 1994 and subsequent periods.
 2. The Agency's account balance has not been adjusted for checks which have been outstanding for more than 90 days in accordance with the Department of Human Services Financial Procedures Manual Chapter 201-III(H).
 3. Funds consistently classified as client benefit funds by other programs were included in this fund. The Department of Human Services Financial Procedures Manual, Chapter 201-III(E), states that "cash funds shall not be commingled with unlike funds in any account."

Recommendations (Continued)

5.

- B. Comply with the Agency's Procedures Manual, Chapter 201-III(A) regarding the receipting of cash fund items.
- C. Review the procedures regarding this cash fund for proper accountability of related records and compliance with Agency policy.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

5. CASH IN BANK (Continued)

D. MENTAL HEALTH PATIENT'S BENEFIT ACCOUNT CASH FUND (501) - The review of records of the Mental Health Patient's Benefit Account Cash Fund (501) revealed the following:

1. The Arkansas State Hospital is not receipting all items of income in accordance with Chapter 201-III(A) of the Department of Human Services Financial Procedures Manual.
2. Managerial Accounting is not reconciling monthly receipts to deposits as prescribed in Chapter 201-III(A) of the Department of Human Services Financial Procedures Manual.
3. The Agency maintains checking accounts at all Mental Health Service locations for the benefit of clients. For the year ended June 30, 1994, the Agency failed to report any receipt or disbursement transactions of the George W. Jackson Community Support Account for entry in the Accounting Federal Grants Management System (AFGM). In total, only \$33,001.44 in expenditures for all such accounts were submitted by the Agency to the Department of Finance and Administration for examination and approval as required by Ark. Code Ann. 19-4-800, et. al. (Arkansas Cash Fund Law). As a result, expenditures for the fund, totaling \$79,385.96, exceeded total appropriation of \$75,000.00, as established by Section 60 of Act 1239 of 1993.

5.

D. Review the procedures regarding this cash fund for the accountability of all cash items and related records, and for compliance with State requirements and Agency policy. Also, a determination be made by the Agency, in conjunction with the Department of Finance and Administration, as to the propriety of depositing parking related income into this fund.

) Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

5. CASH IN BANK (Continued)

D. MENTAL HEALTH PATIENT'S BENEFIT ACCOUNT CASH FUND (501) (Continued)

4. The Arkansas State Hospital and the Benton Services Center deposits receipts into this fund derived from parking meter collections and parking fines and permits. The source of funding that supports the activity from which this income is generated is the Mental Health Services Fund (DBA). Income of this nature should generally be deposited back to the general operating account which funds such activity.
5. The Arkansas State Hospital does not provide a sufficient accounting for parking meter collections and parking fines and permits. Good internal control over cash receipts requires that parking meter monies be collected by two persons, and a report prepared and signed attesting to the amount collected. Parking fines and permits should be controlled through the use of prenumbered tickets and Central Office issued receipts. All documentation should be submitted to the business office for management review and subsequent audit.

E. LITTLE ROCK MENTAL HEALTH TREASURY CASH FUND - The review of records of the Little Rock Mental Health Treasury Cash Fund revealed the following:

1. The Agency is not receipting all items of income in accordance with Chapter 201-III(A) of the Department of Human Services Financial Procedures Manual.
2. Managerial Accounting is not reconciling monthly receipts to deposits as prescribed in Chapter 201-III(A) of the Department of Human Services Financial Procedures Manual.

5.

- E. Review and comply with the Department of Human Services Financial Procedures Manual and proper internal control procedures regarding this cash fund.

() Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Findings (Continued)

Recommendations (Continued)

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

5. CASH IN BANK (Continued)

E. LITTLE ROCK MENTAL HEALTH TREASURY CASH FUND (Continued)

3. Persons with the responsibility of opening the mail also receipt and deposit cash fund items and have access to accounts receivable records. Good internal control over cash receipts, as well as Chapter 210-III(B) of the Department of Human Services Financial Procedures Manual, require that the duties of opening the mail, receipting and depositing cash, and maintenance of client records be segregated.

F. MENTAL HEALTH CANTEEN CASH FUND (160) - The Agency failed to record several transactions related to George W. Jackson Mental Health Canteen operations in the Accounting Federal Grants Management System (AFGM) as required by Chapter II-24.1 of the State Accounting Procedures Manual. It was also noted that the activity of both the Little Rock Mental Health Canteen and the George W. Jackson Mental Health Canteen is entered into AFGM in the same subfund. This makes it difficult to reconcile cash balances of this fund with the AFGM Fund Analysis Report.

6. ACCOUNTS RECEIVABLE - MEDICAID PROVIDER OVERPAYMENT - Electronic Data Systems (EDS) Federal Corporation processes claims for the Arkansas Medicaid Program. Overpayments of these claims are reported weekly to the Agency by EDS. An examination of Medicaid provider overpayment accounts receivable revealed that documentation, supporting the establishment of such receivables and subsequent collection, is not submitted to the Agency by EDS. Good internal control over accounts receivable would require that documentation be reviewed and maintained by the Agency to support any adjustment to accounts receivable balances reported by EDS.

This finding also applies to the federal program for Medical Assistance.

5.

F. Comply with State regulations regarding the recording of appropriated cash fund activity and separate subfunds be utilized for recording the transactions of the two canteen operations.

6. Review and comply with proper internal control procedures regarding Medicaid provider overpayments and collections.

() Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

7. POSTAGE WARRANTS ON HAND - At June 30, 1994, the Central Food Stamp Office had six uncashed warrants on hand, designated for the purchase of postage, totaling \$546,377.00. The warrants were cashed periodically from July 8, 1994 to November 1, 1994. Another postage warrant was not requested by the Office until December 5, 1994.
8. STOREROOM INVENTORIES - INTERNAL CONTROLS - The review of procedures and controls relating to storeroom inventories revealed the following weaknesses:
 - A. Perpetual inventory records are not properly maintained at the following locations:
 1. Booneville Human Development Center pharmacy.
 2. Jonesboro Human Development Center pharmacy, food services, medical and maintenance supplies.
 3. Southeast Arkansas Human Development Center pharmacy.
 4. Alexander Youth Service Center medical supplies.Department of Human Services Supply Inventory System Policy No. 1063 requires that records pertaining to all supply items be maintained accurately and up-to-date.
 - B. Merchandise released from storeroom inventories does not always require a signed, dated prenumbered requisition at the following locations:
 1. Jonesboro Human Development Center office and household supplies.

7. Request and purchase postage in a manner consistent with their normal postage usage to insure good internal control over unprocessed warrants and to avoid excessive spending of appropriation at year end.
8. Review and comply with Department of Human Services Supply Inventory System Policies and initiate internal control procedures to provide assurance that storeroom inventories are properly safeguarded and accounted for.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

8. STOREROOM INVENTORIES - INTERNAL CONTROLS (Continued)

B. 2. George W. Jackson Mental Health Center pharmacy.

3. Alexander Youth Service Center medical, clothing and maintenance supplies.

Department of Human Services Supply Inventory System Policy No. 1063 requires that all supplies be issued against requisitions that identify the ordering unit and items ordered. Furthermore, good internal control over inventories requires that requisitions be prenumbered and accounted for by someone independent of storeroom operations.

C. Medical and maintenance supplies at the Jonesboro Human Development Center are not properly controlled to prevent access to materials by unauthorized persons.

Department of Human Services Supply Inventory System Policy No. 1063 requires that supplies be stored in areas that do not allow general access. Furthermore, good internal control over inventories requires that access to inventories be restricted to persons responsible for the custody of assigned inventories.

D. Persons having custodial responsibilities over George W. Jackson Mental Health pharmacy inventories and the Alexander Youth Services Center medical and maintenance inventories also have the ability to modify inventory records.

Department of Human Services Supply Inventory System Policy No. 1063 states that "staff responsible for the receipt and issuance of supplies may have inquiry access to inventory records, but should not have the capability to update or alter the records."

() Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

9. EQUIPMENT - The review of the Agency's records related to equipment revealed the following weaknesses:

A. EQUIPMENT TRANSACTION REPORT - The Agency utilizes the Arkansas Property Management System (APMS) to account for equipment owned by the Agency. For the year ended June 30, 1994, the APMS transaction report did not include information relative to payments for acquisitions; such as the appropriation, character code and voucher number from which payments were made.

B. SERIOUS OFFENDER PROGRAM - The Agency has contracted with providers to develop, implement and manage rehabilitation facilities throughout the State for serious juvenile offenders. Pursuant to the agreements, title to capital equipment purchased under contract is vested in and owned by the Department of Human Services. For the year ended June 30, 1994 and subsequent periods, the Agency has not added equipment purchased under these agreements to their inventory as required by Chapter V-1.1 of the State Accounting Procedures Manual.

C. (EQUIPMENT OBSERVATION - The Agency was unable to locate seven equipment items valued at \$5,640.37 out of forty-one equipment items valued at \$73,401.69 selected for observation at the Alexander Youth Services Center.)

9.

A. Record the necessary data referred to above in order to facilitate reconciliation between the APMS transaction report and equipment purchases.

B. Review and comply with Chapter V-1.1 of the State Accounting Procedures Manual regarding equipment acquisitions.

C. (Review the current policies regarding the reporting and safeguarding of equipment at the above location and develop procedures to ensure the accountability of all equipment items.)

() Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Findings (Continued)

Recommendations (Continued)

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

10. (CAPITAL LEASES - The Agency contracts with various vendors throughout the State for the lease of office space and land. Pursuant to a prior year audit finding regarding these leases, the Agency performed a review of lease agreements and determined five leases to be capital leases. No reporting changes were initiated as a result of this determination, as the Agency currently reports all leases as operating leases for both financial and federal reporting purposes. The Office of Management and Budget, Circular A-87, allows costs associated with capital leases to be claimed either through a use allowance computed at an annual rate not exceeding two percent or by a generally accepted method of depreciation. Our review of lease contracts for the year ended June 30, 1994, revealed that 64 of the 128 contracts in force may qualify as capital leases under guidelines established by the Financial Accounting Standards Board Statement 13 (FASB 13). Chapter II-25.4 of the State Accounting Procedures Manual requires the Agency to properly account for and record capitalized leases. It also requires the Agency provide the pertinent information necessary to determine whether lease contracts meet the criteria for capitalization.)

(This finding also applies to all federal programs.)

11. PROPRIETARY FUNDS - The review of the Agency's enterprise fund operations revealed the following weaknesses:

A. HUMAN DEVELOPMENT CENTER CANTEENS - The Division of Developmental Disabilities Services opened checking accounts at the Booneville and Conway Human Development Centers to separately account for canteen operations. For the year ended June 30, 1994, a double entry general ledger was not maintained by the Agency for Human Development Center canteen operations and financial statements were not prepared.

10. (Review all current lease agreements to determine the appropriate classification and reporting for each lease.)

11.

A. Maintain adequate accounting records to provide reporting consistent with other proprietary operations of the Agency.

) Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

-14-

Findings (Continued)

Recommendations (Continued)

A. INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

11. PROPRIETARY FUNDS (Continued)

B. SERVICES FOR THE BLIND VENDING FACILITIES PROGRAM - The review of operations of the Services for the Blind Vending Facilities Program revealed the following:

1. Established procedures regarding the operation, maintenance, reporting and fiscal control over the program's petty cash fund, have not been implemented as required by Chapter 306-II(I) of the Department of Human Services Financial Procedures Manual.
2. Bank statements and related records are not submitted to Managerial Accounting as required by Chapter 201-III(H) of the Department of Human Services Financial Procedures Manual. As a result, total cash in bank for the Agency, at June 30, 1994, was uninsured and uncollateralized by \$16,057.19.
3. Certificates of deposit, purchased by the program, are not reported to or maintained by Managerial Accounting as required by Chapter 201-III(J) of the Department of Human Services Financial Procedures Manual.
4. Cash fund items are not recorded using prenumbered receipts as required by Chapter 201-III(A) of the Department of Human Services Financial Procedures Manual.
5. Duties between persons opening mail, receiving cash fund items, making deposits, disbursing funds, and recording fund transactions are not segregated to the extent possible. Chapter 201-III(B) of the Department of Human Services Financial Procedures Manual and good internal control over cash receipts and disbursements require that these functions be separate.

11.

B. Review and comply with the Department of Human Services Financial Procedures Manual and initiate internal control procedures over cash receipts and disbursements for the Blind Vending Facilities Program.

() Noted in previous year's audit report.

DEPARTMENT OF HUMAN SERVICES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Findings (Continued)

INTERNAL CONTROL AND STATE COMPLIANCE MATTERS: (Continued)

12. PERSONAL SERVICES PAYROLL - Twenty-one employees of the Agency paid through the Extra Help classification worked in excess of 1,000 hours each. A total of 1,287 hours of work in excess of 1,000 hours was performed amounting to \$11,029.36. Ark. Code Ann. 19-4-521 provides that the Extra Help classification be used to pay part-time or temporary employees who are employed 1,000 hours per year or less. It was determined that none of the employees referred to above were exempt from the provisions of this statute.
13. PROFESSIONAL SERVICES CONTRACTS - The review of expenditures for professional services revealed that four vendors were paid for outpatient services rendered to the Arkansas State Hospital in absence of a professional services contract. Services provided by each of the vendors exceeded \$5,000 for the year ended June 30, 1994, and totaled \$107,278.87. Procurement of professional services is prescribed in Chapter II-10 of the State Accounting Procedures Manual.

FEDERAL GRANT COMPLIANCE MATTERS:

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION
MEDICAL ASSISTANCE PROGRAM (93.778)

CASH MANAGEMENT - An excessive amount of cash is being maintained in the Medical Transportation accounts at county level. This practice is in violation of the cash management provisions of the Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments.

Recommendations (Continued)

12. Review and comply with Ark. Code Ann. 19-4-521 regarding personal services classifications for employees.
13. Review and comply with Chapter II-10 of the State Accounting Procedures Manual regarding the procurement of all professional services.

Review and comply with the cash management requirements of the Common Rule.

dited by Division of Legislative Audit
1971094

) Noted in previous year's audit report.

COUNSELING ASSOCIATES, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

- 8 -

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	Total Equity
\$ 516,844	\$ 1,992,102	\$ 1,155,820	\$ 3,664,766	\$ 784,635	\$ 154,801	\$ 939,436	\$ 2,725,330

Revenues				Expenditures						Other Sources (Uses)
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	Other Sources (Uses)
\$ 1,461,945	\$ 1,276,810	\$ 0	\$ 4,312,608	\$ 7,051,363	\$ 4,792,143	\$ 0	\$ 0	\$ 2,201,124	\$ 6,993,267	\$

Findings

Recommendations

None

None

THE COUNSELING CLINIC, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 1,356,009	\$ 730,654	\$ 251,959	\$ 2,338,622	\$ 709,873	\$ 0	\$ 709,873	\$ 1,628,749		

Revenues					Expenditures					Other Sources (Uses)
Inter- governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 1,031,203	\$ 280,168	\$ 1,513,560	\$ 128,270	\$ 2,953,201	\$ 2,102,168	\$ 0	\$ 0	\$ 821,102	\$ 2,923,270	\$ 16,759

Findings	Recommendations
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None.

None.

DELTA COUNSELING ASSOCIATES, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

- 10 -

Assets										Liabilities			Total Equity
Cash and Investments		Fixed		Other	Total	Current	Long-Term	Total	Total Equity				
\$	1,949,718	\$	1,678,433	\$	401,625	\$	436,833	\$	105,585	\$	542,418	\$	3,487,358

Revenues					Expenditures					Other Sources (Uses)											
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	Other Sources (Uses)											
\$	774,285	\$	916,557	\$	2,740,943	\$	82,784	\$	4,514,569	\$	2,518,140	\$	0	\$	0	\$	1,881,988	\$	4,400,128	\$	(113,18)

Findings	Recommendations
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FEDERAL GRANT COMPLIANCE MATTERS:
DEPARTMENT OF HEALTH AND HUMAN SERVICES
MEDICAL ASSISTANCE PROGRAM (CFDA 93.778)

1. MEDICAL BILLING

- A. Incorrect billing rates were used for patient visits to nurse practitioner. Because of the use of improper rates for billing, Medicaid was over billed for services.
- B. There is evidence of over billing for Medicaid services provided. Delta Counseling Associates is under investigation by the Attorney General's Medicaid Fraud Unit for Medicaid fraud. We were unable to perform tests of Delta Counseling Associate's compliance with laws and requirements, due to scope limit described in our report on page one. However, should the investigation prove unfavorable for Delta Counseling Associate's, the above finding would create material questioned costs.

1.A. Internal controls should be in place that provide a review of billing rates for services provided.

1.B. None.

2. CHILDREN AND ADOLESCENT SERVICES SYSTEM PROGRAM

Delta Counseling Associates over billed for reimbursement for February expenditures. There was a personnel change at this time.

2. None.

EAST ARKANSAS REGIONAL MENTAL HEALTH CENTER
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

- 11 -

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 1,110,168	\$ 1,748,266	\$ 660,782	\$ 3,519,216	\$ 304,499	\$ 170,192	\$ 474,691	\$ 3,044,525		

Revenues				Expenditures						Other Sources (Uses)
Inter- governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 1,520,271	\$ 261,092	\$ 4,954,429	\$ 37,737	\$ 6,773,529	\$ 3,893,167	\$ 0	\$ 0	\$ 2,404,494	\$ 6,297,661	\$ 0

Findings	Recommendations
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None.

None.

NORTH ARKANSAS HUMAN SERVICES SYSTEM, INC.
 SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED JUNE 30, 1995

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 737,764	\$ 6,441,978	\$ 2,229,073	\$ 9,408,815	\$ 1,459,624	\$ 3,720,625	\$ 5,180,249	\$ 4,228,566		

Revenues				Expenditures					Other Sources (Uses)	
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 2,082,354	\$ 1,723,118	\$ 0	\$ 6,668,320	\$ 10,473,792	\$ 5,074,505	\$ 0	\$ 0	\$ 5,255,772	\$ 10,330,277	\$ 606,300

Findings

Recommendations

None.

None.

COMMUNITY COUNSELING SERVICES, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total		Current	Long-Term	Total	Total Equity	
\$ 508,426	\$ 1,970,306	\$ 994,307	\$ 3,473,039		\$ 327,094	\$ 782,686	\$ 1,109,780	\$ 2,363,259	

Revenues					Expenditures					Other Sources (Uses)		
Inter-governmental	Federal	Licenses and Fees	Other	Total		Salaries and Matching	Grants and Aid	Capital	Other Operating	Total		
\$ 1,297,142	\$ 785,844	\$ 3,215,502	\$ 494,372	\$ 5,792,860		\$ 3,813,708	\$ 0	\$ 0	\$ 2,026,863	\$ 5,840,571		\$ 0

Findings

None.

