

# DHS - DIRECTOR'S OFFICE/OFFICE OF CHIEF COUNSEL

## **Enabling Laws**

Act 1279 of 2007  
Act 384 of 2007  
A.C.A. §25-10-101  
A.C.A. §25-10-102  
A.C.A. §25-10-106  
A.C.A. §25-10-108  
A.C.A. §25-10-111  
A.C.A. §25-10-113

## **History and Organization**

The Department of Human Services operates under an integrated service delivery system provided by thirteen (13) divisions/offices. Each Division is under the direction, control and supervision of the Director of the Department of Human Services. The Director has the authority to transfer or assign duties or programs whether existing or new to offices, sections or units as deemed necessary for efficient and necessary operation of the department.

Act 1954 of 2005 merged the Department of Health into the Department of Human Services and renamed the agency the Department of Health and Human Services. In 2007, the 86th General Assembly enacted what became Act 384 and authorized the Governor to create two separate agencies within the Department. Governor Beebe signed Executive Order EO 07-05 on May 2, 2007 creating a separate Department of Health and a separate Department of Human Services with the change effective July 1, 2007.

Ark Code Ann. § 25-10-102(b)(1)(A) delegated administrative authority for the Department to the Director. The Director is responsible for establishing Departmental policy to carry out Executive Directives, federal and state legislative mandates and coordination of services across Division lines when individuals and families are provided services by multiple programs. The Director is also responsible for receiving from each of the divisions/offices and submitting a Department budget for review and approve by the Governor and General Assembly. The state institutions and operation of institutions remain under the jurisdiction of the State Institutional Systems Board and the Board of Developmental Disabilities Services. Both Boards work in concert with the DHS Director on issues that impact services for which each is responsible.

The Mission of the Department is "Together we improve the quality of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health."

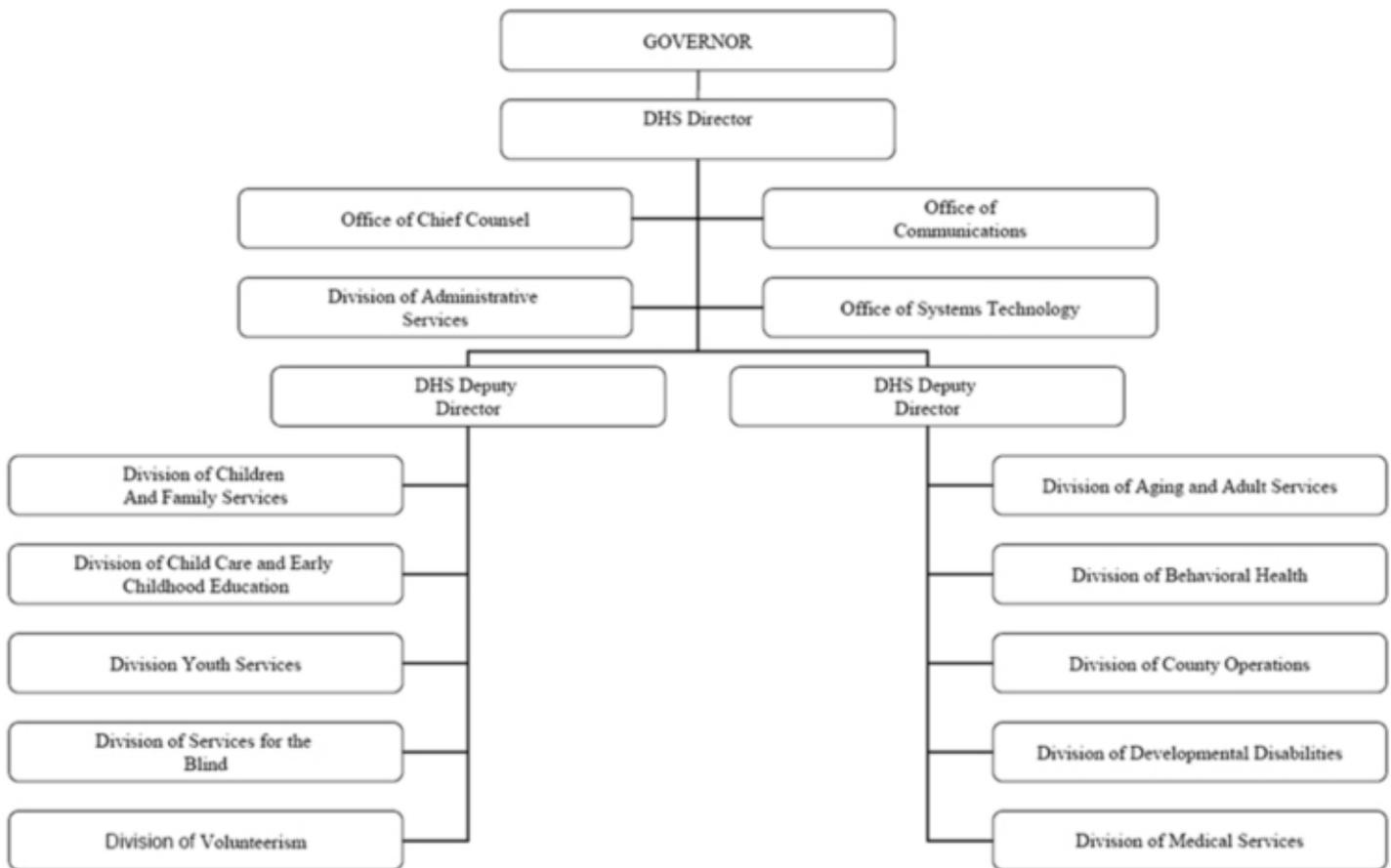
The Office of Chief Counsel provides legal and administrative hearing services to the various divisions and offices within the Department. Specific areas of responsibility within the Office of Chief Counsel include:

- General Counsel Section provides legal assistance on administrative, litigation pertaining to delivery of services, program administration, personnel, civil rights and overpayment collections.

- Child and Adult Protection Section provides legal support in all counties and provides assistance primarily in areas of child welfare and adult protective services. Attorneys also provide assistance in Family In Need of Services (FINS) cases when the children are placed in foster care and assisting the Division of Youth Services in transitioning youth from their facilities when they can not return home.
- Appeals and Hearings administers the appeal process on adverse actions which include those related to all categories of Medicaid, TANF, Child Maltreatment.

Office of Quality Assurance includes the following:

- Audit Section conducts performance, compliance and some financial related audits, and consults on operational and program issues. It coordinates the development of audit requirements and guidelines and monitors program resolution.
- Fraud Investigations is responsible for investigating and referring for prosecution allegations of recipient fraud or IPV in the public assistance programs administered by the Department of Human Services. These include Transitional Employment Assistance, Food Stamps, Medicaid, Child Care, and Special Nutrition. The unit also conducts investigations of suspected Food Stamp trafficking by both recipients and retailers, and/or program divisions with investigations involving service providers who contract with the agency to perform services for a defined recipient population. The Internal Affairs section of the unit conducts investigations involving allegations of internal misconduct.



## **Agency Commentary**

### **DHS Director's Office**

The DHS Director's Office requests five (5) new Extra Help positions to create a DHS Fellows Program. The purpose of this program is to attract outstanding men and women from a variety of academic disciplines and career paths to DHS. These qualified candidates will work both individually and collectively through a 12 - 18 month intensive training and work experience program to learn about and create significant value for the DHS organization. The minimum qualifications include the formal education of a Bachelor's degree in public administration, health administration, social work, sociology, psychology, counseling, business administration or a related field. After completing the program it is our hope that they will become future professionals or leaders in our organization. General Revenue is requested.

General Revenue each year of the biennium is requested to replace funds that are no longer available through the cost allocation process. Revisions in the DHS cost allocation plan, methodologies and recovery of indirect costs has resulted in reduced available funding for administrative supports.

### **DHS Office of Chief Counsel**

The Office of Chief Counsel requests:

- 1) One new attorney specialist/General Counsel position, to analyze state and federal laws and regulations for writing opinions and managing federally mandated legal requirements in such areas as Medicaid, Estate Recovery; Personnel Litigation and Olmstead. General Revenue is requested.
- 2) One new attorney specialist/Administrative Law Judge position, to ensure the increased caseloads of Child Maltreatment hearing requests are started and completed within the state and federal mandatory timeframes. General Revenue is requested.
- 3) Additional Maintenance and Operations funds are requested due to increases to travel expense for our attorneys, 1/3 replacement of computer and information technology equipment each fiscal year, rent, and network services. Current funding levels are not sufficient to meet the needs of the Office and provide legal services needed/necessary to protect the children across the state. Moderate inflationary increases should allow the office to maintain the current service levels. General Revenue is requested.
- 4) Additional Conference Fees and Travel to be used for mandatory continuing education credits necessary to maintain professional license and credentials. General Revenue is requested.
- 5) Transfer one DHS Program Specialist from the Division of Youth Services to the Office of Chief Counsel as better utilization of positions within the department. This position manages the Appeals and Hearings Database and supervises all support staff. Transfer of General Revenue and appropriation is requested.
- 6) Transfer one Administrative Specialist III from the Division of Administrative Services to the Office of Chief Counsel as better utilization of positions within the department, this position audits OCC Child and Adult Protection cases for Federal Audit Reviews throughout each county where OCC staff is housed.

Transfer of General Revenue and appropriation is requested.

7) Transfer one Administrative Review Officer from the Division of County Operations to the Office of Chief Counsel as better utilization of positions within the department. This position hears all appeals concerning Food Stamp Fraud and Transitional Employment Assistance (TEA). Transfer of General Revenue and appropriation is requested.

8) Transfer one Administrative Specialist I from the Division of Medical Services to the Office of Chief Counsel as better utilization of positions within the department. This position performs all receptionists' duties for the OCC Appeals and Hearings Section. Transfer of General Revenue and appropriation is requested.

9) Transfer one position from the Division of Behavioral Health to the Office of Chief Counsel to be used as an Attorney as part of the enhancement of the Third Party Liability (TPL) Unit. Transfer of Appropriation is requested.

