

Department Appropriation Summary - ALL DHS Divisions

Historical Data

Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
147 Special Olympics	153,587	0	178,768	0	179,666	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0	178,768	0
193 State Operations	17,938,419	0	18,793,705	0	19,509,415	0	18,793,705	0	20,766,275	0	20,766,275	0	18,793,705	0	21,747,988	0	21,747,988	0
196 Community Mental Health Centers	8,458,909	0	8,602,384	0	8,780,603	0	8,602,384	0	8,602,384	0	8,602,384	0	8,602,384	0	8,602,384	0	8,602,384	0
1DE Various Building Construction	4,119,599	0	7,688,100	0	8,185,200	0	7,688,100	0	7,688,100	0	7,688,100	0	7,688,100	0	7,688,100	0	7,688,100	0
1DK Cty-Shelter Plus Care Program	1,562,522	0	1,819,974	0	1,819,974	0	1,819,974	0	1,874,574	0	1,874,574	0	1,819,974	0	1,930,811	0	1,930,811	0
1EN Community Alcohol Safety	3,176,449	2	3,550,867	2	3,554,907	2	3,550,019	2	3,631,152	3	3,631,152	3	3,550,019	2	3,631,152	3	3,631,152	3
1ET Alcohol & Drug Abuse Prevention	19,714,642	0	21,114,814	0	21,824,072	0	21,114,814	0	21,114,814	0	21,114,814	0	21,114,814	0	21,114,814	0	21,114,814	0
2MN Mental Health Block Grant	5,810,820	0	6,068,799	0	6,068,799	0	6,068,799	0	6,068,799	0	6,068,799	0	6,068,799	0	6,068,799	0	6,068,799	0
2QZ Community Based Sanctions	2,382,741	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0
2RA Juvenile Account Incentive Block Grant	614,719	0	1,470,215	0	2,188,456	0	1,470,215	0	1,970,215	0	1,970,215	0	1,470,215	0	1,970,215	0	1,970,215	0
2RB Community Services	11,278,981	0	12,502,140	0	21,083,708	0	12,502,140	0	17,502,140	0	17,502,140	0	12,502,140	0	17,502,140	0	17,502,140	0
2RC Federal Child & Youth Service Grants	4,975,977	0	4,923,293	0	6,260,348	0	4,923,293	0	5,623,293	0	5,623,293	0	4,923,293	0	5,623,293	0	5,623,293	0
2YH Residential Services	27,435,821	0	27,348,648	0	35,402,401	0	27,348,648	0	30,326,648	0	30,326,648	0	27,348,648	0	30,326,648	0	30,326,648	0
320 Child Care Development-Discretionary	36,546,359	0	18,469,372	0	39,139,072	0	18,469,372	0	21,469,372	0	21,469,372	0	18,469,372	0	21,469,372	0	21,469,372	0
35M Ms. Senior Pageant	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0	20,000	0
396 Cty-Aid To Aged, Blind, Disabled	0	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0
397 Children's Medical Services	1,688,574	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0
408 Children's Medical Services-Federal	1,376,838	0	1,377,338	0	1,377,338	0	1,377,338	0	1,446,205	0	1,446,205	0	1,377,338	0	1,446,205	0	1,446,205	0
409 Cty-Weatherization Program	18,872,766	0	29,741,884	0	18,775,000	0	4,000,000	0	13,898,049	0	13,898,049	0	4,000,000	0	8,000,000	0	8,000,000	0
410 Cty-Emergency Food Program	815,492	0	668,527	0	897,826	0	648,527	0	793,566	0	793,566	0	648,527	0	793,566	0	793,566	0
411 Cty-Low Income Energy Assistance Prgm	34,106,635	0	39,735,151	0	15,487,743	0	15,487,743	0	39,735,151	0	39,735,151	0	15,487,743	0	39,735,151	0	39,735,151	0
412 Cty-Refugee Resettlement Program	5,589	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0
414 Consolidated Cost	669,495	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
418 Meals on Wheels	2,610,380	0	3,000,000	0	3,500,000	0	3,000,000	0	3,000,000	0	3,000,000	0	3,000,000	0	3,000,000	0	3,000,000	0
426 Cty-Homeless Assistance Grant	4,024,692	0	5,345,000	0	5,851,246	0	1,345,000	0	4,345,000	0	4,345,000	0	1,345,000	0	1,445,000	0	1,445,000	0
4KS Nursing Home Quality	184,888	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
58G ARRA of 2009	27,266,379	114	94,157,152	118	179,680,169	0	0	0	21,619,313	0	21,619,313	0	0	0	0	0	0	0
59H Hunger Coalition	956,400	0	995,113	0	1,000,000	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0
59J Autism Treat/Coord	1,391,353	0	1,492,500	0	1,500,000	0	1,492,500	0	1,492,500	0	1,492,500	0	1,492,500	0	1,492,500	0	1,492,500	0
642 Medicaid Expansion-Aging	0	0	0	0	0	0	0	0	1,143,531	22	0	0	0	0	1,143,531	22	0	0
642 Medicaid Expansion-Medical Srvs	100,931	2	115,128	2	125,069	2	113,189	2	113,189	2	113,189	2	113,189	2	113,189	2	113,189	2
642 Medicaid Expansion-County Ops	946,080	20	2,730,898	60	2,758,121	61	2,733,472	60	1,622,397	39	2,733,472	60	2,733,472	60	1,622,397	39	2,733,472	60
648 Medicaid Exp-Prescription Drugs	2,000,802	0	2,091,256	0	12,845,491	0	2,079,878	0	4,230,636	0	4,230,636	0	2,079,878	0	5,367,414	0	5,367,414	0

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648 Medicaid Exp-Hospital & Medical Services	35,631,154	0	50,216,689	0	131,164,332	0	48,801,739	0	74,770,861	0	74,770,861	0	48,801,739	0	93,463,577	0	93,463,577	0
653 DDS-State Operations	4,808,195	0	9,328,003	0	13,930,669	0	7,099,242	0	9,328,003	0	9,328,003	0	7,099,242	0	7,099,242	0	7,099,242	0
655 Acute Mental Health Services-Per Capita	5,437,303	0	5,633,293	0	5,750,000	0	5,633,293	0	5,633,293	0	5,633,293	0	5,633,293	0	5,633,293	0	5,633,293	0
657 Community Programs	10,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
658 Grants to Community Providers	15,658,716	0	15,892,045	0	15,909,753	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0	15,892,045	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
882 State Residential Treatment	1,586,966	0	1,330,000	0	1,330,000	0	1,330,000	0	1,341,305	0	1,341,305	0	1,330,000	0	1,341,305	0	1,341,305	0
883 Foster Care	20,862,417	0	17,617,628	0	17,617,628	0	17,617,628	0	23,815,859	0	23,815,859	0	17,617,628	0	23,815,859	0	23,815,859	0
890 Food Program	46,235,621	0	46,791,250	0	46,791,250	0	46,791,250	0	52,291,250	0	52,291,250	0	46,791,250	0	52,291,250	0	52,291,250	0
896 Director's Office	1,023,302	8	1,332,149	9	1,691,005	9	1,343,036	9	1,345,536	9	1,057,654	6	1,343,036	9	1,343,036	9	1,057,654	6
896 Office of Chief Counsel	10,589,115	172	11,449,889	169	11,590,824	179	11,277,939	169	11,625,748	175	11,234,177	168	11,277,939	169	11,535,748	175	11,234,177	168
896 Division of Aging & Adult Services	12,936,479	192	14,641,565	194	15,643,857	203	14,660,301	194	16,090,576	204	16,090,576	204	14,660,301	194	16,090,576	204	16,090,576	204
896 Division of Children & Family Services	69,564,277	1,142	74,050,895	1,060	81,986,431	1,194	74,752,376	1,060	79,391,909	1,175	80,187,785	1,191	74,752,376	1,060	79,391,909	1,175	80,187,785	1,191
896 Division of Child Care/Early Childhood	16,664,815	175	18,357,297	171	17,529,476	171	16,248,760	171	18,249,432	187	17,453,555	171	16,248,760	171	18,249,432	187	17,453,555	171
896 Division of Behavioral Health Services	86,850,954	1,126	87,989,124	1,000	100,787,161	1,165	87,804,947	1,000	101,637,876	1,165	100,507,384	1,165	87,804,947	1,000	101,464,448	1,165	101,280,956	1,165
896 Division of Medical Services	21,834,926	312	24,847,920	318	25,541,661	324	24,615,339	318	25,639,564	333	25,639,564	333	24,615,339	318	25,639,564	333	25,639,564	333
896 Division of County Operations	113,116,196	1,881	121,349,945	1,822	136,352,424	1,882	118,215,610	1,813	123,393,972	1,889	123,391,044	1,889	118,215,610	1,813	121,886,141	1,882	121,883,213	1,882
896 Division of Administrative Services	28,358,170	318	29,954,929	309	32,381,578	359	29,960,603	309	33,393,139	355	33,673,969	358	29,960,603	309	33,319,663	355	33,600,493	358
896 Division of Developmental Disabilities Svcs	128,370,138	2,618	134,874,385	2,547	157,062,814	2,726	132,802,629	2,547	150,748,469	2,725	150,723,311	2,725	132,802,629	2,547	150,427,520	2,725	150,402,362	2,725
896 Division of Services for the Blind	4,920,576	81	6,263,624	85	5,866,311	75	4,927,540	75	6,120,678	74	6,120,678	74	4,927,540	75	5,928,680	74	5,928,680	74
896 Division of Volunteerism	1,351,213	23	1,444,654	24	1,553,456	24	1,439,677	24	1,572,014	24	1,439,677	24	1,439,677	24	1,572,014	24	1,439,677	24
896 Division of Youth Services	6,531,929	84	8,758,874	88	11,722,062	161	8,502,452	88	11,397,014	161	11,397,014	161	8,502,452	88	11,397,014	161	11,397,014	161
897 ARKIDS B Program	93,404,418	0	109,362,368	0	204,023,484	0	109,108,809	0	115,642,425	0	115,642,425	0	109,108,809	0	118,873,417	0	118,873,417	0
897 Hospital & Medical Services	2,909,820,002	0	3,198,851,136	0	4,192,018,983	0	3,074,471,484	0	3,584,528,631	0	3,584,528,631	0	3,074,471,484	0	3,776,570,716	0	3,776,570,716	0
897 Prescription Drugs	318,094,054	0	343,948,311	0	575,144,026	0	330,998,852	0	378,738,146	0	378,738,146	0	330,998,852	0	385,275,742	0	385,275,742	0
897 Private Nursing Home Care	562,494,229	0	597,250,427	0	752,732,888	0	571,374,213	0	639,794,311	0	639,794,311	0	571,374,213	0	670,810,091	0	670,810,091	0
897 TANF Block Grant	18,950,881	0	20,925,000	0	33,640,650	0	20,925,000	0	24,565,650	0	24,565,650	0	20,925,000	0	24,565,650	0	24,565,650	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Child Care Grant/Aids	22,212,165	0	20,359,437	0	28,125,422	0	20,359,437	0	26,359,437	0	26,359,437	0	20,359,437	0	26,359,437	0	26,359,437	0
898 Community Based Care	0	0	0	0	90,000	0	0	0	90,000	0	90,000	0	0	0	90,000	0	90,000	0
898 Community Svcs. Block Grant	16,805,525	0	15,062,188	0	20,020,518	0	9,437,390	0	9,437,390	0	9,437,390	0	9,437,390	0	9,437,390	0	9,437,390	0
898 Delta Service Corps Grants	2,738,355	0	2,605,509	0	3,094,077	0	2,225,704	0	2,410,704	0	2,410,704	0	2,225,704	0	2,410,704	0	2,410,704	0