Recommendations

None.

OZARK COUNSELING SERVICES, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

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Assets										Liabilities			Total Equity
Cash and Investments		Fixed		Other		Total		Current	Long-Term	Total	Total Equity		
\$ 482,475		\$ 706,080		\$ 319,365		\$ 1,507,920		\$ 128,770	\$ 357,189	\$ 485,959	\$ 1,021,961		

Revenues				Expenditures					Other Source:	
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	(Uses)
\$ 1,031,595	\$ 340,629	\$ 0	\$ 1,385,518	\$ 2,757,742	\$ 1,864,487	\$ 0	\$ 0	\$ 910,157	\$ 2,774,644	\$ (10,400)

Findings	Recommendations
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None.

None.

Audited by Cobb & Thomas
Certified Public Accountants
SAQA01995

OZARK GUIDANCE CENTER, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

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Assets									
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	Total Equity		
\$ 207,172	\$ 5,829,332	\$ 1,310,217	\$ 7,346,721	\$ 1,579,594	\$ 2,568,481	\$ 4,148,075	\$ 3,198,646		

Revenues					Expenditures					Other Sources (Uses)
Inter- governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 2,450,127	\$ 573,751	\$ 6,407,123	\$ 563,578	\$ 9,994,579	\$ 7,874,329	\$ 0	\$ 0	\$ 459,923	\$ 8,334,252	\$ 22,857

Findings	Recommendations
None.	None.

Audited by Brown & Deskin
Certified Public Accountants
SAQA02095

PROFESSIONAL COUNSELING ASSOCIATES, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

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	<u>Fund Type Proprietary</u>	<u>Total</u>
Assets	\$ 3,073,785.00	\$ 3,073,785.00
Liabilities	314,730.00	314,730.00
Fund Equity	2,759,055.00	2,759,055.00
Revenues	4,956,771.00	4,956,771.00
Expenditures	4,645,874.00	4,645,874.00

Findings

None

Recommendations

None

SOUTHEAST ARKANSAS MENTAL HEALTH CENTER, INC.
 SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED JUNE 30, 1994

	Fund Type	Total
	Proprietary	
Assets	\$ 2,975,240.00	\$ 2,975,240.00
Liabilities	241,726.00	241,726.00
Fund Equity	2,733,514.00	2,733,514.00
Revenues	5,256,724.00	5,256,724.00
Expenditures	4,948,127.00	4,948,127.00

Findings

None

Recommendations

None

SOUTHWEST ARKANSAS COUNSELING & MENTAL HEALTH CENTER, INC.
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

- 46 -

	Fund Type Proprietary	Total
Assets	\$ 2,304,646.00	\$ 2,304,646.00
Liabilities	719,385.00	719,385.00
Fund Equity	1,585,261.00	1,585,261.00
Revenues	3,559,297.00	3,559,297.00
Expenditures	3,772,024.00	3,772,024.00

Findings

Reconciliation Accounts Receivable Sub-Ledger to the General Ledger

One of the Center's accounts receivable sub-ledgers was not reconciled to the general ledger primarily due to the posting of Medicaid recoupments during the year.

Recommendations

Control procedures be established to ensure that Medicaid recoupments are properly posted to the patient's accounts in the sub-ledger and that the sub-ledger balance be reconciled to the general ledger balance on a monthly basis.

MANAGEMENT RESPONSE

Management has taken steps to ensure that the accounts receivable sub-ledgers are reconciled on a timely basis with the general ledger. That reconciliation will be performed on a monthly basis.

Audited by Thomas & Thomas
Certified Public Accountants
SAQA02594

WESTERN ARKANSAS COUNSELING AND GUIDANCE CENTER
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	Total Equity		
\$ 2,695,423	\$ 2,858,887	\$ 847,753	\$ 6,402,063	\$ 117,618	\$ 94,993	\$ 212,611	\$ 6,189,452		

Revenues					Expenditures					
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	Other Sources (Uses)
\$ 2,423,653	\$ 695,682	\$ 2,550,930	\$ 243,655	\$ 5,913,920	\$ 3,093,400	\$ 0	\$ 0	\$ 2,322,793	\$ 5,416,193	\$ 21,017

Findings

PURCHASE ORDERS

1. (The Organization's policies and procedures require that "all items purchased by the Center must have a purchase order." However, 40 of the 77 nonpayroll expenditures tested were for the purchase of "items", and purchase orders accompanied only 11 of those items. Also, on the purchase orders we did examine, some were only partially completed, did not match actual quantities and/or dollar amounts on invoices, were not approved, etc.)

BANK ACCOUNTS (NEW AND RSVP)

2. (It appears that there is currently minimal control over these accounts, which amount to as much as several thousand dollars, and activity is recorded on the organization's books only through year-end audit adjustments.)

Recommendations

1. The organization's policies and procedures be amended to reflect actual desired practices, including acceptable exceptions to the policy, and then be enforced.

AGENCY'S RESPONSE

Purchase orders are required for only items purchased. Services and other purchases will not require purchase orders. The purchase orders will be maintained by the Director of Support Services. Requests for purchases will be made to the program director, who will approve the purchase request. The purchase order will be executed giving the name of the authorized purchaser, the date, the program, the PO number, the vendor, and the amount authorized. All data will be maintained on file within the computer records. Blanket purchase orders will be allowed for ongoing programs that require supplies throughout the month, but there will be a limit to the monthly amount allowed to be purchased. The computer file will also list the check(s) that was executed to pay for the items purchased.

2. Periodically record the activity in these accounts and reconcile the bank statements to the general ledger balances.

AGENCY'S RESPONSE

The NEW accounts (two) will be maintained by the NEW Center on an auxiliary accounting program. At the end of each month a recap for the month will be sent to the accounting department and a journal entry will be made to record the recap of activity. Because of the nature of both accounts and the fact that they are for the use of the NEW program clients, and the fact that the activity of the accounts is so minimal, it is not deemed necessary to process the checks at a centralized location. RSVP accounts (two) will be recapped and recorded on a quarterly basis as suggested by the auditors.

() Noted in previous year's audit report.

WESTERN ARKANSAS COUNSELING AND GUIDANCE CENTER
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

- 18 -

Findings (Continued)

POLICIES AND PROCEDURES STATEMENT

3. The Organization's policies and procedures require that signed statements are obtained from each employee verifying that they have read and understood the Center's policies and procedures manual. However, during testing, it was noted that several personnel files did not include this signed statement.

PAYROLL RECONCILIATION

4. It appears the Center's payroll reports are not being regularly reconciled to payroll in the general ledger.

ACCOUNTING RECORDS

5. A multitude of various reporting options are available from the Center's computer system. Management and accounting personnel have determined what information is necessary for documentation purposes to serve as the Organization's accounting records and/or what is helpful to management or others within the Organization and have generated all such information on a periodic basis. It appears that the necessary information is now being generated, and it is being boxed by month, with the contents listed on the outside of the box. However, the contents are in no logical order, reports are not separated, and we found it difficult to locate needed information due to such lack of organization of reports.

Recommendations (Continued)

3. Formal procedures be established to ensure these requirements are met.

AGENCY'S RESPONSE

The personnel files will be reviewed for all items required by the policy and procedure manual to insure that every employee has met all requirements and include the reading of the policies and procedures manual.

4. Reconcile payroll per reports to payroll per the general ledger on a quarterly basis.

AGENCY'S RESPONSE

With the printing of the quarterly payroll reports, a reconciliation will be initiated for the payroll. Items affecting gross pay will be reviewed. We are still in contact with the payroll program vendor on a method to input six pay recording for W-2 purposes, when the Center is not the payor of the six pay.

5. Such data once generated, however, should be bound and stored in logical order to provide ease of access, as we recommended in the prior year.

AGENCY'S RESPONSE

Starting with July 1995, accounting records are no longer boxed, but are being filed in binders. It should be noted that the amount of paper being generated will still present a problem for third parties to review. The system requires a minimum of three postings, a payroll allocation posting, and a facility allocation posting. The detailed general ledger printout (1500 pages) is still the best place to look up any account's activity.

() Noted in previous year's audit report.

WESTERN ARKANSAS COUNSELING AND GUIDANCE CENTER
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

Findings (Continued)

REPORTING REQUIREMENTS

6. (Several instances of noncompliance were noted in connection with reporting requirements called for in the Organization's consolidated contract with the Arkansas Department of Human Services. Such instances are as follows:

CMHS Block Grant: Requires programmatic reporting in a specified format for the period October 1, 1994 through June 30, 1995 (actual data), and for the period July 1, 1995 through September 30, 1995 (estimated data), both due August 1, 1995. As of August 29, 1995, such reporting had not been done by the Organization. The reporting for the prior year had not been done at the time of the prior year audit and could not be located by Organization personnel.

The contract requires semi-annual and annual expenditure reports to the Division of Mental Health Services for all Mental Health funded programs, corresponding to the program wide budget/cost allocation schedule prepared for that agreement and clearly identifying costs as well as number of individuals served by each of the funding sources. Such reporting was done by the Organization during the current year. However, it was not done on a timely basis and did not include the number of individuals served by each funding source.