10) Transfer two Senior Auditors from the Office of Chief Counsel to the Division of Medical Services as part of the Medicaid Oversight Unit. This request includes the transfer of Appropriation.

11) General Revenue funding is requested to replace funds that are no longer available through the cost allocation process. Revisions in the DHS cost allocation plan, methodologies and recovery of indirect costs along with the exhaustion or absence of indirect costs through various grants to the department has resulted in reduced available funding for services provided by OCC.

12) The Office of Chief Counsel requests the restoration of one Senior Auditor position to help enable the Audit Unit to meet the Department's audit requests as well as assist in the Risk Assessment analysis of the department to help determine areas that have needs for assistance and minimize the risks that could occur in an operation as large as DHS.

## **Audit Findings**

### DIVISION OF LEGISLATIVE AUDIT

#### AUDIT OF :

DEPARTMENT OF HEALTH AND HUMAN SERVICES (Audit done while merged with Health Dept)

FOR THE YEAR ENDED JUNE 30, 2006

#### Findings

The **Division of Health Vital Records** unit failed to properly safeguard receipts collected in this unit. An investigation by the internal audit section revealed collections for three (3) separate days totaling \$28,330 had not been deposited. This matter is currently under investigation by the Arkansas State Police.

The Office of Financial Management again had internal control deficiencies related to the Foster Care Trust Fund. At June 30, 2006, reconciliations performed by the Agency on the Foster Care Trust Fund identified two hundred thirty-five (235) reconciling items dating back to July 31, 2002 totaling \$578,048. Agency accounting records contain numerous errors each month relating to this account, however, no adjustments are made to the accounting

#### Recommendations

Establish and implement adequate internal controls regarding the collection and deposit of monies received.

Establish and implement adequate internal controls regarding the reconciliation procedures relating to the Foster Care Trust Fund accounts.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Audit done while merged with Health Dept)

FOR THE YEAR ENDED JUNE 30, 2006

Findings

records for errors identified. Additionally, Foster Care Trust Fund assets were \$144,239 less than Foster Care Trust Fund equity balances at June 30, 2006. The ability to properly safeguard and account for these assets has been jeopardized as a result of inadequate controls.

The **Office of Financial Management** failed to maintain adequate accounting records for petty cash funds. The Agency could not determine the actual number, location and amounts of all petty cash funds owned by the Agency. These conditions resulted in inaccurate accounting records and financial reporting and could lead to the misuse of Agency assets.

Review of Agency receipting and deposit procedures revealed that **Central Receipting, Division of Medical Services, and Division of Children and Family Services (DCFS) Foster Care and Eligibility Units** had inadequate management oversight and internal controls related to cash receipts which contributed to the following deficiencies:

- One (1) check for \$500 was not deposited but was returned to the vendor by Central Receipting;
- Five (5) checks totaling \$138,128 were not deposited but were returned to the vendors by the Institutional Reimbursement Unit of the Division of Medical Services;
- Three (3) checks totaling \$1,102 were not deposited but were returned to the vendors by DCFS Foster Care Unit; and
- One (1) check for \$858 was not deposited but was returned to the vendor by DCFS Eligibility Unit.

The Department of Health and Human Services (DHHS) Administrative Procedures Manual, Chapter 201, states that if it is determined that a cash receipt item is not owed to DHHS, a refund shall be made to the person or entity making the payment. No cash funds shall be returned to a client without first being deposited.

Review of capital assets revealed that the **Office of Financial Management** had inadequate management oversight and internal controls over capital assets which contributed to the following deficiencies:

- Eighteen (18) capital equipment items valued at \$155,217 out of a sample of two hundred ninety-one (291) capital equipment items valued at \$732,993 could not be located for observation;
- Out of thirty (30) capital equipment purchases reviewed, five (5) did not have freight charges capitalized totaling \$2,385 and six (6) did not have sales tax capitalized totaling \$5,752;

Recommendations

Obtain balances and locations of all petty cash funds and establish adequate internal controls regarding the reconciliation and safekeeping procedures relating to the Agency's petty cash funds.

Review and follow the required receipting procedures.

Strengthen internal controls and management oversight of capital assets to ensure proper accountability of these items.

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF HEALTH AND HUMAN SERVICES (Audit done while merged with Health Dept)

FOR THE YEAR ENDED JUNE 30, 2006

Findings

- Test of capital equipment retirements revealed a computer system valued at \$1,976,565 had been retired when in fact it was still in use;
- Review of Agency AASIS roles revealed ninety-seven (97) employees had the role of "Agency Asset Management Specialist" and were able to make changes to capital asset records;
- At June 30, 2006, two hundred thirty (230) items totaling \$326,077 had been sent to marketing and redistribution but had not been removed from Agency records; and
- As of May 1, 2007, the Division of Health had one thousand four hundred eighty-six (1,486) items totaling \$6,471,889 that are unaccounted for. According to Agency personnel, these items have yet to be located during an inventory currently being conducted. After an extensive search is done, the Agency has plans to request approval from the Chief Fiscal Officer of the State to remove all items that cannot be located. The following chart is a summary of the unaccounted for Division of Health capital assets:

<u>Year Capitalized</u>	<u>Number of Items</u>	<u>Original Cost</u>
1963-1980	77	\$ 122,350
1981-1990	292	921,780
1991-2000	855	3,503,423
2001-2006	<u>262</u>	<u>1,924,336</u>
Total	<u>1,486</u>	<u>\$6,471,889</u>

Recommendations

Establish internal control procedures to ensure the SSN in ANSWER and MMIS databases agree and pseudo numbers are updated.