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Appropriation	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
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898 Infant Infirmary	21,497,971	0	22,752,600	0	33,152,691	0	21,716,788	0	25,389,673	0	25,389,673	0	21,716,788	0	26,100,584	0	26,100,584	0
898 Nursing Home Care Alternatives	5,230,351	0	5,193,872	0	6,656,003	0	5,193,872	0	6,193,872	0	6,193,872	0	5,193,872	0	6,193,872	0	6,193,872	0
898 Nutrition Program	9,348,657	0	10,424,649	0	12,310,616	0	10,424,649	0	11,424,649	0	11,424,649	0	10,424,649	0	11,424,649	0	11,424,649	0
898 Older Worker Program Grants	1,052,665	0	1,052,664	0	1,132,005	0	1,052,664	0	1,052,664	0	1,052,664	0	1,052,664	0	1,052,664	0	1,052,664	0
898 Project Grants	10,344,887	0	12,331,764	0	14,392,359	0	12,331,764	0	14,331,764	0	14,331,764	0	12,331,764	0	14,331,764	0	14,331,764	0
898 Public Nursing Home Care	174,447,604	0	194,431,274	0	270,815,554	0	185,670,840	0	211,605,788	0	211,605,788	0	185,670,840	0	221,982,063	0	221,982,063	0
898 Purchase of Services	2,819,376	0	3,631,409	0	2,770,628	0	2,573,558	0	3,393,558	0	3,393,558	0	2,573,558	0	3,784,558	0	3,784,558	0
898 Retired & Sr Volunteer Program	69,825	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
898 Social Svcs Blk Grant-Fed	3,985	0	139,733	0	139,733	0	139,733	0	139,733	0	139,733	0	139,733	0	139,733	0	139,733	0
898 Sr Citizen Centers	4,747,197	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
898 TANF/Foster Care	41,028,380	0	41,487,599	0	42,294,294	0	40,291,976	0	42,271,111	0	40,291,976	0	40,291,976	0	42,271,111	0	40,291,976	0
929 Child Care-Treasury Paying	0	0	187,537	0	200,000	0	187,537	0	187,537	0	187,537	0	187,537	0	187,537	0	187,537	0
930 Cty-Commodity Distrib & Salvage Container	31,034	0	274,086	0	274,086	0	274,086	0	275,586	0	275,586	0	274,086	0	274,086	0	274,086	0
935 Volunteerism - Cash in Treasury	2,207	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0	12,000	0
937 Canteen - Cash in Treasury	158,082	0	174,048	0	174,048	0	174,048	0	174,048	0	174,048	0	174,048	0	174,048	0	174,048	0
938 Patient Benefits-Cash in Treasury	30,404	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0
978 Senior Olympics	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0	70,000	0
982 Inter-Divisional Programs	39,350	0	108,644	0	109,190	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0	108,644	0
C99 Client Specific Emergency Services-Cash	0	0	120,000	0	120,000	0	120,000	0	120,000	0	120,000	0	120,000	0	120,000	0	120,000	0
NOT REQUESTED FOR THE BIENNIUM																		
35Y Child Abuse/Neglect Program	0	0	0	0	1,244,382	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,088,990,905	8,270	5,610,898,218	7,978	7,458,791,732	8,537	5,268,799,224	7,841	6,117,283,827	8,542	6,113,582,697	8,534	5,268,799,224	7,841	6,347,448,105	8,535	6,344,786,475	8,527

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	7,958,126	0.2	6,687,128	0.1			336,057	0.0	336,057	0.0	336,057	0.0	0	0.0	0	0.0	0	0.0
General Revenue	4000010	958,696,581	18.8	1,014,693,384	18.1			1,014,368,936	19.3	1,025,340,146	17.6	1,020,620,842	17.6	1,014,368,936	19.3	1,287,351,559	21.4	1,196,140,310	20.9
Federal Revenue	4000020	3,374,650,867	66.2	3,704,876,782	66.0			3,645,361,604	69.2	3,863,820,862	66.4	3,863,419,777	66.4	3,645,361,604	69.2	4,021,766,799	66.7	3,810,409,038	66.6
Special Revenue	4000030	30,000	0.0	324,275	0.0			324,275	0.0	324,275	0.0	324,275	0.0	324,275	0.0	324,275	0.0	324,275	0.0
Cash Fund	4000045	221,727	0.0	842,671	0.0			842,671	0.0	844,171	0.0	844,171	0.0	842,671	0.0	842,671	0.0	842,671	0.0
Trust Fund	4000050	799,607	0.0	150,156,917	2.7			150,156,917	2.8	233,227,542	4.0	233,227,542	4.0	150,156,917	2.8	176,267,215	2.9	176,267,215	3.1
Cigarette Tax	4000140	2,610,380	0.1	3,000,000	0.1			3,000,000	0.1	3,000,000	0.1	3,000,000	0.1	3,000,000	0.1	3,000,000	0.0	3,000,000	0.1
Drug Rebates	4000200	27,908,793	0.5	25,761,288	0.5			25,761,288	0.5	26,018,901	0.4	26,018,901	0.4	25,761,288	0.5	26,279,090	0.4	26,279,090	0.5
Federal Funds-ARRA	4000244	359,097,644	7.0	219,487,491	3.9			0	0.0	13,035,427	0.2	12,942,927	0.2	0	0.0	125,000	0.0	125,000	0.0