The contract requires the Organization to report client demographic and other data as prescribed by the AMHIS to the Division of Mental Health on a monthly basis. As reported in the prior year's management letter, the Organization has discontinued this monthly reporting. The Organization's response in the prior year was that the "data was not sent as the recipient of the reports requested that individual data sheets not be mailed...we did not have the ability to send in the reports via modems and were requested to hold data until such time as the computer could send the necessary information." Per the Organization's Director of computer Services, this status remains unchanged in the current year.)

Recommendations (Continued)

6. None

AGENCY RESPONSE

The semi-annual report will henceforth include the number of individuals served. The recap report has not been sent to the Center, and when Center personnel called, they were informed that the report format was forthcoming. To date, the report has still not been received by the Center.

WESTERN ARKANSAS COUNSELING AND GUIDANCE CENTER
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1995

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Findings (Continued)

SERVICE TICKETS

7. (We noted that facility codes are generally omitted from service tickets by the individuals completing them. Personnel inputting the information from the tickets generally know what facility each employee works at and can look up the applicable code. However, in order to expedite the input process and ensure coding to the proper facility, we recommend that personnel completing service tickets include the facility code. Additionally, it was noted that service tickets are not being input timely in many instances, and we determined that it appears the reason is that the tickets are not being turned in on a timely basis.)

CANCELLATION OF INVOICES

8. (During our examination of supporting documentation for cash disbursements, we noted that in eleven instances of 77 transactions tested, the supporting invoice was not marked "paid".)

RABBI TRUST CONTRIBUTIONS

9. (It came to our attention during the prior year's audit that FICA is not being paid on deferred compensation plan contributions to the Rabbi Trust. Although income tax is not due until the contributions are ultimately distributed to beneficiaries, FICA is due and payable when the deferred compensation is earned. Collection of the amount due from the employee may be made through additional withholdings from regular salary payments, payment by check from the employee directly to the Organization, etc.)

Recommendations (Continued)

7. Implement procedures to account for all service tickets outstanding and ensure timely receipt on an established periodic basis, with follow-up procedure established to ensure the policy is being enforced.

AGENCY RESPONSE

A missing service ticket report is now prepared monthly so that all service will be recorded. In addition, a review is also conducted monthly that insures that the facility code is a valid code for the individual conducting the service. All non-posted entries are also reviewed at the end of each month and corrected so that posting is accomplished.

8. Cancel invoices upon payment without exception to prevent possible duplicate payment.
9. Collect and pay the FICA liability on all contributions to the plan.

Audited by Beall & Company
Certified Public Accountants
SAQA03995

() Noted in previous year's audit report.

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ARKANSAS BUDGET SYSTEM DEPARTMENT PROGRAM SUMMARY

AGENCY TITLE	1995-97 Expenditures				1997-99 Biennium Request				1997-99 Executive Recommendation			
	Actual 1995-96	No. of Pos.	Budgeted 1996-97	No. of Pos.	Year 1 1997-98	No. of Pos.	Year 2 1998-99	No. of Pos.	Year 1 1997-98	No. of Pos.	Year 2 1998-99	No. of Pos.
DEPARTMENT OF HUMAN SERVICES (710) Administrative Summary												
Director's Office	\$1,462,437	20	\$3,853,787	18	\$4,452,025	21	\$4,483,009	21	\$3,070,137	18	\$3,094,602	18
Office of Chief Counsel	6,073,346	148	6,663,668	147	7,469,554	153	7,562,976	153	6,991,677	147	7,145,008	147
Administrative Services	37,269,289	419	54,411,887	363	56,723,902	372	57,149,819	372	54,891,193	363	55,208,930	363
TOTALS	\$44,805,072	587	\$64,929,342	528	\$68,645,481	546	\$69,195,804	546	\$64,953,007	528	\$65,448,540	528
Funding Sources		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances												
General Revenues	11,801,326	26.3%	14,278,036	22.0%	15,193,497	23.0%	15,386,577	23.1%	14,073,476	21.7%	14,266,556	21.8%
Special Revenues	4,618	0.1%	6,001	0.1%	6,174	0.1%	6,272	0.1%	6,174	0.1%	6,272	0.1%
Federal Funds	28,426,342	63.3%	46,447,082	71.4%	46,991,503	70.9%	47,287,229	70.9%	46,946,440	72.2%	47,240,904	72.1%
Const. & Fiscal Agency Fund												
Revolving Fund												
Merit Adjustment Fund			250,567	0.4%								
Cash Funds	18,224	0.1%	138,981	0.2%	139,796	0.2%	140,227	0.2%	139,796	0.2%	140,227	0.2%
Various Program Support	4,554,562	10.2%	3,808,675	5.9%	3,823,848	5.8%	3,832,336	5.7%	3,787,121	5.8%	3,794,581	5.8%
Total Funding	44,805,072	100.0%	64,929,342	100.0%	66,154,818	100.0%	66,652,641	100.0%	64,953,007	100.0%	65,448,540	100.0%
Excess Appro./ (Funding)	0		0		2,490,663		2,543,163		0		0	
TOTAL	\$44,805,072		\$64,929,342		\$68,645,481		\$69,195,804		\$64,953,007		\$65,448,540	
DEPARTMENT	DIRECTOR				DEPARTMENT PROGRAM SUMMARY							
Department of Human Services Administrative Summary	Tom Dalton				BR 22							

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

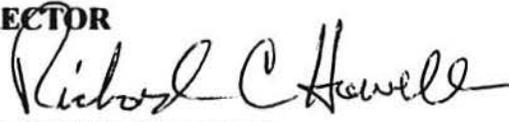
The DHS Director's Office has the administrative authority for the Department and includes the legal functions of the Office of Chief Counsel and the Equal Employment Opportunity Office. The Office of Chief Counsel is included in the Director's Office appropriation but is budgeted in a separate allocation. The DHS Director's Office has 18 positions and a base level administrative budget of \$1,148,684 and a base level program budget of \$2,637,189. Approximately 50% of the administrative budget is funded with federal dollars with the remaining 50% funded through a combination of state and agency generated funds.

The Director's Office total priority request is:

	<u>FY 1998</u>	<u>FY 1999</u>
Administrative Requests	\$261,867	\$268,386
Program/Service Requests	<u>\$362,811</u>	<u>\$362,811</u>
Total Requests	<u>\$624,678</u>	<u>\$631,197</u>

DHS Director's Office Administration: Several priority requests are made in this cost center without funding being requested. They are listed below:

- This priority is to request two (2) positions to be used in the Director's Office to provide management for the Governor's Partnership Council and the Departments of Human Services, Health and Education Collaborative. The first position is the Manager, Governor's Partnership Council which is an unclassified position to provide direction and management support for this important initiative. The second position is the Manager, DHS Community Services, an unclassified position, which will provide direction and management support for the coordination of all DHS Community Services activities. Unfunded appropriation of \$152,424 in FY 1998 and \$156,581 in FY 1999 is requested. The positions will be funded with existing resources.
- This priority is to request one Administrative Assistant II position to provide administrative and technical support for two policy analysts, one manager and the Director of Communications within the Director's Office. Unfunded appropriation of \$25,479 in FY 1998 and \$26,108 in FY 1999 is requested. This position will be funded with existing resources.
- This priority is to request unfunded appropriation to cover inflationary increases in Maintenance and Operations cost over the biennium. Unfunded appropriation of \$13,600 in FY 1998 and \$15,264 in FY 1999 is requested.
- This priority is to request unfunded appropriation for Extra Help to allow the Director to use temporary staff during peak work periods. Salary savings will provide the necessary funding during the Biennium. Unfunded appropriation of \$26,913 is requested for both years of the biennium.

AGENCY DEPARTMENT OF HUMAN SERVICES DIRECTOR'S OFFICE	DIRECTOR  (DHS DEPUTY DIRECTOR)	AGENCY PROGRAM COMMENTARY BR21	PAGE 34
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**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

- This priority is to request unfunded appropriation to provide the Director's Office with Professional Fees and Services at the level of expenditures in FY 1996. Unfunded appropriation of \$5,000 is requested for both years of the biennium.
- This priority is to request unfunded appropriation to replace non repairable and/or obsolete equipment over the biennium. Unfunded appropriation of \$21,000 is requested for both years of the biennium.

DHS Director's Office - Equal Employment Opportunity Office: Two priority requests for appropriation without funding are being made in this cost center. They are listed below:

- This priority is to request unfunded appropriation to replace non repairable and/or obsolete equipment over the biennium for the Equal Employment Opportunity Office. Unfunded appropriation of \$15,000 is requested for both years of the biennium.
- This priority is to request reclassifications of three (3) positions in the Equal Employment Opportunity Office. The job duties of these positions have significantly changed during the last two bienniums requiring job audits be performed to properly classify these positions. Unfunded appropriation of \$2,451 in FY 1998 and \$2,520 in FY 1999 is requested.

DHS Director's Office - Programs/Services: This priority is to request funding and appropriation to restore the funding level of the Integrated Case Management Program to its original funded level of \$1,000,000. This Program ensures DHS clients receive timely and comprehensive access to the appropriate services which meet their needs on a holistic basis. Appropriation with General Revenue funding of \$362,811 is requested for both years of the biennium.