The **Division of County Operations** did not reconcile and resolve social security number (SSN) discrepancies between the Arkansas Networked System for Welfare Eligibility and Reporting (ANSWER), which is the Agency's database used to maintain recipient information, and the Medicaid Management Information System (MMIS). According to 42 CFR 435.910, the Agency is required to verify the SSN of each Medicaid recipient. To be eligible for Medicaid assistance, recipients are required to have a valid SSN and provide their SSN to the District County Office (DOC), where recipient information is entered into ANSWER. In the absence of a valid SSN, the DOC assigns a pseudo number to recipients. We noted 7,893 recipient records on file in the MMIS where the SSN did not match the SSN in ANSWER. Of these 7,893 discrepancies, approximately 5,100 were pseudo numbers which had not been updated in MMIS.

The Agency has established a process to verify SSNs electronically with the Social Security Administration (SSA) but is not adequately monitoring the process to resolve those instances when SSNs do not match SSA records.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ALEXANDER HUMAN DEVELOPMENT CENTER -  
DEPARTMENT OF HUMAN SERVICES

FOR THE YEAR ENDED JUNE 30, 2008

Findings

This report is issued pursuant to a request by the Director of Audits of Department of Human Services (Agency) and Arkansas State Police to conduct a review of cash fund accounts maintained for residents at the Alexander Human Development Center (AHDC).

Agency personnel expressed concern regarding AHDC Resident Personal Funds bank account (Resident Account) because the account had been overdrawn. During the period December 2006 through 2007, \$21,500 was transferred to the Resident Account from two other Agency bank accounts. In January 2008, a Resident Personal Funds certificate of deposit of \$40,000 was also cashed and deposited to the Resident Account.

While conducting an internal review, Agency auditors discovered resident cash account balances were inaccurate and noted a lack of financial records and supporting documentation for Resident Account withdrawals. Most resident accounts financial information on the computer hard drive was also missing.

Resident subsidiary ledger balances at June 30, 2008 totaled \$78,222 which exceeded reconciled Resident Account bank balances and petty cash by \$25,051, as illustrated in Exhibit I on page 5. Further, if adjustments of \$13,718 proposed by Agency auditors were posted, resident subsidiary ledger balances would total \$91,940 resulting in the Resident Account being due a total of \$38,769, as shown in Exhibit I.

This report has been forwarded to the Sixth Judicial District Prosecuting Attorney and Arkansas State Police (ASP). As of report date, ASP has an ongoing investigation to determine if criminal charges are warranted relating to AHDC cash deficits.

Recommendations

The Agency exercise proper fiscal oversight, segregate cash transaction duties to the extent possible, and ensure proper accounting records are prepared, reconciled, and retained. Specifically, the Agency should:

- Consult with legal counsel to resolve the Resident Account deficit balance;
- Determine a petty cash amount sufficient to support residents' needs and ensure the petty cash fund is maintained on an imprest system;
- Delegate someone independent of cash transaction duties to reconcile the Resident Account to resident subsidiary ledgers;
- Require signatures of applicable staff for cash transfers to establish custodial responsibility;
- Periodically confirm resident subsidiary ledger balances with parent/guardian;
- Discontinue practice of posting/allowing negative balances in resident subsidiary ledgers; and
- Establish procedures to ensure/monitor AHDC compliance with Agency's policies and procedures.

## **Performance Audit Findings**

TANF Vehicle Assistance Program – Arkansas Department of Health and Human Services  
(July 1, 2003 – June 30, 2004) - Issued 10-13-2006 (Audit done while merged with Health Dept)

### Findings and Conclusions:

- Of the 78 case files selected for review, 2 were improperly coded and should not have been in the population of case files and 1 case file could not be located.
- High interest rates were charged by an out of state dealership in Texarkana, Texas. Additionally, the dealership added to client loans costs that were not reasonable for the type of vehicle purchased and the amount of the loans.

### Recommendations:

- The Department of Health and Human Services evaluate controls concerning the transfer and location of files to ensure the retention of all supporting documentation.

- Revise the Temporary Employment Assistance (TEA) Policy Manual to limit the interest rate that can be paid by clients.
- Case managers review all loan contracts entered into by clients to ensure the client is not paying additional unnecessary costs.