Funding Sources		%		%		%		%		%		%		%			
Hospital Assessment Fee	4000281	0	0.0	38,881,700	0.7	38,881,700	0.7	56,582,819	1.0	56,582,819	1.0	38,881,700	0.7	38,881,700	0.6	38,881,700	0.7
ICF/MR Provider Fee	4000282	1,412,961	0.0	8,703,003	0.2	8,703,003	0.2	15,222,904	0.3	15,222,904	0.3	8,703,003	0.2	10,002,390	0.2	10,002,390	0.2
Insurance Premium Tax	4000298	0	0.0	0	0.0	0	0.0	10,991,568	0.2	10,991,568	0.2	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	62,801,234	1.2	65,405,440	1.2	65,405,440	1.2	68,392,716	1.2	68,392,716	1.2	65,405,440	1.2	71,628,346	1.2	71,628,346	1.3
Reallocation of Resources	4000410	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Refunds	4000415	3,205,752	0.1	2,950,000	0.1	2,950,000	0.1	2,950,000	0.1	2,950,000	0.1	2,950,000	0.1	2,950,000	0.0	2,950,000	0.1
Reimbursement	4000425	30,114,980	0.6	63,766,623	1.1	7,452,043	0.1	25,540,976	0.4	25,540,976	0.4	7,788,100	0.1	7,788,100	0.1	7,788,100	0.1
Tobacco Settlement	4000495	10,260,089	0.2	14,752,543	0.3	14,752,860	0.3	29,520,356	0.5	29,520,356	0.5	14,752,860	0.3	56,321,262	0.9	56,321,262	1.0
Transfer From DWS	4000527	956,437	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Ar Pub Defender	4000603	(95,965)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0	(240,000)	0.0
Transfer to DFA Disbursing	4000610	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0	(400,000)	0.0
Transfer to Medicaid Match	4000660	(11,688,381)	(0.2)	(11,650,317)	(0.2)	(11,650,317)	(0.2)	(11,650,317)	(0.2)	(11,650,317)	(0.2)	(11,650,317)	(0.2)	(11,650,317)	(0.2)	(11,650,317)	(0.2)
Transfer to State Police	4000675	(1,482,855)	0.0	(1,699,208)	0.0	(1,699,208)	0.0	(1,699,208)	0.0	(1,699,208)	0.0	(1,699,208)	0.0	(1,699,208)	0.0	(1,699,208)	0.0
Various Program Support	4000730	268,505,056	5.3	304,819,555	5.4	304,376,955	5.8	459,342,747	7.9	458,561,243	7.9	304,376,955	5.8	338,380,048	5.6	337,598,544	5.9
Total Funds		5,095,678,033	100.0	5,611,234,275	100.0	5,268,799,224	100.0	5,820,616,942	100.0	5,814,622,549	100.0	5,268,799,224	100.0	6,028,033,930	100.0	5,724,683,416	100.0
Excess Appropriation/(Funding)		(6,687,128)		(336,057)		0		296,666,885		298,960,148		0		319,414,175		620,103,059	
Grand Total		5,088,990,905		5,610,898,218		5,268,799,224		6,117,283,827		6,113,582,697		5,268,799,224		6,347,448,105		6,344,786,475	

DHS - Director's Office/Office Of Chief Counsel

Enabling Laws

Act 242 of 2010
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 10 program divisions and other support 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 approval 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.

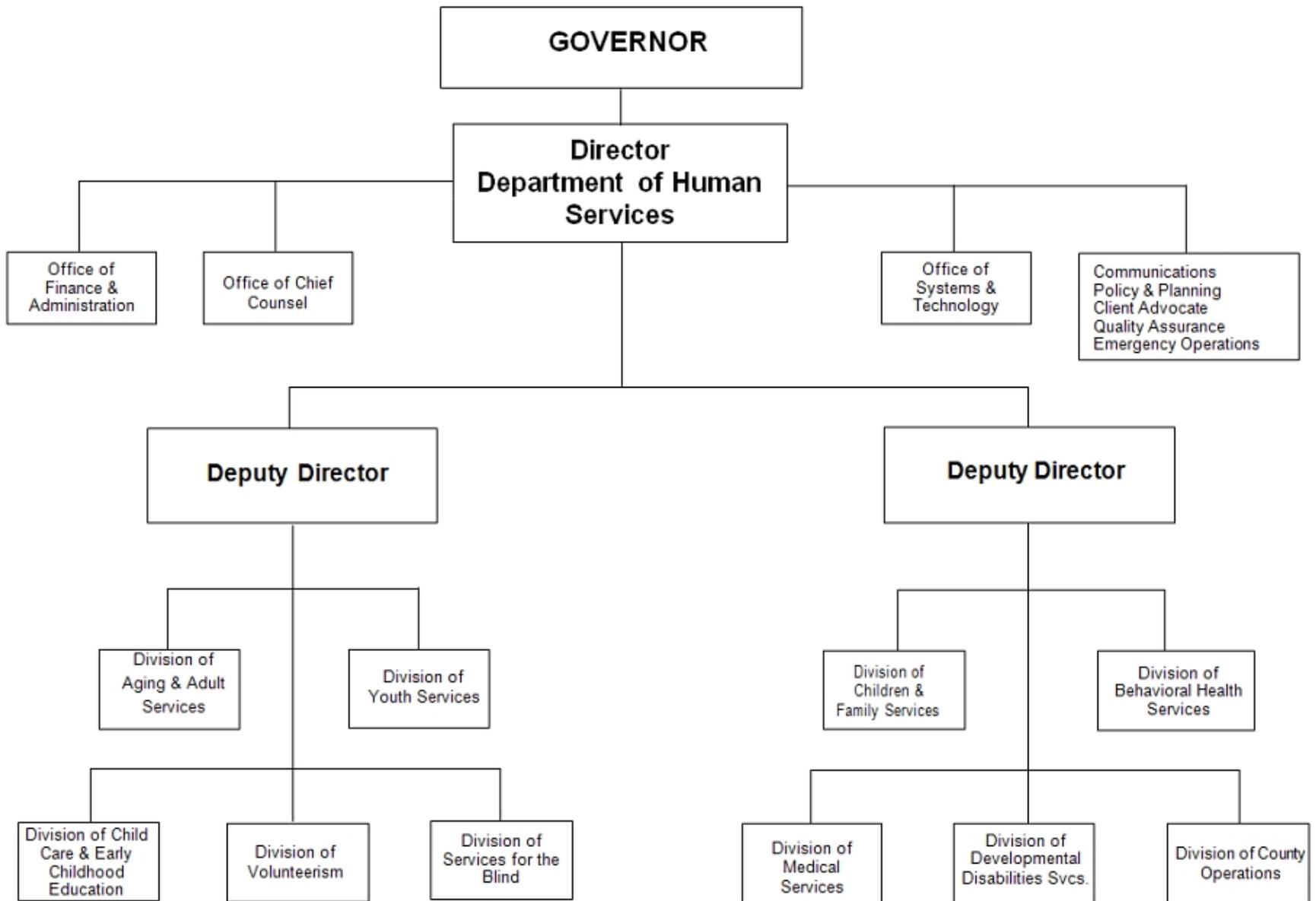
The Mission of the Department is "Together we improve the quality of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health."

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 Intentional Program Violation (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

The DHS Director's Office consists of 9 budgeted positions in SFY2011 and provides administrative direction to ten (10) program divisions and other support 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.

Funding for this appropriation comes from a mix of sources that include General Revenue, Federal Funds and Other. Federal and Other funding is determined by the Department's Cost Allocation Plan.

The DHS Director's Office requests continuing base level for the new biennium.

DHS Director's Office request ARRA appropriation for SFY2012, in the amount of \$2,500. This appropriation will ensure "in-direct" costs are covered during the fiscal year.

The Office of Chief Counsel consists of 169 budgeted positions in FY2011 and provides legal, investigative, audit and administrative hearing services to the various Divisions and Offices within the Department of Human Services.

Funding for this appropriation comes from a mix of sources that include General Revenue, Federal Funds and Other. Federal and Other funding is determined by the Department's Cost Allocation Plan and from sources such as client fees, food stamp and overpayment collections.

The Office of Chief Counsel requests (7) positions restored for SFY2012 and SFY2013:

Four (4) Senior Auditor positions: #22101207 cost center 416894; #22101211, cost center 416894; #22109093, cost center 416894 (Appropriation and Funding); #22103731, cost center 416897 (Appropriation Only). Three of the four positions are to be funded appropriation (50% State General Revenue \$53,331, 50% Federal \$53,331) and one unfunded appropriation (\$35,554). This request provides additional appropriation and funding to ensure the Department's capability to perform compliance and operational audits, evaluations, investigations, and risk assessments related to the Department's multi-billion dollar programs and operations. Support of this request will improve the Department's ability in detecting fraud, waste, and mismanagement, but also in identifying and implementing new and better ways of conducting business.

Three (3) Legal Support Specialist: #22102488, cost center 416860 (Pulaski County) and #22110916, cost center 416710; cost center 416858 #22099903. The Office of Chief Counsel requests the restoration of these unbudgeted positions (Appropriation Only) to assist the child welfare attorneys manage their case loads and ensure legal documents are transcribed and filed with the courts to meet state and federal mandated time frames.