A departmental priority is the establishment of three (3) levels of Assistant Division Directors within all divisions/offices. The three levels are determined by identifying the functions performed, supervisory responsibility and financial/budgetary accountability of each assistant division director. The criteria to distinguish between each level has been developed. The maximum line item salaries for each of these three levels are: Level 1 - \$50,000; Level 2 - \$60,000 and Level 3 - \$65,000 with the following ranges within each of the three levels: Level 1 - \$35,000 to \$50,000; Level 2 - \$45,000 to \$60,000; and Level 3 - \$50,000 to \$65,000 even though the maximum authorization has been requested. Assistant Division Directors will not automatically be paid the maximum authorized salary for their position but will have their salary set by their respective division director taking into consideration the incumbents job performance and capabilities and the job criteria established for each position. This flexible classification system is reflected in the base level request of each division/office rather than in a special priority due to the requirements of the Arkansas Budget System.

<p>AGENCY</p> <p>DEPARTMENT OF HUMAN SERVICES DIRECTOR'S OFFICE</p>	<p>DIRECTOR</p>  (DHS DEPUTY DIRECTOR)	<p>AGENCY PROGRAM COMMENTARY BR21</p>	<p>PAGE 35</p>
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**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

Department of Human Services

Office of Chief Counsel

For SFY 1996-97, the Office of Chief Counsel is operating with a budget of \$6,695,593 of which \$2,859,493 or 42.7% is generated from State General Revenue. The remaining \$3,836,100 is composed of \$3,600,422 of Federal funding or 53.8% of the total and \$235,678 of other funding or 3.5% of the total budget. The Office has 152 budgeted positions for SFY 1996-97. Of these positions, 147 are regular staff positions and 5 are extra help positions. The Office of Chief Counsel's total priority request is \$441,150 for SFY 1997-98 and \$380,213 for SFY 1998-99.

The Office of Chief Counsel's biennial budget requests, listed by operational unit or function, are as follows:

OCC Administration This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent and postage of \$6,400 in 1998 and \$3,400 in 1999.

	<u>SFY '98</u>	<u>SFY '99</u>
Approp. only	\$6,400	\$3,400

This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover expenditures to upgrade computers in all sections in order to make them capable of accessing the new DHS network system, and for Capital Equipment to replace computers that are obsolete and incapable of accessing the network system. This priority will increase Maintenance and Operations appropriation by \$83,100 in 1998 and \$37,000 in 1999 and Capital Outlay appropriation by \$130,300 in 1998 and \$77,400 in 1999.

	<u>SFY '98</u>	<u>SFY '99</u>
Approp. only	\$213,400	\$114,400

AGENCY Department of Human Services Office of Chief Counsel	DIRECTOR Holly Lodge Meyer, Chief Counsel	AGENCY PROGRAM COMMENTARY BR21	PAGE 36
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**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

This priority is to request an increase in appropriation only for data processing charges to cover anticipated increases in expenditures for additional e-mail usage and for costs allocated for server capacity in the new DHS network system. This priority will increase appropriation by \$7,000 in 1998 and \$28,500 in 1999.

	SFY '98	SFY '99
Approp. only	\$7,000	\$28,500

Legal Operations This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$1,570 in 1998 and \$1,630 in 1999.

	SFY '98	SFY '99
Approp. only	\$1,570	\$1,630

County Legal Operations This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$1,480 in 1998 and \$1,550 in 1999.

	SFY '98	SFY '99
Approp. only	\$1,480	\$1,550

AGENCY Department of Human Services Office of Chief Counsel	DIRECTOR Holly Lodge Meyer, Chief Counsel	AGENCY PROGRAM COMMENTARY BR21	PAGE 37
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**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

Audit This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$5,080 in 1998 and \$5,300 in 1999.

	SFY '98	SFY '99
Approp. only	\$5,080	\$5,300

This priority is to request an increase in appropriation only for Capital Outlay to cover the cost of replacing a state vehicle in 1999 assigned to the Audit Section. The vehicle, currently over the age limit for replacement, will be over the mileage limit of 75,000 miles by 1999. The vehicle is used to provide transportation for auditors in the course of their work. The Audit Section has been allotted two vehicles. This priority will increase appropriation by \$13,900 in 1999.

	SFY '98	SFY '99
Approp. only	-0-	\$13,900

Appeals and Hearings This priority is to request an increase in appropriation only for a new position to replace an existing grade 24 position being transferred from the Division of Administrative Services in FY '97 and reclassified to Attorney (grade 24). The Department has created a grievance policy and procedure that will require a new program for grievance processing in the Appeals and Hearings Section. This position will be responsible for establishing and implementing the new grievance process. This priority will increase appropriation in Salaries and Match by \$39,959 in 1998 and \$40,996 in 1999.

	SFY '98	SFY '99
Approp. only	\$39,959	\$40,996

AGENCY Department of Human Services Office of Chief Counsel	DIRECTOR Holly Lodge Meyer, Chief Counsel	AGENCY PROGRAM COMMENTARY BR21	PAGE 38
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**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

Fraud/Internal Affairs Investigations This priority is to request an increase in appropriation only for a new position to replace an existing grade 25 position being transferred from the Division of Administrative Services in FY '97 and reclassified to Attorney Specialist, grade 25. This position will be responsible for providing legal assistance and overall supervision to the Fraud/Internal Affairs Investigation Section. This priority is to also request an increase in appropriation only for a reclassification of an existing grade 20 position to Attorney (grade 24) to be transferred to the Appeals and Hearings Section. This position will be responsible for establishing and implementing a new grievance process in the Appeals and Hearings Section. This priority will increase appropriation in Salaries and Match by \$77,917 in 1998 and \$79,931 in 1999.

	SFY '98	SFY '99
Approp. only	\$77,917	\$79,931

This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$3,180 in 1998 and \$3,300 in 1999.

	SFY '98	SFY '99
Approp. only	\$3,180	\$3,300

This priority is to request an increase in appropriation only for two new Fraud Investigator positions (grade 18) and one Program Analyst position (grade 18). These positions are necessary to support anticipated increases in fraud cases. These new positions will increase appropriation in Salaries and Match by \$83,714 in 1998 and \$85,806 in 1999.

	SFY '98	SFY '99
Approp. only	\$83,714	\$85,806

AGENCY Department of Human Services Office of Chief Counsel	DIRECTOR Holly Lodge Meyer, Chief Counsel	AGENCY PROGRAM COMMENTARY BR21	PAGE 39
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**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$1,450 in 1998 and \$1,500 in 1999.

	SFY '98	SFY '99
Approp. only	\$1,450	\$1,500

AGENCY Department of Human Services Office of Chief Counsel	DIRECTOR Holly Lodge Meyer, Chief Counsel	AGENCY PROGRAM COMMENTARY BR21	PAGE 40
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SUMMARY
STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 80TH GENERAL ASSEMBLY

GENCY: DHS-Director/Chief Counsel

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	
<u>APPROPRIATION: 868 - DIRECTOR</u>				
Regular Salaries	4	\$116,503	\$222,883	Salary payments. None of the additional authority was utilized in FY96. All of the additional authority is budgeted in FY97. All four positions were utilized in FY96 and two are budgeted in FY97. An additional four positions were obtained in FY96 through transfer and Supplemental Emergency procedures and all have been utilized by the Director in efforts to coordinate services statewide in the DHS as well as with the Departments of Health and Education.
Operating Expenses		\$113,295	\$18,629	All Additional authority was expended in FY96 and all is budgeted in FY97.
Personal Services Matching		\$41,738	\$75,851	Matching for Regular Salaries. All of the additional authority was utilized in FY96 and all of the additional authority is budgeted in FY97.
Overtime		\$12,000	\$12,000	Appropriation for compliance with Fair Labor Standards Act. None of the additional authority was utilized in FY96 and all of the authority was transferred to Data Processing Services to implement FY97.
Conference Fees and Travel		\$48,032		All of the additional authority was expended in FY96. By authority of ACA 25-10-112

SUMMARY

STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 80TH GENERAL ASSEMBLY

GENCY: DHS-Director/Chief Counsel

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	
				\$48,032 was transferred to the Director's Office.
Professional Fees and Services		\$39,000		None of the additional authority was expended in FY96. By authority of ACA 25-10-112, '\$47,000 was transferred to the Director's Office.
Capital Outlay		\$140,000	\$116,300	Appropriation for equipment purchase and replacement. All of the additional authority was utilized in FY96 and all is budgeted in FY97. By authority of ACA 25-10-112 Capital Outlay was increased by an additional \$100,000 in FY96 and \$76,300 in FY97.
Data Processing Services			\$20,673	\$18,423 of the additional authority is budgeted in FY97.
<u>APPROPRIATION: 982 - INTERDIVISIONAL PROGRAMS</u>				
Grants/Aids		\$3,000,000	\$3,000,000	Appropriation for the development of inter-divisional programs with other agencies and for the development of an integrated case management system. \$359,798 was utilized of the appropriation in FY96 and \$2,637,189 is budgeted in FY97. By authority of ACA 25-10-112, \$100,000 was transferred

SUMMARY

STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 80TH GENERAL ASSEMBLY

GENCY: DHS-Director/Chief Counsel

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	

from Approp. 892 to Appropriation 868 for Capital Outlay in FY96. To implement FY97, \$179,888 was transferred to the Director's Office for administrative purposes.\$73,715 to Salary, \$8,673 to operating, \$21,200 to conference fees and \$76,300 to capital outlay.