Administration of the Federal Aging Programs Cluster –  
 Arkansas Department of Human Services (DHS)  
 (July 1, 2006 – June 30, 2007) - Issued 12-14-2007

Findings and Conclusions:

- The State Funding Formula could place greater consideration on senior citizens with the greatest social need. Although the current State Funding Formula provides 10% of the funding to low income minorities, it makes no consideration of seniors living in rural areas or for whom English is a second language.
- The ability of DHS to assess if seniors with the greatest economic and social need are receiving a proportional amount of services is limited by the data collection process.
- Current funding methods used by Area Agencies on Aging (AAAs) results in contract providers placing more emphasis on the number of seniors served rather than focusing their efforts to serve the most disadvantaged in their region.
- DHS has failed to define "rural" thereby allowing AAAs to define their entire region as rural.

Recommendations:

- Reevaluate the current State Funding Formula to ensure funding is provided for those in the greatest social need as required by the federal Aging Cluster grant.
- DHS, working with the AAAs, strengthen its ability to obtain complete and accurate data from participating seniors to ensure services are reaching those with the greatest need.
- Restructure reimbursement rates to emphasize services to those with the greatest need. Additionally, require AAAs and their providers to institute goals for seniors with the greatest need, document the progress in achieving those goals, and develop an incentive funding plan for providers that achieve their goal.
- Develop a definition of "rural" for use in funding distributions.

**Employment Summary - All DHS Divisions**

	Male	Female	Total	%
White Employees	961	3480	4441	61 %
Black Employees	481	2254	2735	38 %
Other Racial Minorities	23	71	94	1 %
		Total Minorities	2,829	39 %
		Total Employees	7,270	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
896 Director's Office	1,277,676	13	1,426,294	13	1,426,294	13	1,473,887	13	1,666,447	13	1,666,447	13	1,498,445	13	1,691,005	13	1,691,005	13
896 Office of Chief Counsel	9,262,804	161	10,316,755	171	10,332,783	172	11,008,061	171	11,576,693	177	11,385,095	175	11,196,028	171	11,793,168	177	11,590,824	175
<b>Total</b>	<b>10,540,480</b>	<b>174</b>	<b>11,743,049</b>	<b>184</b>	<b>11,759,077</b>	<b>185</b>	<b>12,481,948</b>	<b>184</b>	<b>13,243,140</b>	<b>190</b>	<b>13,051,542</b>	<b>188</b>	<b>12,694,473</b>	<b>184</b>	<b>13,484,173</b>	<b>190</b>	<b>13,281,829</b>	<b>188</b>

Funding Sources		%		%		%		%		%		%		%		%		
General Revenue 4000010	3,988,377	37.8	3,931,515	33.5			4,184,747	33.5	6,256,336	47.3	4,387,381	35.2	4,256,074	33.5	6,411,768	47.7	4,460,329	35.2
Federal Revenue 4000020	5,054,986	48.0	4,586,748	39.1			4,878,306	39.1	5,203,411	39.4	5,083,813	40.8	4,961,404	39.1	5,298,898	39.4	5,168,382	40.8
Various Program Support 4000730	1,497,117	14.2	3,224,786	27.5			3,418,895	27.4	1,756,226	13.3	2,995,616	24.0	3,476,995	27.4	1,743,836	13.0	3,053,882	24.1
<b>Total Funds</b>	<b>10,540,480</b>	<b>100.0</b>	<b>11,743,049</b>	<b>100.0</b>			<b>12,481,948</b>	<b>100.0</b>	<b>13,215,973</b>	<b>100.0</b>	<b>12,466,810</b>	<b>100.0</b>	<b>12,694,473</b>	<b>100.0</b>	<b>13,454,502</b>	<b>100.0</b>	<b>12,682,593</b>	<b>100.0</b>
Excess Appropriation/(Funding)	0		0				0		27,167		584,732		0		29,671		599,236	
<b>Grand Total</b>	<b>10,540,480</b>		<b>11,743,049</b>				<b>12,481,948</b>		<b>13,243,140</b>		<b>13,051,542</b>		<b>12,694,473</b>		<b>13,484,173</b>		<b>13,281,829</b>	

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
167	154	12	166	1	7.78 %	185	165	14	179	6	10.81 %	185	166	18	184	1	10.27 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 1279 of 2007 section 18(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-214(5)(A)).

## **Analysis of Budget Request**

**Appropriation:** 896 - DHS--Admin Paying Account

**Funding Sources:** PWP - Administration Paying

Arkansas Code Annotated §25-10-106 delegated administrative authority for the entire Department of Human Services to the Office of the Director. According to Arkansas Code Annotated §25-10-102, the Department operates under an integrated service delivery system provided by eleven divisions, in addition to the Director's Office that includes the Office of Chief Counsel. Both the Director and Chief Counsel operate from the same appropriation but are given separate paying funds. The DHS Director is responsible for establishing Departmental policy to carry out executive directives, federal and state legislative mandates and coordination of services across Division lines when individuals and families are provided services by multiple programs. Arkansas Code Annotated §20-76-201 delineates the powers and duties of the Department of Human Services.