The Office of Chief Counsel requests transfer of (1) position for SFY 2012 AND SFY 2013:

Transfer out One (1) Legal Services Specialist I, (Cost Center 416700; Position # 22098715) from the Office of Chief Counsel to the Division of Medical Services (Cost Center: 418200) Appropriation only. This position will be better utilized within the department in the production of Medicaid eligibility opinions.

OCC requests ARRA appropriation for SFY 2012, in the amount of \$90,000. This appropriation will ensure "in-direct" costs are covered during the fiscal year.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2008

Findings

The Office of Financial Management had the following internal control deficiencies related to bank accounts at June 30, 2008:

- Review of signature cards revealed that 29 accounts had no signature cards on file, 13 signature cards had not been updated since June 30, 2004 and four signature cards included individuals no longer employed with the Agency; and
- Reconciliations performed by the Agency identified 27 outstanding checks that were more than 180 days old and 107 other reconciling items up to over 12 months old totaling \$10,804.

The ability to properly safeguard and account for these assets has been jeopardized as a result of inadequate controls.

Recommendations

Review and follow the required reconciliation procedures as set out in the DHS Administrative Procedures Manual.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2008

Findings

Review of Agency receipting and deposit procedures revealed that Central Receipting, Division of Behavioral Health Services (DBHS) - Arkansas State Hospital and Division of Child Care and Early Childhood Education (DCCECE) had inadequate management oversight and internal controls of cash receipts which contributed to the following deficiencies:

- 88 checks totaling \$711,198 were not deposited as required but were returned to either the vendor or the remitting division by Central Receipting;
- Receipts are not being issued in sequential order at the Arkansas State Hospital; and
- The Child Nutrition Program within the Division of Child Care and Early Childhood Education is not receipting items of income when received.

Strengthening of internal controls and adequate management oversight of cash receipts would ensure proper accountability of these funds.

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:

- 26 capital equipment items valued at \$31,926 out of a sample of 241 capital equipment items valued at \$631,805 could not be located for observation;
- At June 30, 2008, 52 items totaling \$160,739 had been sent to Marketing and Redistribution or otherwise disposed of but had not been removed from Agency records;
- The Agency is not tagging all capital assets adequately to ensure proper identification. Numerous instances were noted where complete data related to the asset was not entered into AASIS when the asset was received, making it difficult to identify and verify the existence of these assets;
- Two items totaling \$9,228 were incorrectly recorded as equipment; and
- Six items totaling \$7,865 did not have adequate documentation for disposal.

Recommendations

Review and follow the required receipting procedures as set out in the DHS Administrative Procedures Manual, Chapter 201.

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

DIVISION OF LEGISLATIVE AUDIT
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DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2008

Findings

The Risk Management Division of Arkansas Health Center (AHC) initiated, in March 2009, an investigation relating to "gift" purchases made by an employee who resigned February 24, 2009. AHC auditors identified a DVD set (\$64) and gift cards (\$575) purchased on behalf of clients not forwarded to the individuals indicated on purchase forms. AHC reimbursed client funds when the investigation started and the former employee reimbursed AHC \$640 on May 7, 2009. This matter has been forwarded to the Criminal Investigation Division of the Arkansas State Police.

Recommendations

Exercise proper fiscal oversight and strengthen internal controls to ensure proper accountability of these funds.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

FINDINGS COVERING MORE THAN ONE FEDERAL AGENCY

Finding Number: 09-710-01
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): Various
Federal Award Number(s): Various
Federal Award Year(s): Various
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency

Criteria:

As noted in OMB Circular A-133 section 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes, but is not limited to, the establishing of internal controls the ensure the State claims Federal Financial Participation for costs associated with a program only in accordance with its approved cost allocation plan as noted in 45 CFR 95.517.

We recommend the Agency develop and implement a control requiring secondary approval over the preparation and recording of allocation worksheet data.

Condition:

A deficiency exists in the design of controls over monitoring the application of allocation methodologies which are outlined in the approved cost allocation plan. While developing our understanding of the Agency's design of controls over allocation methodologies, it was discovered that one employee is responsible for preparing and recording allocation worksheet data into the cost allocation system without secondary review or approval ensuring that the methodologies are applied as they are approved within the plan.

Questioned Costs:

None

Cause:

The resources available within the Agency's Cost Allocation section are not properly allocated to ensure segregation of duties and secondary review.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

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Recommendations

Effect:

A deficiency in the design of controls over monitoring allocation methodologies could allow inaccurate calculations of allocation percentages resulting in non-compliance with the approved cost allocation plan. In addition, inaccurate claim amounts could be charged to one or more federal programs.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF AGRICULTURE

Finding Number: 09-710-02
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 10.553 - School Breakfast Program
10.555 - National School Lunch Program
10.556 - Special Milk Program for Children
10.559 - Summer Food Service Program for

Children

(Child Nutrition Cluster)
10.558 - Child and Adult Care Food Program

Federal Award Number(s): 2009IN109946; 2008IN109946

Federal Award Year(s): 2009 and 2008

Compliance Requirement(s) Affected: Cash Management

Type of Finding: Noncompliance

Criteria:

In accordance with 7 CFR 3016.23(a), a grantee may charge to the award, only costs resulting from obligations of the funding period.

We recommend the Agency comply with grant requirements to ensure proper reconciliation of cash draws to actual expenditures by grant award. In addition, we recommend the Agency communicate internal controls over federal draw downs to ensure compliance with federal award regulations.

Condition:

Expenditures in the amount of \$40,054 and \$524,989 were properly obligated and recorded in the Agency's accounting system for the 2008 grants for the National School Lunch Program, which is part of the Child Nutrition Cluster, and the Child and Adult Care Food Program, respectively. However, the draw of federal funds from the grantor for these costs was made from the 2009 grants for each of these programs.

Questioned Costs:

None

Cause:

The Accounting Supervisor in the Managerial Accounting Section, who was responsible for the SFY2009 Child Nutrition Cluster program and Child and Adult Care Food Program federal draws, manually changed the internal order coding, which was provided by the

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FOR THE YEAR ENDED JUNE 30, 2009

Findings

Federal Draw Coordinator, from their respective 2008 grant award to reflect their new 2009 grant awards. The Agency attempted to implement new internal controls during the year to prevent the drawing of funds from a subsequent grant award for the liquidation of commitments associated with a prior grant award. However, these new controls were not effectively communicated to personnel responsible for federal draws.

Effect:

Federal reimbursements totaling \$565,043 were made from incorrect federal grants.

Recommendations

DIVISION OF LEGISLATIVE AUDIT
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ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF ENERGY

Finding Number: 09-710-03
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 81.042 - Weatherization Assistance for Low Income Persons
Federal Award Number(s): DE-FG26-07NT43109
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Reporting
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

The Agency is required by 10 CFR 600.241 to submit quarterly financial reports. During 2009, the required quarterly report changed from the Financial Status Report (SF-269) to the Federal Financial Report (SF-425).

Condition:

Expenditures of \$908,647, reported on the June 30, 2009 Federal Financial Report (SF-425), were not supported by or reconciled to the Agency's financial records and cost allocation system. The reported expenditures were incorrectly based on the financial reports of subrecipients.

Questioned Costs:

Unknown

Cause:

The accounting staff was not appropriately training and supervised to ensure that reports were properly submitted and amounts reported to the federal grantor were accurate and complete.

Effect:

Failure to utilize financial information from the Agency's cost allocation system can lead to inaccurate reporting to the federal grantor.

We recommend the Agency strengthen internal controls and procedures to ensure consistent, accurate and complete reporting of program activity.

DIVISION OF LEGISLATIVE AUDIT
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ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number: 09-710-04
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.575 - Child Care and Development Block
93.596 - Child Care Mandatory and Matching
Funds of the
Child Care and Development Fund
(CCDF Cluster)
Federal Award Number(s): G-0701ARCCDF; G-0801ARCCDF;
G-0901ARCCDF; G-0901ARCCD7
Federal Award Year(s): 2007, 2008 and 2009
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles
Type of Finding: Noncompliance

Criteria:

The Arkansas Department of Human Services, "the Agency", is responsible for administering the State's CCDF "Daycare" program. The Agency's responsibility includes determining eligibility for each applicant and documenting that eligibility criteria were met. The Agency outlines eligibility requirements for the Daycare program in their State plan.

Condition:

Between December 1, 2008 and October 1, 2009, the Division of Child Care and Early Childhood Education identified 40 possible cases of provider overpayments and fraud totaling \$35,343. The Agency also identified 213 possible cases of client overpayments or fraud totaling \$289,496.

Questioned Costs:

Unknown

Cause:

Factors contributing to these issues include: 1) case heads and/or clients failed to report changes in client eligibility criteria which would have affected their eligibility status, 2) willful misrepresentations of client eligibility data by clients, and 3) providers billing for services which were not provided.