ARKANSAS BUDGET SYSTEM DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE DHS - Director's Office		1995-97 Expenditures				1997-99 Biennium Request				1997-99 Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Code	Name	1995-96	Pos.	1996-97	Pos.	1997-98	Pos.	1998-99	Pos.	1997-98	Pos.	1998-99	Pos.
868	Administration-Director	\$7,175,985	168	\$7,880,266	165	\$8,921,579	174	\$9,045,985	174	\$8,181,835	165	\$8,359,631	165
982	Inter-Divisional Programs	359,798	0	2,637,189	0	3,000,000	0	3,000,000	0	1,879,979	0	1,879,979	0
TOTALS		\$7,535,783	168	\$10,517,455	165	\$11,921,579	174	\$12,045,985	174	\$10,061,814	165	\$10,239,610	165
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances													
General Revenues		3,876,083	51.4%	5,884,245	55.8%	6,647,774	59.2%	6,727,144	59.0%	5,527,753	54.8%	5,607,123	54.8%
Special Revenues		1,786	0.1%	1,862	0.1%	1,942	0.1%	1,984	0.1%	1,942	0.1%	1,984	0.1%
Federal Funds		3,210,703	42.6%	4,144,822	39.4%	4,322,757	38.5%	4,416,814	38.7%	4,322,757	43.0%	4,416,814	43.0%
Const. & Fiscal Agency Fund													
State Central Services Fund													
Merit Adjustment Fund				250,567	2.4%								
Cash Funds		18,224	0.2%	18,981	0.2%	19,796	0.2%	20,227	0.2%	19,796	0.2%	20,227	0.2%
Various Program Support		428,987	5.7%	216,978	2.1%	226,293	2.0%	231,217	2.0%	189,566	1.9%	193,462	1.9%
Total Funding		7,535,783	100.0%	10,517,455	100.0%	11,218,562	100.0%	11,397,386	100.0%	10,061,814	100.0%	10,239,610	100.0%
Excess Appro./ (Funding)						703,017		648,599		0		0	
TOTAL		\$7,535,783		\$10,517,455		\$11,921,579		\$12,045,985		\$10,061,814		\$10,239,610	
DEPARTMENT				DIRECTOR					DEPARTMENT APPROPRIATION SUMMARY				
Department of Human Services Director's Office/Office of Chief Counsel				Tom Dalton					BR 40 44				

The variance in the actual number of positions between the Appropriation Summary (BR40) and the Program Summary (BR22) is due to positions that have been paid in more than one cost center.

ARKANSAS BUDGET SYSTEM DEPARTMENT PROGRAM SUMMARY

AGENCY TITLE	1995-97 Expenditures				1997-99 Biennium Request				1997-99 Executive Recommendation			
	Actual 1995-96	No. of Pos.	Budgeted 1996-97	No. of Pos.	Year 1 1997-98	No. of Pos.	Year 2 1998-99	No. of Pos.	Year 1 1997-98	No. of Pos.	Year 2 1998-99	No. of Pos.
DHS - Director's Office/Chief Counsel												
Administration - Director's Office	\$490,089	6	\$537,609	4	\$718,161	7	\$732,902	7	\$473,745	4	\$482,036	4
Deputy Director	224,057	4	226,571	4	242,057	4	248,624	4	242,057	4	248,624	4
EEO/AA Office	388,493	10	452,418	10	491,807	10	501,483	10	474,356	10	483,963	10
Administration - Chief Counsel	456,014	7	468,675	6	685,763	6	612,422	6	458,963	6	466,122	6
Legal Operations	568,526	15	711,021	16	766,605	16	784,298	16	751,823	16	769,087	16
County Legal Operations	1,789,441	52	1,928,024	49	2,054,660	49	2,102,598	49	2,039,968	49	2,087,467	49
Program Services	1,267,758	37	1,592,084	37	1,839,696	42	1,880,149	42	1,672,672	37	1,708,837	37
Audit	1,752,013	39	1,963,864	39	2,081,421	39	2,141,013	39	2,068,251	39	2,113,495	39
Appeals and Fair Hearings	239,594	11	0	0	41,409	1	42,496	1	0	0	0	0
Inter-Divisional Programs	359,798	0	2,637,189	0	3,000,000	0	3,000,000	0	1,879,979	0	1,879,979	0
TOTALS	\$7,535,783	181	\$10,517,455	165	\$11,921,579	174	\$12,045,985	174	\$10,061,814	165	\$10,239,610	165
Funding Sources		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances												
General Revenues	3,876,083	51.4%	5,884,245	55.8%	6,647,774	59.2%	6,727,144	59.0%	5,527,753	54.8%	5,607,123	54.8%
Special Revenues	1,786	0.1%	1,862	0.1%	1,942	0.1%	1,984	0.1%	1,942	0.1%	1,984	0.1%
Federal Funds	3,210,703	42.6%	4,144,822	39.4%	4,322,757	38.5%	4,416,814	38.7%	4,322,757	43.0%	4,416,814	43.0%
Const. & Fiscal Agency Fund												
State Central Services Fund												
Merit Adjustment Fund			250,567	2.4%								
Cash Funds	18,224	0.2%	18,981	0.2%	19,796	0.2%	20,227	0.2%	19,796	0.2%	20,227	0.2%
Various Program Support	428,987	5.7%	216,978	2.1%	226,293	2.0%	231,217	2.0%	189,566	1.9%	193,462	1.9%
Total Funding	7,535,783	100.0%	10,517,455	100.0%	11,218,562	100.0%	11,397,386	100.0%	10,061,814	100.0%	10,239,610	100.0%
Excess Appr./ (Funding)	0		0		703,017		648,599		0		0	
TOTAL	\$7,535,783		\$10,517,455		\$11,921,579		\$12,045,985		\$10,061,814		\$10,239,610	
DEPARTMENT	DIRECTOR						DEPARTMENT PROGRAM SUMMARY					
Department of Human Services	Tom Dalton						BR 22					
Director's Office/Office of Chief Counsel							45					

The variance in the actual number of positions between the Appropriation Summary (BR40) and the Program Summary (BR22) is due to positions that have been paid in more than one cost center.

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

Act 348 of 1985 delegated administrative authority for the entire Department of Human Services to the Office of the Director. According to ACA §25-10-102, the Department operates under an integrated service delivery system provided by nine divisions in addition to the Director's Office which includes the Office of Chief Counsel and the Equal Employment/Affirmative Action Office. Both the Director and Chief Counsel operate from the same appropriation but are given separate allocations.

The Office of Director consists of 18 budgeted positions and the Office of Chief Counsel has 147 budgeted positions. The Office of Chief Counsel provides legal, investigative, hearing services and internal audit functions to the Department of Human Services' divisions. Hearing services include those related to all categories of Medicaid, AFDC and Child Abuse/Neglect. The Office is also responsible for appeals of disallowance of federal funds.

The Director's Office/Office of Chief Counsel are funded from a mix of sources which include General Revenue, Federal Funds, Special Revenues and Other sources. Federal, Other and Special funding is determined by the Department Cost Allocation plan. Other funds are from such sources as client fees, Food Stamp and AFDC overpayment collections.

Base Level for this appropriation is \$8,218,562 in FY98 and \$8,397,386 in FY99. Expenditures in FY96 totaled \$7,175,985. Priority requests for this appropriation total \$703,017 in FY98 and \$648,599 FY99 in **appropriation only**.

• **Additional Positions**

1. Three (3) new positions are requested for the Director's Office. One Grade 99, Manager, Governor's Partnership Counsel is requested to replace a position created by an Emergency Supplemental Position, to provide management for the Governor's Partnership Council and the collaborative between the Department of Human Services, Department of Education and Health Department. A second Grade 99, Manager, DHS Community Services is to coordinate activities related to the Inter-Divisional Program. An Administrative Assistant II is requested to provide support for two Policy Analysts, one Manager and the Director of Communications within the Director's Office. The total request is \$177,903 in FY98 and \$182,689 in FY99 (positions and appropriation only both years).

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: DHS Director's Office Code: 710	Name: Administration - Director Code: 868	Name: Administrative Code: DAS	BR20	46

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

2. Six (6) new positions are requested for the Office of Chief Counsel. One (1) position is to replace an existing Grade 25 position transferred from the Division of Administrative Services, to be reclassified to an Attorney Specialist (Grade 25). One (1) position is for reclassification of an existing Grade 20 position to an Attorney (Grade 24). According to the Agency, 1,800 appeals were received in Appeals and Hearings Section of OCC between March 1, 1996 and August 29, 1996, of which 1,018 were Medicaid and the Attorney position is needed to process appeals. One (1) position is to replace an existing Grade 24 position transferred from the Division of Administrative Services, to be reclassified to an Attorney (Grade 24). This position will be responsible for establishing and implementing a new Department of Human Services Grievance Process. Two (2) positions are requested for Fraud Investigator positions (Grade 18) and one (1) position is a Program Analyst (Grade 18). These three (3) positions are needed to support Agency anticipated increases in fraud cases. Total Request is \$201,590 in FY98 and \$206,733 in FY99 (appropriation only both years).

The remainder of the request is in several areas:

- **Operating Expenses** of \$115,860 in FY98 and \$68,944 in FY99 (appropriation only) for costs to cover inflationary increases in rent, official business travel to include meals and lodging, common carrier, per diem, mileage and travel for non-state employees. This request also includes repair of data processing equipment, postage and purchase of data processing software.
- **Capital Outlay** of \$166,300 in FY98 and \$127,300 in FY99 (appropriation only) for replacement of obsolete and non-repairable equipment and for upgrade and replacement of computers to access the new DHS network system, replacement of vehicle in FY99. According to the Agency, the vehicle will reach or exceed the mileage and age limit by FY99.
- **Professional Fees and Services** of \$5,000 each year (appropriation only). This appropriation, according to the Agency would provide the level of support used in FY96.
- **Extra Help** of \$26,913 each year (appropriation only) for utilization of temporary staff during peak work periods.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: DHS Director's Office	Name: Administration - Director	Name: Administrative		47
Code: 710	Code: 868	Code: DAS	BR20	

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

- **Data Processing Services** increases of \$7,000 in FY98 and \$28,500 in FY99 for services provided by the Department of Computer Services and the DHS outsource contract.
- **Position Reclassification** increases of \$2,451 in FY98 and \$2,520 in FY99 (appropriation only) for three (3) positions. The Agency reports that job duties have changed significantly during the past two (2) biennium's requiring job audits to properly classify the positions.