The Arkansas Department of Human Services (DHS) is the largest state agency with more than 7,200 employees working in all 75 counties. Every county has at least one local office where citizens can apply for any of the services the department offers. Some counties, depending on their size, have more than one office. DHS employees come into direct contact with thousands of people daily and offer the "safety net" Arkansas families turn to when they are facing difficult times. DHS takes care of Arkansans of all ages ranging from infants to senior citizens.

DHS staff oversees the regulation of nursing home and childcare facilities. DHS is also responsible for finding adoptive families for foster children, protecting abused and neglected children, funding the home-delivery of meals for the elderly and operating the juvenile justice system. DHS oversees services to blind Arkansans and helps develop volunteer programs, which have a profound impact at the community level. The department also protects elderly Arkansans from abuse and neglect and operates human development centers across the state, which serves the developmentally disabled. DHS also provides mental health services through its system of community mental health care centers.

The Mission of the Department is "Together we improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health."

The Office of Chief Counsel consists of various sections which provide extensive legal, investigative, audit and hearing services to the Department of Human Services' (DHS) Divisions. The sections and their areas of responsibility within OCC are as follows:

- Appeals and Hearing - provides administrative hearing for the appeal of adverse agency actions. Appeals may concern child maltreatment, TEA, Medicaid, food stamps, intentional program violations, estate recovery, and a variety of other areas.
- County Legal Operations - provides statewide legal representation to the Department of Human Services in the areas of child welfare and adult protective services.
- Employee Relations/Equal Opportunity - processes employee grievances and conducts mediations and fact-finding conferences related to employee grievances and complaints. This office also ensures compliance with federal and state civil rights/anti-discrimination laws, regulations, executive orders, etc., and investigates client complaints of rude and discourteous treatment.

- General Counsel - represents the Department, in administrative matters and state and federal litigation related to Medicaid, Long Term Care, guardianship, employee garnishments and recovery of money owed DHS from a variety of sources. Litigation involving collection issues are in such areas as food stamp overpayments, AFDC overpayments, grants, fees for services at mental health and developmental disabilities institutions, and Estate Recovery.
- Management Assistance - is the DHS primary point of contact for Freedom of Information Act requests, monitors agency promulgation of rules, provides fiscal planning and monitoring, logistics support, and conducts special projects.
- Audit - conducts performance, compliance and some financial related audits, and consults on operational and program issues. It coordinates the development of audit requirements and guidelines and monitors program resolution.
- Fraud Investigation - responsible for investigating and referring for prosecution allegations of recipient fraud or Intentional Program Violation in the public assistance programs administered by the Department of Human Services. These include Transitional Employment Assistance, Food Stamps, Medicaid, Child Care, and Special Nutrition.

The Director's Office/Office of Chief Counsel is funded from a mix of sources that include general revenue (DAS - Department of Human Services Administration Fund Account), federal, and other funds. Federal and other funding is determined by the Department cost allocation plan. Other funding which is indicated as various program support can also include sources such as federal awards, fees, third party reimbursements and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

Base level positions were changed from unclassified to Professional and Executive Pay Plan to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly except for the DHS Director position and the two (2) Deputy Director positions. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request for this appropriation is \$12,481,948 in FY2010 and \$12,694,473 in FY2011 with 184 budgeted base level positions.

The Agency Change Level request for this appropriation is \$761,192 in FY2010 and \$789,700 in FY2011 with a general revenue request of \$2,071,589 in FY2010 and \$2,155,694 in FY2011. The general revenue request consists of the following components:

- \$1,986,723 in FY2010 and \$2,069,207 in FY2011 in new general revenue;
- \$20,479 in FY2010 and \$20,880 in FY2011 requested to be transferred from the Youth Services Fund Account which is associated with a request to transfer 1 position from Division of Youth Services;
- \$21,608 in FY2010 and \$21,975 in FY2011 requested to be reallocated within the DHS Administration Fund Account to the Director's Office/Office of Chief Counsel from the Division of Administrative Services which is associated with a request to transfer 1 position from the Division of Administrative Services;
- \$28,978 in FY2010 and \$29,574 in FY2011 requested to be transferred from the County Operations Fund Account which is associated with a request to transfer 1 position from the Division of County Operations;
- \$13,801 in FY2010 and \$14,058 in FY2011 requested to be transferred from the Medical Services

Fund Account which is associated with a request to transfer 1 position from Division of Medical Services.

The following delineates the Agency Request:

- Transfer 1 position from the Division of Youth Services with appropriation and general revenue (noted above) to manage the appeals and hearings database.
- Transfer 1 position from the Division of Administrative Services with appropriation and general revenue (noted above) to assist in auditing the child and adult protection cases.
- Transfer 1 position from the Division of County Operations with appropriation and general revenue (noted above) to assist with appeals concerning food stamp fraud and transitional employment assistance.
- Transfer 1 position from the Division of Medical Services with appropriation and general revenue (noted above) to perform receptionist duties for the appeals and hearings section.
- Transfer 1 position from the Division of Behavioral Health Services with appropriation to be utilized as an attorney as part of the enhancement of the third party liability unit.
- Transfer 2 positions to the Division of Medical Services with appropriation to assist with the Medicaid oversight unit.
- Restoration of 1 position that is authorized but not budgeted with salary and matching appropriation to assist the audit unit.
- 5 new Extra Help positions with extra help appropriation and matching appropriation and general revenue funding. The five (5) extra help positions are requested to create a DHS Fellows Program to attract outstanding men and women from a variety of academic disciplines and career paths to DHS with the hope that they will become future professionals or leaders in the DHS organization.
- 2 new Attorney Specialist positions with salary and matching appropriation and general revenue funding. The two (2) attorney specialist will assist with analyzing state and federal laws and regulations, writing opinions, legal requirements and increased caseloads of child maltreatment hearing requests.
- \$188,000 in FY2010 and \$200,000 in FY2011 is requested for the Operating Expenses line item for telecommunications wireless, network services, rent, mileage, fuel, office supplies, data processing supplies and software/licenses.
- \$62,000 in FY2010 and \$70,000 in FY2011 is requested for the Travel line item for continuing education credits.

The Executive Recommendation provides for Agency Request except for no new regular positions and no increase in the Travel line item. New general revenue has been provided for in the amount of \$117,768 each year of the biennium. The Executive Recommendation has provided for continued use of the DHS Federal Reimbursement/Other Holding Fund revenues which are indicated as various program support in the amount of \$1,254,340 in FY2010 and \$1,326,360 in FY2011 which are derived from many sources including federal awards, fees, third party reimbursements and maximization of federal claiming.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$57,768 in new general revenue each year of the biennium associated with the five (5) new Extra Help positions for the DHS Fellows Program;
- \$60,000 in new general revenue each year of the biennium associated with the Operating Expenses line item for increased operational costs;
- \$20,479 in FY2010 and \$20,880 in FY2011 requested to be transferred from the Youth Services

Fund Account which is associated with a request to transfer 1 position from Division of Youth Services;

- \$21,608 in FY2010 and \$21,975 in FY2011 requested to be reallocated within the DHS Administration Fund Account to the Director's Office/Office of Chief Counsel from the Division of Administrative Services which is associated with a request to transfer 1 position from the Division of Administrative Services;
- \$28,978 in FY2010 and \$29,574 in FY2011 requested to be transferred from the County Operations Fund Account which is associated with a request to transfer 1 position from the Division of County Operations;
- \$13,801 in FY2010 and \$14,058 in FY2011 requested to be transferred from the Medical Services Fund Account which is associated with a request to transfer 1 position from Division of Medical Services.

The above general revenue transfers that the Executive Recommendation has provided for are from existing allocations of general revenue from the Division of Youth Services, Division of Administrative Services, Division of County Operations and the Division of Medical Services.

## Appropriation Summary

**Appropriation:** 896 - DHS--Admin Paying Account

**Funding Sources:** PWP - Administration Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	7,222,226	8,286,286	8,109,805	8,731,849	8,973,225	8,873,167	8,909,561	9,158,066	9,055,708
<b>#Positions</b>		<b>174</b>	<b>184</b>	<b>185</b>	<b>184</b>	<b>190</b>	<b>188</b>	<b>184</b>	<b>190</b>	<b>188</b>
Extra Help	5010001	17,397	22,578	22,578	22,578	200,348	200,348	22,578	200,348	200,348
<b>#Extra Help</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	2,177,064	2,330,301	2,522,810	2,623,637	2,715,683	2,686,143	2,658,450	2,751,875	2,721,889
Operating Expenses	5020002	1,107,907	1,048,112	1,048,112	1,048,112	1,236,112	1,236,112	1,048,112	1,248,112	1,248,112
Conference & Travel Expenses	5050009	15,263	32,472	32,472	32,472	94,472	32,472	32,472	102,472	32,472
Professional Fees	5060010	623	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Data Processing Services	5900044	0	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
<b>Total</b>		<b>10,540,480</b>	<b>11,743,049</b>	<b>11,759,077</b>	<b>12,481,948</b>	<b>13,243,140</b>	<b>13,051,542</b>	<b>12,694,473</b>	<b>13,484,173</b>	<b>13,281,829</b>

Funding Sources										
General Revenue	4000010	3,988,377	3,931,515		4,184,747	6,256,336	4,387,381	4,256,074	6,411,768	4,460,329
Federal Revenue	4000020	5,054,986	4,586,748		4,878,306	5,203,411	5,083,813	4,961,404	5,298,898	5,168,382
Various Program Support	4000730	1,497,117	3,224,786		3,418,895	1,756,226	2,995,616	3,476,995	1,743,836	3,053,882
<b>Total Funding</b>		<b>10,540,480</b>	<b>11,743,049</b>		<b>12,481,948</b>	<b>13,215,973</b>	<b>12,466,810</b>	<b>12,694,473</b>	<b>13,454,502</b>	<b>12,682,593</b>
Excess Appropriation/(Funding)		0	0		0	27,167	584,732	0	29,671	599,236
<b>Grand Total</b>		<b>10,540,480</b>	<b>11,743,049</b>		<b>12,481,948</b>	<b>13,243,140</b>	<b>13,051,542</b>	<b>12,694,473</b>	<b>13,484,173</b>	<b>13,281,829</b>

The FY09 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

The FY08 and FY09 funding includes a General Revenue funding transfer from the DHS-Division of Children and Family Services by Authority of Reallocation of Resources.