Effect:

Benefits could have been provided to ineligible clients and providers.

We recommend the Agency continue to provide training for employees, implement policy changes, and increase monitoring to reduce overpayments to clients and providers.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-05
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.575 - Child Care and Development Block
93.596 - Child Care Mandatory and Matching
Funds of the
Child Care and Development Fund
(CCDF Cluster)
Federal Award Number(s): G-0701ARCCDF; G-0801ARCCDF;
G-0901ARCCDF; G-0901ARCCD7
Federal Award Year(s): 2007, 2008 and 2009
Compliance Requirement(s) Affected: Reporting
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

Federal guidance at 45 CFR 98.67(c) states that fiscal control and accounting procedures shall be sufficient to permit preparation of required reports and the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of certain provisions.

Condition:

The Agency reported federal expenditures for the state fiscal year 2009 totaling \$48,325,075 on the Federal Cash Transaction Report (PSC-272) and \$46,729,985 on the Child Care and Development Fund Financial Report (ACF-696) report. The Agency's financial records after cost allocation totaled \$46,762,457. The Agency could not provide a reconciliation for these reporting differences nor the difference between the reports and the financial records.

Questioned Costs:

Unknown

Cause:

The Agency does not have procedures in place to ensure amounts reported on PSC-272 and ACF-696 are reconciled to supporting documentation or adequate supervisory review of these reports.

We recommend the Agency establish proper internal control procedures that would ensure the accurate preparation of federal financial reports, as well as procedures that would ensure adequate supervisory review of the expenditure documentation supporting those reports.

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Effect:

The Agency could submit inaccurate reports that may prevent the identification of deficiencies in the program and Agency operations that could affect the provision of services to clients.

DIVISION OF LEGISLATIVE AUDIT
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 ARKANSAS DEPARTMENT OF HUMAN SERVICES
 SINGLE AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-06
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
 93.658 - Foster Care_Title IV-E, Recovery Act
Federal Award Number(s): 0801AR1401; 0901AR1401; 0901AR1402
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Activities Allowed or Unallowed; Allowable
 Costs/Cost Principles
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

For an activity or cost to be considered allowable it must meet the general criteria outlined in 2 CFR 225 and the program regulations set forth in 42 USC 672 and 45 CFR 1356.

We recommend the Agency provide adequate training to staff responsible for approving and reviewing program expenditures to ensure federal program funds are utilized in accordance with federal regulations.

Condition:

We reviewed 40 administrative and maintenance expenditure items to determine allowability. In some instances, the expenditure items were reimbursed from both the "regular" Foster Care_Title IV-E grant and the "ARRA" Foster Care_Title IV-E, Recovery Act grant.

Our testing revealed 30 exceptions as summarized below:

- Six instances of expenditures paid on behalf of children who were not eligible totaling \$968. Of this amount, \$906 was paid from the regular grant and \$62 was paid from the ARRA grant. In order to be allowable, the child for whom the expenditure benefits must first be determined eligible.
- Two instances of expenditures paid on behalf of children where eligibility could not be determined because adequate supporting documentation was not available totaling \$651. These expenditures were paid from the regular grant. Adequate documentation would include client ID numbers, names and case ID numbers.
- Five instances of expenditures paid on behalf of children who were determined to be eligible, but not claimable totaling \$543. Of this amount, \$521 was paid from

DIVISION OF LEGISLATIVE AUDIT
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Findings

the regular grant and \$22 was paid from the ARRA grant. The foster child as well as the foster family home must meet all eligibility criteria to receive Title IV-E funds. If the foster family home does not meet all criteria, the result is non-claimable status.

- Five instances of expenditure items miscoded resulting in excess reimbursement totaling \$6,321. These expenditures were paid from the regular grant.
- 11 instances of expenditure items that were determined to be unallowable totaling \$7,364. Of this amount, \$6,929 was paid from the regular grant and \$435 was paid from the ARRA grant. Unallowable items included payment for medical services, rent, tutoring services and respite care.
- One item, totaling \$71, was for the benefit of another federal program and should not have been charged to Foster Care. This expenditure was paid from the regular grant.

Questioned Costs:

\$15,399 - Foster Care_Title IV-E

\$ 519 - Foster Care_Title IV-E, Recovery Act

Cause:

Lack of adequate training for the staff responsible for determining allowability of claims as well as an inadequate review process by supervisory staff.

Effect:

Failure to provide staff with adequate training continues to place federal awards at risk for

Recommendations

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-07
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care Title IV-E
Federal Award Number(s): 0801AR1401; 0901AR1401
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

For an activity or cost to be considered allowable it must meet the general criteria outlined in 2 CFR 225 and the program regulations set forth in 45 CFR 1356.

We recommend the Agency establish and implement proper internal control procedures to provide adequate review of travel reimbursement forms to ensure reimbursements are allowable.

Condition:

Our review of 81 travel payments resulted in multiple exceptions, as follows:

- In 27 instances, travel reimbursements totaling \$1,870 were related to children determined to be ineligible.
- In nine instances, the travel reimbursement forms lacked adequate identification information for the child being transported. As a result, eligibility status could not be determined. The questioned costs for these exceptions totaled \$372.
- In five instances, travel reimbursements totaling \$136 were for transporting children to school or school related activities. This is not an allowable activity.
- In one instance, the travel reimbursement in the amount of \$148 was for transporting a child to work. This is not an allowable activity.
- In one instance, the travel reimbursement in the amount of \$50 was for transportation to pick up gifts for the foster child. This is not an allowable activity.
- In three instances, the travel reimbursement forms lacked adequate information identifying the purpose of the travel to ensure it was an allowable activity. The questioned costs for these exceptions totaled \$257.

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AUDIT OF :
ARKANSAS DEPARTMENT OF HUMAN SERVICES
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

Questioned Costs:

\$2,833

Cause:

Lack of training for staff and inadequate review by supervisory staff of travel reimbursements lead to multiple errors and misuse of Foster Care funds.

Effect:

Failure to properly review Foster Care travel expenditures has placed assets at risk and could jeopardize the Agency's ability to provide program funding.

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AUDIT OF :
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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-08
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
93.658 - Foster Care_Title IV-E, Recovery Act
Federal Award Number(s): 0801AR1401; 0901AR1401; 0901AR1402
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Activities Allowed or Unallowed; Allowable
Costs/Cost Principles
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

The Division of Children and Family Services utilizes purchasing cards (p-cards) as a means of purchasing items for foster children. The p-cards are issued to Family Service Workers because they are in direct contact with foster children. According to 42 USC 672 and 42 USC 675(4), funds may be expended for Foster Care maintenance on behalf of eligible children. Such payments may include the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.

Condition:

A total of 91 purchases by family service workers with p-cards were selected for review. Purchases were reimbursed from both the "regular" Foster Care_Title IV-E grant and the "ARRA" Foster Care_Title IV-E, Recovery Act grant.

Our review revealed the following:

- 14 instances of purchases made for items not considered allowable totaling \$1,005. Of this amount, \$926 was paid from the regular grant and \$79 was paid from the ARRA grant. Items purchased included prescription drugs, luggage, bunk beds, mattresses and a salon service.
- 32 instances of purchases made for children not considered Title IV-E eligible totaling \$2,650. Of this amount, \$2,443 was paid from the regular grant and \$207 was paid from the ARRA grant.

We recommend the Agency establish and implement internal control procedures to ensure p-card purchases are used only for allowed activities and costs outlined in federal code.

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Questioned Costs:

\$3,369 - Foster Care_Title IV-E
\$ 286 - Foster Care_Title IV-E, Recovery Act

Cause:

Lack of training for family service workers, financial coordinators and central office staff resulting in an inadequate review of p-card purchases.

Effect:

Failure to properly review Foster Care p-card purchases has placed assets at risk and could jeopardize the Agency's ability to provide program funding.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-09
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
93.658 - Foster Care_Title IV-E, Recovery Act
Federal Award Number(s): 0801AR1401; 0901AR1401; 0901AR1402
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Activities Allowed or Unallowed; Allowable
Costs/Cost Principles
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

For an activity or cost to be considered allowable it must meet the general criteria outlined in 2 CFR 225 and the program regulations set forth in 42 USC 672 and 45 CFR 1356.

We recommend the Agency establish and implement internal control procedures to ensure child care payments are made on behalf of eligible foster children.

Condition:

We reviewed child care payments on behalf of 40 foster children. In some instances, the payments were reimbursed from both the "regular" Foster Care_Title IV-E grant and the "ARRA" Foster Care_Title IV-E, Recovery Act grant.

Our review revealed the following:

- Six children were determined ineligible to receive Title IV-E child care benefits. The questioned costs for these payments totaled \$643. Of this amount, \$614 was paid from the regular grant and \$29 was paid from the ARRA grant.
- 24 children were determined to be eligible, but not claimable. The questioned costs for these payments totaled \$6,065. Of this amount, \$5,683 was paid from the regular grant and \$382 was paid from the ARRA grant. The foster child as well as the foster family home must meet all eligibility criteria to receive Title IV-E funds. If the foster family home does not meet all criteria, the result is non-claimable status.