The Agency Request also includes a request to increase the maximum annual salary of four (4) non-classified positions above the 2.8% recommended for state employees. The positions serve as Attorney Supervisor, Program Manager and Audit/Fiscal Manager. This request is a component of a Departmental request that would provide a maximum salary that could be paid to 51 various non-classified personnel based on criteria to be developed by the Department. Payment of the maximum salary would not be automatic and would depend of functions performed, supervisory responsibility, and financial and budgetary accountability as determined by respective Division Directors. Salary and Matching appropriation for this requests totals \$36,727 in FY98 and \$37,755 in FY99.

The Executive Recommendation provides for Base Level which includes appropriation for a 2.8% Cost of Living Allowance for positions on July 1 of each year of the biennium along with accompanying employee matching requirements. The Executive Recommendation does not reflect Agency Request for extraordinary increases for non-classified positions or reclassification of positions at this time.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: DHS Director's Office	Name: Administration - Director	Name: Administrative		48
Code: 710	Code: 868	Code: DAS	BR20	

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			-----97-98 FISCAL YEAR-----			-----98-99 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	95-96	96-97	96-97	97-98 FISCAL YEAR		98-99 FISCAL YEAR		98-99 FISCAL YEAR		EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	97-98	98-99	97-98	98-99
JLAR SALARIES	4,664,587	5,170,180	4,862,195	5,461,579	296,435	5,758,014	5,610,698	304,737	5,915,435	5,430,903	5,579,162		
NUMBER OF POSITIONS	168	165	171	165	9	174	165	9	174	165	165		
RA HELP	26,555	75,656	102,878	75,656	25,000	100,656	75,656	25,000	100,656	75,656	75,656		
NUMBER OF POSITIONS	5	5	5	5	1	6	5	1	6	5	5		
PERSONAL SERV MATCHING	1,224,260	1,411,422	1,447,359	1,574,619	87,422	1,662,041	1,604,324	89,118	1,693,442	1,568,560	1,598,105		
RTIME	0	0	12,000	0	0	0	0	0	0	0	0		
RATING EXPENSES	1,099,242	970,742	943,440	970,742	115,860	1,086,602	970,742	68,944	1,039,686	970,742	970,742		
F FEES & TRAVEL	67,555	90,043	68,843	90,043	0	90,043	90,043	0	90,043	90,043	90,043		
F FEES & SERVICES	16,577	27,500	27,675	27,500	5,000	32,500	27,500	5,000	32,500	27,500	27,500		
ITAL OUTLAY	57,507	116,300	40,000	0	166,300	166,300	0	127,300	127,300				
A PROCESSING	0	0	0	0	0	0	0	0	0				
A PROCESSING SERVICES	19,702	18,423	6,423	18,423	7,000	25,423	18,423	28,500	46,923	18,423	18,423		
TOTAL	7,175,985	7,880,266	7,510,813	8,218,562	703,017	8,921,579	8,397,386	648,599	9,045,985	8,181,835	8,359,631		
PROPOSED FUNDING SOURCES			*****										
D BALANCES			*****										
ERAL REVENUES	3,516,285	3,247,056	*****	3,647,774		3,647,774	3,727,144		3,727,144	3,647,774	3,727,144		
ETIAL REVENUES	1,786	1,862	*****	1,942		1,942	1,984		1,984	1,942	1,984		
ERAL FUNDS	3,210,703	4,144,822	*****	4,322,757		4,322,757	4,416,814		4,416,814	4,322,757	4,416,814		
TE CENTRAL SERVICES FUND			*****										
it Adjustment Fund		250,567	*****										
H FUNDS	18,224	18,981	*****	19,796		19,796	20,227		20,227	19,796	20,227		
ious Program Support	428,987	216,978	*****	226,293		226,293	231,217		231,217	189,566	193,462		
AI FUNDING	7,175,985	7,880,266	*****	8,218,562		8,218,562	8,397,386		8,397,386	8,181,835	8,359,631		
ESS APPRO/ (FUNDING)			*****		703,017	703,017		648,599	648,599				
TOTAL	7,175,985	7,880,266	*****	8,218,562	703,017	8,921,579	8,397,386	648,599	9,045,985	8,181,835	8,359,631		

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Line items in which actual or budgeted exceed authorized have been approved by the transfer authority in Arkansas Code 25-10-112 or are due to salary and matching appropriation required for implementation of the pay plan during the 1995-97 biennium.

Authorized positions reflect transfers approved by authority in Arkansas Code §25-10-112.

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----1997 - 99 BIENNIUM REQUESTS-----						-----RECOMMENDATIONS-----					
					---ACTUAL---	---BUDGETED---	-----FY 1997 - 98-----			-----FY 1998 - 99-----			-----EXECUTIVE-----		-----LEGISLATIVE-----			
					95-96	96-97	REQUEST			REQUEST			1997-98	1998-99	1997-98	1998-99		
000		DAS	710 868	B	7,175,985 168	7,880,266 165	8,218,562 165			8,397,386 165			8,181,835 165	8,359,631 165				
001		DAS	710 868 100 01 OFFICE OF THE DIRECTOR	P01		0	152,424 2			156,581 2								
<p>This priority is to request two (2) positions to be used in the Director's Office to provide management for the Governor's Partnership Council and the Departments of Human Services, Health and Education Collaborative. The first position is the Manager, Governor's Partnership Council which is an unclassified position to provide direction and management support for this important initiative. The second position is the Manager, DHS Community Services, an unclassified position, which will provide direction and management support for the coordination of all DHS Community Services activities. Appropriation without funding is requested for both years of the biennium. The positions will be funded with existing resources.</p>																		
001		DAS	710 868 150 01 CHIEF COUNSEL	P02		0	6,400 0			3,400 0								
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent and postage of \$6,400 in 1998 and \$3,400 in 1999.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES
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A R K A N S A S B U D G E T S Y S T E M
 PROGRAM/SERVICE INFORMATION LIST
 RANK BY APPROPRIATION

1	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
PK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1997 - 99 BIENNIUM REQUESTS				R E C O M M E N D A T I O N S							
					ACTUAL 95-96	BUDGETED 96-97	FY 1997 - 98		FY 1998 - 99		EXECUTIVE		LEGISLATIVE					
							REQUEST	REQUEST			1997-98	1998-99	1997-98	1998-99				
1		DAS	710 868 150 01 CHIEF COUNSEL	P03		0	220,400 0	142,900 0										
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover expenditures to upgrade computers for all sections in order to make them capable of accessing the new DHS network system, and for Capital Equipment to replace computers that are obsolete and capable of accessing the network system. This priority will increase Maintenance and Operations appropriation by \$90,100 in FY98 and \$65,500 in FY99 and Capital Outlay appropriation by \$130,300 in FY98 and \$77,400 in FY99.</p>																		
1		DAS	710 868 150 02 LEGAL OPERATIONS	P02		0	1,570 0	1,630 0										
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$1,570 in 1998 and \$1,630 in 1999.</p>																		
1		DAS	710 868 150 03 COUNTY LEGAL OPERATIONS	P02		0	1,480 0	1,550 0										
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$1,480 in 1998 and \$1,550 in 1999.</p>																		

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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----1997 - 99 BIENNIUM REQUESTS-----						-----R E C O M M E N D A T I O N S-----					
					ACTUAL	BUDGETED	-----FY 1997 - 98-----			-----FY 1998 - 99-----			-----EXECUTIVE-----		-----LEGISLATIVE-----			
					95-96	96-97	-----REQUEST-----			-----REQUEST-----			1997-98	1998-99	1997-98	1998-99		
001		DAS	710 868 150 04 PROGRAM SERVICES	P01		0	77,917					79,931						
<p>This priority is to request an increase in appropriation only for a new position to replace an existing grade 25 position being transferred from the Division of Administrative Services in FY'97 and reclassified to Attorney Specialist, grade 25 and for a reclassification of an existing grade 20 position to Attorney, grade 24. This priority will increase appropriation in Salaries and Match by \$77,917 in 1998 and \$79,931 in 1999.</p>																		
001		DAS	710 868 150 04 PROGRAM SERVICES	P02		0	3,180					3,300						
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$3,180 in 1998 and \$3,300 in 1999.</p>																		
001		DAS	710 868 150 05 AUDIT	P02		0	5,080					5,300						
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$5,080 in 1998 and \$5,300 in 1999.</p>																		

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APPRO 868 ADMINISTRATION - DIRECTOR
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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