## Change Level by Appropriation

**Appropriation:** 896 - DHS—Admin Paying Account

**Funding Sources:** PWP - Administration Paying

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,481,948</b>	<b>184</b>	<b>12,481,948</b>	<b>100.0</b>	<b>12,694,473</b>	<b>184</b>	<b>12,694,473</b>	<b>100.0</b>
C01	Existing Program	379,598	2	12,861,546	103.0	402,344	2	13,096,817	103.2
C02	New Program	192,560	0	13,054,106	104.6	192,560	0	13,289,377	104.7
C05	Unfunded Appropriation	47,528	1	13,101,634	105.0	48,501	1	13,337,878	105.1
C07	Agency Transfer	141,506	3	13,243,140	106.1	146,295	3	13,484,173	106.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,481,948</b>	<b>184</b>	<b>12,481,948</b>	<b>100.0</b>	<b>12,694,473</b>	<b>184</b>	<b>12,694,473</b>	<b>100.0</b>
C01	Existing Program	188,000	0	12,669,948	101.5	200,000	0	12,894,473	101.6
C02	New Program	192,560	0	12,862,508	103.0	192,560	0	13,087,033	103.1
C05	Unfunded Appropriation	47,528	1	12,910,036	103.4	48,501	1	13,135,534	103.5
C07	Agency Transfer	141,506	3	13,051,542	104.6	146,295	3	13,281,829	104.6

### Justification

C01	The Office of Chief Counsel requests one (1) new attorney specialist/General Counsel position, to analyze state and federal laws and regulations for writing opinions and managing federally mandated legal requirements in such areas as Medicaid, Estate Recovery; Personnel Litigation and Olmstead. General Revenue is requested. One (1) new attorney specialist/Administrative Law Judge position, to ensure the increased caseloads of Child Maltreatment hearing requests are started and completed within the state and federal mandatory timeframes. General Revenue is requested. Operating Expenses – Due to increases in travel expense for our attorneys, 1/3 replacement of computer and information technology equipment each fiscal year, rent and network services. Current funding levels are not sufficient to meet the needs of the Office and provide legal services needed/necessary to protect the children across the state within DHS. Moderate inflationary increases should allow the office to maintain the current service levels. State General Revenue is requested. Additional Conference Fees and Travel to be used for mandatory continuing education credits necessary to maintain professional license and credentials. General Revenue is requested.
C02	The DHS Director's Office requests five (5) new Extra Help positions to create a DHS Fellows Program. The purpose of this program is to attract outstanding men and women from a variety of academic disciplines and career paths to DHS. These qualified candidates will work both individually and collectively through a 12 - 18 month intensive training and work experience program to learn about and create significant value for the DHS organization. The minimum qualifications include the formal education of a Bachelor's degree in public administration, health administration, social work, sociology, psychology, counseling, business administration or a related field. After completing the program it is our hope that they will become future professionals or leaders in our organization. General Revenue is requested.
C05	One (1) Senior Auditor, position # 22102107, cost center 416733. The Office of Chief Counsel requests the restoration of this unbudgeted position to help enable the Audit Unit to meet the Department's audit requests as well as assist in the Risk Assessment analysis of the department to help determine areas that have needs for assistance and minimize the risks that could occur in an operation as large as DHS.
C07	One (1) MPA I, (Cost Center 420057; Position # 22111814) from the Division of Youth Services to the Office of Chief Counsel (Cost Center: 416740) to manage the Appeals and Hearings Database and supervise all support staff. Transfer of General Revenue and appropriation is requested. One (1) MPA I, (Cost Center 419060; Position # 22112093) from the Division of Administrative Services to the Office of Chief Counsel (Cost Center: 416800) to audit OCC Child and Adult Protection cases for Federal Audit Reviews. Transfer of General Revenue and appropriation is requested. One (1) MPA I, (Cost Center 420541; Position # 22098657) from the Division of County Operations to the Office of Chief Counsel (Cost Center 416742) to hear all appeals concerning Food Stamp Fraud and Transitional Employment Assistance. Transfer of General Revenue and appropriation is requested. One (1) Doc. Examiner II, (Cost Center 418309; Position # 22101503) from the Division of Medical Services to the Office of Chief Counsel (Cost Center 416740) to perform all receptionist's duties for the OCC Appeals and Hearings Section. Transfer of General Revenue and appropriation is requested. One (1) Attorney, (Cost Center 417903; Position # 22110997) from the Division of Behavioral Health Services to the Office of Chief Counsel (Cost Center 416710) as part of the enhancement of the TPL Unit. Transfer of Appropriation is requested. Two (2) Senior Auditors, (Cost Center 416732; Position # 22101402 and Cost Center 416734; Position # 22097316 from Office of Chief Counsel to Division of Medical Services as part of Medicaid Oversight Unit, Cost Center 418200. This request includes the transfer of Appropriation Only