Questioned Costs:

\$6,297 - Foster Care_Title IV-E
\$ 411 - Foster Care_Title IV-E, Recovery Act

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Cause:

Lack of training for staff in addition to inadequate review by supervisory staff resulted in program funds being used for unallowable purposes.

Effect:

Failure to properly review Foster Care child care payments has placed assets at risk and could jeopardize the Agency's ability to provide program funding.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-10
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
93.658 - Foster Care_Title IV-E, Recovery Act
Federal Award Number(s): 0801AR1401; 0901AR1401; 0901AR1402
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency

Criteria:

Allowable expenditures described as maintenance payments are defined within 42 USC 672. Training and administrative costs are defined by 42 USC 674 and 45 CFR 1356.60. The Agency is required to utilize information as cited in these federal regulations when determining the allowability of an expenditure for the Foster Care_Title IV-E program.

Condition:

The Agency was unable to provide adequate evidence that controls were in place which would provide assurance that staff tasked with the responsibility for approving expenses were provided regulations for reference purposes to assist them in determining whether an expense is allowable.

Financial Coordinators are responsible for determining whether to approve an expense for reimbursement and are also responsible for assigning the expense the proper code which ensures reimbursement from the appropriate source, federal and/or state and at the appropriate federal match rate. Ten Division of Children and Family Services (DCFS) Financial Coordinators were contacted. We were unable to confirm that the coordinators were provided copies of any regulations to assist them in making allowability determinations.

Questioned Costs:

Unknown

Cause:

Agency personnel were not sufficiently aware of federal regulations and had not been provided with adequate guidance documents.

We recommend the Agency provide appropriate staff training and access to the necessary federal regulations and codes defining activities and costs which are allowed and unallowed.

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Effect:

There is a potential risk that Title IV-E funds can be used for unallowable purposes because the staff responsible for making those determinations are not provided the resources needed to adequately determine allowable cost.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-11
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
Federal Award Number(s): 0901AR1401
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Noncompliance and Control Deficiency

Criteria:

As stated in 42 USC 671(a)(20)(A), "In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which provides procedures...for criminal records checks, including fingerprint-based checks of national crime information databases...for any prospective foster or adoptive parent before the foster or adoptive parent may be finally approved for placement of a child." According to Procedure VII A-1 in the Division of Children and Family Services (DCFS) Policy and Procedures Manual, "the Division will provide documentation in the case record that the criminal record check was conducted on the prospective foster parent."

Condition:

The date criteria for FBI fingerprint based checks recorded in the Children's Reporting and Information System (CHRIS) could not be supported with a "hard-copy" of the check in three of the 46 foster family home records reviewed. The DCFS Central Operations section's review of their in-house database revealed that no dates were available noting when the FBI check was performed. Therefore, no hard copy documentation could be provided.

Questioned Costs:

None

Cause:

Lack of staff in both the Central office and in the field to ensure all checks are properly performed and documented.

Effect:

Children could be placed in foster family homes not meeting all federal requirements which could put the children at risk.

We recommend the Agency establish and implement controls ensuring staff conduct and document the FBI finger print based checks as required.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-12
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
Federal Award Number(s): 0901AR1401
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Reporting
Type of Finding: Noncompliance and Control Deficiency

Criteria:

In accordance with 45 CFR 201.5(a)(3), the Agency must submit a report reflecting the expenditures of the current quarter and any adjustments for prior periods. An ACF-Title IV-E-1, Foster Care and Adoption Assistance Financial Report, is required by the grantor.

Condition:

The Agency incorrectly calculated and reported federal expenditures for the Foster Care_Title IV-E program on the 6/30/2009 (4th quarter) ACF Title IV-E-1 report. The error resulted in an overstatement of \$56,444. The miscalculation also resulted in State match being overstated by \$14,789.

On January 28, 2010, the Division of Children and Family Services Chief Financial Officer stated that the Agency amended the 12/31/2009 ACF - Title IV-E-1 report, reducing Foster Care_Title IV-E expenditures claimed by \$56,444.

Questioned Costs:

None

Cause:

With the passing of the American Recovery and Reinvestment Act of 2009 or ARRA, the Agency became eligible for an additional 6.2% in claims reimbursement increasing overall reimbursement to 79.14%. This affected the Agency's calculation of the Foster Care_Title IV-E federal percentage on which they based claims for federal reimbursement. Agency staff preparing the ACF - Title IV-E-1, Foster Care and Adoption Assistance Financial Report (OMB No. 0970-0205) did not have an adequate understanding of the procedures required to perform the calculation for the 4th quarter. As a result, the 4th quarter ACF - Title-IV-E-1 report overstated Foster Care_Title IV-E claims by \$56,444.

We recommend the Agency provide additional training to staff responsible for preparing and reviewing the ACF - Title IV-E-1 report. In addition, the Agency should amend the 12/31/2009 ACF - Title IV-E-1.

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Effect:

The Agency reported inaccurate expenditure information to the federal awarding agency which could affect future awards available to the Agency for the program.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-13
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.658 - Foster Care_Title IV-E
93.658 - Foster Care_Title IV-E, Recovery Act
Federal Award Number(s): 0901AR1401; 0901AR1402
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Reporting
Type of Finding: Control Deficiency

Criteria:

In accordance with OMB Circular A-133 Subpart C §.300(d), the auditee is required to "prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards in accordance with §.310." Subpart C §.310(b)(3) notes that the schedule should "provide the total Federal awards expended for each individual Federal program."

Condition:

The Agency incorrectly reported Foster Care_Title IV-E and Foster Care_Title IV-E, Recovery Act expenditures on the Schedule of Expenditures of Federal Awards or SEFA. Foster Care_Title IV-E was overstated by \$583,808 and Foster Care_Title IV-E, Recovery Act was understated by \$527,364.

Questioned Costs:

None

Cause:

With the passing of the American Recovery and Reinvestment Act of 2009 or ARRA, the Agency became eligible for an additional 6.2% in claims reimbursement increasing overall reimbursement to 79.14%. During the 4th quarter of 2009, the Agency was authorized to claim the additional 6.2% reimbursement on expenditures retroactive to October 1, 2008. The Agency amended the ACF - Title IV-E-1 reports adding retroactive ARRA expenditure claims for the 2nd and 3rd quarters of 2009 for \$265,060 and \$262,304, respectively. These additional expenditures were not identified as Foster Care_Title IV-E, Recovery Act on the ACF report because the report format has not been changed requiring separate identification. As a result, the expenditures were reported in the regular Foster Care_Title

We recommend the Agency strengthen internal controls by providing additional training to staff concerning reporting requirements and the proper procedures for reporting expenditures on the Schedule of Expenditures of Federal Awards.

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IV-E program causing the overstatement. From the information provided on the quarterly ACF reports, the Agency staff responsible for preparing the SEFA would not be able to separately identify Foster Care_Title IV-E, Recovery Act expenditures causing the understatement. Therefore, additional supporting documentation should have been provided.

As previously mentioned, the Agency became eligible for an additional reimbursement of 6.2% due to the passing of ARRA. This affected the Agency's calculation of the total federal percentage for which they based their federal reimbursement. For 4th quarter 2009 claims, the Agency used an incorrect federal percentage resulting in an overstatement of \$56,444 on the Schedule of Expenditures of Federal Awards (SEFA) for the Foster Care_Title IV-E program.

Effect:

The use of an incorrect federal rate resulted in errors in federal reporting and an inaccurate SEFA. In addition, future award amounts for the program could be affected.

Recommendations

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-14
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.659 - Adoption Assistance
93.659 - Adoption Assistance, Recovery Act
Federal Award Number(s): 0901AR1407; 0901AR1403
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Activities Allowed or Unallowed; Allowable
Costs/Cost Principles
Type of Finding: Control Deficiency

Criteria 1:

In accordance with 45 CFR 1356.41(f)(1), "Funds expended by the State under an adoption assistance agreement, with respect to nonrecurring adoption expenses...shall be considered an administrative expenditure of the Title IV-E Adoption Assistance Program. Federal reimbursement is available at a 50 percent matching rate..."

Criteria 2:

In accordance with Appendix A to 2 CFR 225 (C)(1)(j), "...to be allowable under Federal awards, costs must meet the following general criteria...be adequately documented."