1	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
LNK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----1997 - 99 BIENNIUM REQUESTS-----						-----R E C O M M E N D A T I O N S-----					
					---ACTUAL---	---BUDGETED---	-----FY 1997 - 98-----			-----FY 1998 - 99-----			-----EXECUTIVE-----		-----LEGISLATIVE-----			
					95-96	96-97	REQUEST	REQUEST	REQUEST	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99			
1	DAS	710 868 150 06	APPEALS AND FAIR HEARINGS	P01		0	39,959				40,996							
						0	1				1							
<p>This priority is to request an increase in appropriation only for a new position to replace an existing grade 24 position being transferred from the Division of Administrative Services in FY'97 and reclassified to Attorney (grade 24). The Department has created a grievance policy and procedure that will require a new program for grievance processing in the Appeals and Hearings Section. This position will be responsible for establishing and implementing the new grievance process. This priority will increase appropriation in Salaries and Match by \$39,959 in 1998 and \$40,996 in 1999.</p>																		
1	DAS	710 868 150 06	APPEALS AND FAIR HEARINGS	P02		0	1,450				1,500							
						0	0				0							
<p>This priority is to request an increase in appropriation only for Maintenance and Operations cost to cover anticipated increases in office rent of \$1,450 in 1998 and \$1,500 in 1999.</p>																		
12	DAS	710 868 100 01	OFFICE OF THE DIRECTOR	P06		0	25,479				26,108							
						0	1				1							
<p>This priority is to request one Administrative Assistant II position to provide administrative and technical support for two policy analysts, one manager and the Director of Communications within the Director's Office. Appropriation without funding is requested for both years of the biennium.</p>																		

PT 019 DEPARTMENT OF HUMAN SERVICES
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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----				-----1997 - 99 BIENNIIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----					
					---ACTUAL---		--BUDGETED--		---FY 1997 - 98---		---FY 1998 - 99---		-----EXECUTIVE-----		-----LEGISLATIVE-----			
					95-96	96-97	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99						
002		DAS	710 868 150 04 PROGRAM SERVICES	P05		0	83,714				85,806							
	<p>This priority is to request an increase in appropriation only for two new Fraud Investigator positions (grade 18) and one Program Analyst position (grade 18). These positions are necessary to support anticipated increases in fraud cases. The new position will increase appropriation in Salaries and Match by \$83,714 in FY98 and \$85,806 in FY99.</p>																	
002		DAS	710 868 150 05 AUDIT	P04		0	0				13,900							
	<p>This priority is to request an increase in appropriation only for Capital Outlay to cover the cost of replacing a state vehicle in 1999 assigned to the Audit Section. The vehicle, currently over the age limit for replacement, will be over the mileage limit of 75,000 miles by 1999. This priority will increase appropriation by \$13,900 in 1999.</p>																	
003		DAS	710 868 100 01 OFFICE OF THE DIRECTOR	P02		0	13,600				15,264							
	<p>This priority is to request unfunded appropriation to cover inflationary increases in Maintenance and Operations cost over the biennium. Appropriation without funding is requested for both years of the biennium.</p>																	

DEPT 019 DEPARTMENT OF HUMAN SERVICES
AGY 710 DEPARTMENT OF HUMAN SERVICES
APPRO 868 ADMINISTRATION - DIRECTOR
FUND DAS DHS-(710)ADMINISTRATIVE

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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
K	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1997 - 99 BIENNIUM REQUESTS		RECOMMENDATIONS									
					ACTUAL 95-96	BUDGETED 96-97	FY 1997 - 98 REQUEST	FY 1998 - 99 REQUEST	EXECUTIVE		LEGISLATIVE							
	DAS	710 868 100 01	OFFICE OF THE DIRECTOR	P03		0	26,913	0	26,913	0								
	<p>This priority is to request unfunded appropriation for Extra Help to allow the Director to use temporary staff during peak work periods. Salary savings will provide the necessary funding during the Biennium. Appropriation without funding is requested for both years of the biennium.</p>																	
	DAS	710 868 100 01	OFFICE OF THE DIRECTOR	P04		0	5,000	0	5,000	0								
	<p>This priority is to request unfunded appropriation to provide the Director's Office with Professional Fees and Services at the level of support used in FY 1996. Appropriation without funding is requested for both years of the biennium.</p>																	
	DAS	710 868 100 01	OFFICE OF THE DIRECTOR	P05		0	21,000	0	21,000	0								
	<p>This priority is to request unfunded appropriation to replace unrepairable and/or obsolete equipment over the biennium. Appropriation without funding is requested for both years of the biennium.</p>																	

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A R K A N S A S B U D G E T S Y S T E M
 PROGRAM/SERVICE INFORMATION LIST
 RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----				-----1997 - 99 BIENNIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----					
					---ACTUAL---		--BUDGETED--		-----FY 1997 - 98-----		-----FY 1998 - 99-----		-----EXECUTIVE-----		-----LEGISLATIVE-----			
					95-96	96-97	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99						
007		DAS	710 868 100 03 EEO/AA OFFICE	P05		0	15,000	0	15,000	0								
<p>This priority is to request unfunded appropriation to replace unrepairable and/or obsolete equipment over the biennium for the Equal Employment Opportunity Office. Appropriation without funding is requested for both years of the biennium.</p>																		
008		DAS	710 868 100 03 EEO/AA OFFICE	P10		0	2,451	0	2,520	0								
<p>This priority is to request reclassifications of three (3) positions in the Equal Employment Opportunity Office. The job duties of these positions have significantly changes during the last two bienniums requiring job audits be performed to properly classify these positions. Appropriation without funding is requested for both years of the biennium.</p>																		

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 APPRO 868 ADMINISTRATION - DIRECTOR
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**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

The DHS Interdivisional Program Appropriation funds integrated services and programs for individuals with complex needs requiring the concerted efforts of multiple DHS Divisions. The programs/services are for individualized "wrap-around" services (e.g. respite care, in-home assistance, out of home support, etc.) to supplement and enhance available program options. The individualized wrap around services are alternatives to out-of-state placements and residential options in-state. This appropriation further funds the Governor's Partnership Council which is a collaborative effort of the DHS, Department of Health and Department of Education to facilitate services at the local community level, soliciting input from local area citizens regarding the needs of the individual community and developing the mechanisms for systemic changes to best meet the ever changing needs of the persons receiving services through these agencies. The third area in this appropriation is the development and implementation of a Departmental Case Management System. The system will provide access to a data base system which will indicate the services provided to individuals and families. It is the intent of the Department for each Division's staff to participate in the development of the information necessary to look at all of the needs of an individual or family through collaborative efforts. The Division personnel will work together to develop individual and family service plans, eliminate duplication of case management efforts within the Department and coordinate services provided across Divisions.

The Director's Office is requesting \$362,811 in General Revenue for both years of the biennium to increase funding level for the Integrated Case Management Program. This appropriation is 100% General Revenue. Expenditures in FY96 totaled \$359,798.

The Executive Recommendation provides an adjusted Base Level with a reduction of \$757,210 in funding and appropriation for the Governor's Partnership Council.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: DHS - Director's Office Code: 710	Name: Director's Office Inter-Divisional Programs Code: 982	Name: DHS Administrative Code: DAS	BR20	57

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			-----97-98 FISCAL YEAR-----			-----98-99 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	95-96	96-97	96-97	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO							97-98	98-99	97-98	98-99
INTER-DIVISIONAL PROGRAMS	359,798	2,637,189	3,000,000	2,637,189	362,811	3,000,000	2,637,189	362,811	3,000,000	1,879,979	1,879,979		
TOTAL	359,798	2,637,189	3,000,000	2,637,189	362,811	3,000,000	2,637,189	362,811	3,000,000	1,879,979	1,879,979		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES	359,798	2,637,189	*****	2,637,189	362,811	3,000,000	2,637,189	362,811	3,000,000	1,879,979	1,879,979		
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER			*****										
TOTAL FUNDING	359,798	2,637,189	*****	2,637,189	362,811	3,000,000	2,637,189	362,811	3,000,000	1,879,979	1,879,979		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	359,798	2,637,189	*****	2,637,189	362,811	3,000,000	2,637,189	362,811	3,000,000	1,879,979	1,879,979		

DEPT 019 DEPARTMENT OF HUMAN SERVICES
 AGY 710 DEPARTMENT OF HUMAN SERVICES
 APPRO 982 ADMIN SVS - DIRECTOR'S OFFICE - INTER-DIVISIONAL PROGRAMS
 FUND DAS DHS-(710)ADMINISTRATIVE

APPROPRIATION SUMMARY

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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	
PK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----1997 - 99 BIENNIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----									
					-----EXPENDITURES-----		-----FY 1997 - 98-----		-----FY 1998 - 99-----		-----EXECUTIVE-----		-----LEGISLATIVE-----					
					ACTUAL	BUDGETED	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99						
				95-96	96-97													
	DAS	710 982		B	359,798 0	2,637,189 0	2,637,189 0	2,637,189 0					1,879,979	1,879,979				
	DAS	710 982 100 01 OFFICE OF THE DIRECTOR		P01		0 0	362,811 0	362,811 0										
<p>This priority is to request funding and appropriation to restore the funding level of the Integrated Case Management Program to its original funded level of \$1,000,000. This Program ensures DHS clients receive timely and comprehensive access to the appropriate services which meet their needs on a holistic basis. Appropriation with funding is requested for both years of the biennium.</p>													<p>Executive Recommendation reduces Base Level by \$757,210 each year of the biennium.</p>					

PT 019 DEPARTMENT OF HUMAN SERVICES
 / 710 DEPARTMENT OF HUMAN SERVICES
 PRO 982 ADMIN SVS - DIRECTOR'S OFFICE - INTER-DIVISIONAL PROGRAMS
 ID DAS DHS-(710)ADMINISTRATIVE

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