Condition:

We reviewed 37 payments, totaling \$97,851, representing program expenditures other than regular monthly subsidy payments. The payments were reimbursed from both the "regular" Adoption Assistance grant and the ARRA Adoption Assistance, Recovery Act grant. From these payments, the following exceptions were noted:

Criteria 1: Our review revealed six instances of "nonrecurring adoption expenses" improperly coded as subsidy payments. Subsidy payments are reimbursed at 79.14% and nonrecurring adoption expenses are reimbursed at 50%. As a result of the improperly coded expenditures, the State was reimbursed in excess of the allowable amount totaling \$1,134. Of this amount, \$894 was paid from the regular grant and \$240 was paid from the ARRA grant.

Criteria 2: Adequate documentation was not available for us to determine if a child was Title

We recommend the Agency provide adequate training to staff responsible for coding and reviewing program expenditures to ensure federal program funds are utilized in accordance with federal regulations.

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IV-E eligible and as a result, the associated expenditure of \$752 was deemed unallowable. Of this amount, \$693 was paid from the regular grant and \$59 was paid from the ARRA grant.

Questioned Costs:

Unknown

Cause:

Lack of adequate training for the staff responsible for coding expenditures and an inadequate review process by supervisory staff resulted in the errors noted.

Effect:

Failure to provide staff with adequate training continues to place federal awards at risk for improper use and could jeopardize the program's future federal awards.

Recommendations

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-15
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.659 - Adoption Assistance
93.659 - Adoption Assistance, Recovery Act
Federal Award Number(s): Various prior to 2004; 0801AR1407;
0901AR1407; 0901AR1403
Federal Award Year(s): 2009 and previous years
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Material Noncompliance and Material
Weakness

Criteria:

Adoption assistance subsidy payment regulations are established at 42 USC 673 and 675. Individuals are considered eligible for subsidy payments only if all of the following requirements are met: 1) the child is eligible, or would have been eligible for the former Aid to Families with Dependent Children (AFDC) program except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for SSI; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent, 2) the child was determined by the State to be a child with special needs, 3) the State has made reasonable efforts to place the child for adoption without a subsidy, and 4) the agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child's eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family.

Condition:

Our review of 30 adoption assistance subsidy case files revealed seven instances of noncompliance as follows:

- In one instance, documentation to support that the child met all the "special needs" tests required to be considered eligible for subsidy payments was not available.

We recommend the Agency strengthen internal controls and provide training to appropriate staff responsible for the preparation and review of subsidy files to ensure all necessary documentation is included in the files supporting a child's eligibility for subsidy payments.

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Questioned costs include \$36,376 paid from the regular grant and \$237 from the ARRA grant.

- In three instances, we were unable to obtain documentation verifying the State made reasonable efforts to place the child for adoption without a subsidy. Questioned costs include \$125,340 paid from the regular grant and \$758 from the ARRA grant.
- In one instance, the final decree of adoption order was not located in the file. As a result, we were unable to determine if the adoption assistance subsidy agreement was signed and in effect prior to the final decree. Questioned costs include \$25,585 paid from the regular grant and \$250 from the ARRA grant.
- In one instance, the adoption assistance subsidy agreement was signed and in effect one month AFTER the final decree. Questioned costs include \$17,760 paid from the regular grant and \$237 from the ARRA grant.
- In one instance, we were unable to determine the child's eligibility because an emergency custody order was not located in the file. An emergency custody order gives evidence that "continuation in the home of removal would have been contrary to the welfare of the child." We were also unable to obtain documentation verifying the State made reasonable efforts to place the child for adoption without a subsidy. Questioned costs include \$49,836 paid from the regular grant and \$265 from the ARRA grant.

Questioned Costs:

\$254,897 - Adoption Assistance
\$ 1,747 - Adoption Assistance, Recovery Act

The questioned costs were calculated from the date of adoption through June 30, 2009.

Cause:

Agency staff did not adequately review the files to ensure that required information and documents were actually located in the files.

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Effect:

Federal adoption assistance funds were used for the benefit of children who could not be determined as eligible. As a result, the Agency could be required to reimburse the Federal awarding agency the amount of questioned costs noted above.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-16
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.659 - Adoption Assistance
93.659 - Adoption Assistance, Recovery Act
Federal Award Number(s): 0901AR1407; 0901AR1403
Federal Award Year(s): 2009
Compliance Requirement(s) Affected: Reporting
Type of Finding: Control Deficiency

Criteria:

In accordance with OMB Circular A-133 Subpart C §_.300(d), the auditee is required to "prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards in accordance with §_.310." Subpart C §_.310(b)(3) notes that the schedule should "provide the total Federal awards expended for each individual Federal program."

Condition:

The Agency incorrectly reported Adoption Assistance and Adoption Assistance, Recovery Act expenditures on the Schedule of Expenditures of Federal Awards or SEFA. Adoption Assistance was overstated by \$512,900 and Adoption Assistance, Recovery Act was understated by \$462,848.

Questioned Costs:

None

Cause:

With the passing of the American Recovery and Reinvestment Act of 2009 or ARRA, the Agency became eligible for an additional 6.2% in claims reimbursement increasing overall reimbursement to 79.14%. During the 4th quarter of 2009, the Agency was authorized to claim the additional 6.2% reimbursement on expenditures retroactive to October 1, 2008. The Agency amended the ACF - Title IV-E-1 reports adding retroactive ARRA expenditure claims for the 2nd and 3rd quarters of 2009 for \$228,929 and \$233,919, respectively. These additional expenditures were not identified as Adoption Assistance, Recovery Act on the ACF report because the report format has not been changed requiring separate identification. As a result, the expenditures were reported in the regular Adoption Assistance program

We recommend the Agency strengthen internal controls by providing additional training to staff concerning reporting requirements and the proper procedures for reporting expenditures on the Schedule of Expenditures of Federal Awards.

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causing the overstatement. From the information provided on the quarterly ACF reports, the Agency staff responsible for preparing the SEFA would not be able to separately identify Adoption Assistance, Recovery Act expenditures causing the understatement. Therefore, additional supporting documentation should have been provided.

As previously mentioned, the Agency became eligible for an additional reimbursement of 6.2% due to the passing of ARRA. This affected the Agency's calculation of the total federal percentage for which they based their federal reimbursement. For 4th quarter 2009 claims, the Agency used an incorrect federal percentage which resulted in overstated claims of \$50,050 for the Adoption Assistance program being reported on the SEFA.

Effect:

The use of an incorrect federal rate resulted in errors in federal reporting and an inaccurate SEFA. In addition, future award amounts for the program could be affected.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-17
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
(Medicaid Cluster)
Federal Award Number(s): 05-0905AR5048; 05-0805AR5048
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Activities Allowed or Unallowed
Type of Finding: Noncompliance and Control Deficiency

Criteria:

In accordance with Appendix A of 2 CFR Part 225, to be allowable under federal awards, costs must be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.

Arkansas Code Annotated 19-4-903 states, "reimbursement for meals and lodging while on official business of the State shall not exceed the maximum rates as prescribed by the Federal Travel Directory published by the General Services Administration."

Per Chapter 304 of the DHS Administrative Procedures Manual, "a travel supervisor/administrator can request justification when any mileage claimed by a traveler is deemed excessive. Justification must be provided by the travel supervisor/administrator for any one day that the traveler has claimed mileage over 300 miles.

Per the DFA Financial Management Guide, R1-19-4-903, "when privately owned motor vehicles are used for travel on official business, the owner may claim reimbursement at the rate per mile established by the Chief Fiscal Officer or the State in effect during the time the travel occurred."

Medical Services Policy manual Section 1200 allows foster parents to receive reimbursement for costs associated with transporting foster children to Medicaid covered services. Section 1205.3 requires the foster parents to provide verification of the medical appointment.

We recommend the Agency provide additional training to employees who have responsibility for reviewing and approving travel reimbursement requests. Employees reviewing and approving travel reimbursements to foster parents should receive additional training which relates to appropriate documentation used to verify medical appointments.

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Condition:

The auditor noted exceptions in eight of the 83 expenditure items tested. All problems noted were related to travel reimbursements paid to employees or foster parents (for reimbursement of transportation expenses incurred when taking foster child to a Medicaid covered service). Exceptions noted included the following:

- In two cases, documentation supplied by a foster parent was insufficient as verification that travel was related to a Medicaid covered service. The documentation provided was notification of a scheduled appointment, not verification the appointment was attended. (Additional review of claims information in the Medicaid Management Information System (MMIS) verified the appointment was attended.)
- One case, with paid claims totaling \$178, contained incomplete documentation and was dated prior to the recipient's date of birth. In addition, required approval to travel more than 300 miles in one day was not obtained.
- One case, with paid claims of \$77, the documentation provided were copies of the verification of a medical appointment previously attended which had been altered to match the dates listed on the travel reimbursement form. There were no claims for services for the recipient with the listed provider identified during review of claims detail in MMIS.
- In two cases, with paid claims totaling \$12, meal reimbursements exceeded the maximum allowed per GSA per diem guidelines.
- In two cases, with paid claims totaling \$54, mileage reimbursements were miscalculated by the Agency resulting in an underpayment to one employee and one foster parent.

Questioned Costs:

Known questioned costs total \$213.

Projected likely questioned costs based on the results of this sample total \$31,839.

Cause:

Foster parent travel reimbursement requests are initially submitted to and reviewed by Division of Children and Family Services travel supervisors. The TR-1 and supporting

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documentation are submitted to Division of Medical Services (DMS) to ensure support documentation adequately supports the medical appointment. DMS has one employee designated to review all foster parent travel reimbursements. The employee has not been adequately trained to determine if supporting documentation provided is sufficient to verify that the recipient received a Medicaid covered service.

Failure to completely review all entries made on the TR-1 by the travel administrator caused the overpayments for meal reimbursements and calculation errors.

Effect:

Insufficient supporting documentation and lack of supervisory approval increases the risk of improper payments.

Recommendations

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-18
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
 93.778 - Medical Assistance Program,
Recovery Act
 (Medicaid Cluster)
Federal Award Number(s): 05-0805AR5028; 05-0905AR5028; 05-0905ARARRA
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Material Noncompliance and Material Weakness

Criteria:

The Arkansas Department of Human Services, "the Agency", is responsible for administering the State's Medicaid program. The Agency's responsibility includes determining eligibility for each applicant and documenting, in the applicant's case record, that eligibility criteria were met. The Agency outlines eligibility requirements for the Medicaid program in the Arkansas Medical Services Manual, "the Manual".

We recommend that the Agency continue to train personnel on the requirements of the program, as defined in the Medical Services Manual. We also recommend the Agency review and strengthen internal controls over monitoring and retention of documentation.

Condition:

Audit procedures were performed on 155 Medicaid cases, with expenditures totaling \$5,704,503 for the year ended June 30, 2009, at seven selected counties throughout the State. The cases chosen were selected based upon a number of factors including average dollar amount per claim, complexity, and number of eligibility criteria. It was noted that documentation available at the time of field work for 19 recipients, with expenditures totaling \$667,671, did not support the Agency's determination that the recipients were eligible for participation in the Medicaid program. The exceptions are summarized below:

- In six cases, with paid claims totaling \$312,842, resource limitations were exceeded.
- In six cases, with paid claims totaling \$50,647, income limitations were exceeded.

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- In four cases, with paid claims totaling \$182,167, the required Office of Child Support Enforcement referral was not made.

- In three cases, with paid claims totaling \$122,015, there was insufficient supporting documentation in the applicant's case record to provide evidence for multiple eligibility criteria.

Questioned Costs:

\$667,671

Cause:

Insufficient knowledge of program requirements caused by high turnover, lack of adequate number of staff and lack of training, combined with inadequate monitoring of program activity by supervisory staff, caused these exceptions.

Effect:

Eligibility was improperly determined resulting in payments to providers for services in which recipients were not eligible.

Recommendations

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 ARKANSAS DEPARTMENT OF HUMAN SERVICES
 SINGLE AUDIT FINDINGS
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Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-19
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
 93.778 - Medical Assistance Program,
Recovery Act
 (Medicaid Cluster)
Federal Award Number(s): 05-0805AR5028; 05-0905AR5028; 05-0905ARARRA
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Material Weakness

Criteria:

The Arkansas Department of Human Services, "the Agency", is responsible for administering the State's Medicaid program. The Agency's responsibility includes determining eligibility for each applicant and documenting, in the applicant's case record, that eligibility criteria were met. The Agency outlines eligibility requirements for the Medicaid program in the Arkansas Medical Services Manual, "the Manual".

We recommend the Agency review and strengthen internal controls over record documentation and retention, continue to train personnel on the requirements of the program as outlined in the Medical Services Manual. In addition, the Agency should develop a monitoring process to address high risk Medicaid categories.

Condition:

In addition to findings 09-710-18 and 09-710-20, claims totaling \$2,426,371 during the year ended June 30, 2009 were paid on behalf of 37 recipients who were deemed eligible for participation in the Medicaid program. Sufficient evidence was not obtained at the time eligibility was originally determined; however, the Agency has subsequently obtained the necessary evidence. The exceptions are summarized below:

- In three cases, with paid claims totaling \$168,062, the Agency failed to provide evidence that the recipient met residence and relationship requirements. The Agency subsequently verified the information.
- In three cases, with paid claims totaling \$428,766, the Agency failed to obtain evidence to support the categorical eligibility criteria. The Agency subsequently obtained the required categorical evidence.

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-
- In four cases, with paid claims totaling \$650,565, the Agency failed to perform the required re-evaluation. The Agency subsequently performed the required procedures.
 - In ten cases, with paid claims totaling \$572,557, the Agency failed to provide sufficient documentation in case records to support the Agency's eligibility determination. The Agency subsequently obtained evidence and performed the required procedures.
 - In nine cases, with paid claims totaling \$139,630, the Agency failed to verify citizenship. The Agency subsequently verified citizenship for these recipients.
 - In one case, with paid claims of \$33,974, the Agency failed to document the required Office of Child Support Enforcement (OCSE) referral per category requirement. The Agency either subsequently made the referral or provided evidence that a referral had been made.
 - In two cases, with paid claims totaling \$188,872, the Agency failed to inquire, consider, or document resource requirements. The Agency subsequently obtained the resource information.
 - In three cases, with claims totaling \$186,479, the Agency was not able to locate case records in a timely manner. Five months after our request, the Agency located and re-evaluated the cases.
 - In two cases, with paid claims totaling \$57,466, the Agency failed to inquire, consider, or document income requirements. The Agency subsequently performed the required procedures.

Questioned Costs:

None

Cause:

Inadequate controls concerning gathering and retaining evidence to support eligibility determinations as well as ineffective monitoring processes. In addition, insufficient knowledge of program requirements caused by high turnover and lack of training, combined

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with inadequate monitoring of program activity by supervisory staff, caused these exceptions.

Effect:

Controls are ineffective to minimize the risk that household eligibility will be improperly determined and Medicaid funds may be used to provide benefits for individuals who are not eligible for the program.

Recommendations

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-20
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
 93.778 - Medical Assistance Program,
Recovery Act
 (Medicaid Cluster)
Federal Award Number(s): 05-0805AR5028; 05-0905AR5028; 05-0905ARARRA
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Eligibility
Type of Finding: Noncompliance and Significant Deficiency

Criteria:

The Arkansas Department of Human Services, "the Agency", is responsible for administering the State's Medicaid program. The Agency's responsibility includes determining eligibility for each applicant and documenting, in the applicant's case record, that eligibility criteria were met. The Agency outlines eligibility requirements for the Medicaid program in the Arkansas Medical Services Manual, "the Manual".

Qualified aliens who entered the United States before August 22, 1996 are generally eligible for Medicaid, provided they meet other eligibility criteria. Qualified aliens who entered the United States on or after August 22, 1996, are barred from participation in Medicaid (with the exception of emergency services) for five years from the date the individual was lawfully admitted for permanent residency or met one of the other qualifying conditions. Certain groups of qualified aliens are exempt from this five-year ban.

Condition:

In addition to findings 09-710-18 and 09-710-19, testing revealed that adequate documentation was not available to determine that five aliens, who received benefits totaling \$132,457 during state fiscal year 2009, were eligible to participate in the Medicaid program. In one case the recipient did not meet the five-year ban. A review of case file documentation indicated that management was aware that the recipient was ineligible but allowed the case to remain open. Recipients in the remaining four cases did not file for permanent residency. Cumulative expenditures for these cases from the dates coverage began through the time of field work totaled \$395,962.

We recommend the Agency follow its approved policies and consider implementing additional controls that could prevent or minimize payments to ineligible recipients.

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Questioned Costs:

\$395,962

Cause:

Insufficient knowledge of program requirements caused by high turnover, lack of adequate number of staff and lack of training, combined with inadequate monitoring of program activity by supervisory staff, caused these exceptions.

Effect:

Expenditures of state and federal funds were made on behalf of ineligible recipients. Financial penalties could result from failure to comply with federal program regulations.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-21
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
 (Medicaid Cluster)
Federal Award Number(s): 05-0905AR5048; 05-0805AR5048
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Reporting
Type of Finding: Material Noncompliance and Material
Weakness

Criteria:

As required by 42 CFR 431.16(c), "a State plan must provide that the Medicaid agency will comply with any provisions that the Secretary (of USDHHS) finds necessary to verify and assure the correctness of the reports."

Condition:

Our testing of the 2009 4th quarter CMS-64 report revealed the following reporting errors:

- Disproportionate Share Hospital payments were incorrectly reported resulting in an overstatement of \$58,684,096.
- Medicare Part B premiums were incorrectly reported resulting in an understatement of \$1,549,241.
- Family planning clinic services were improperly reported as physicians services totaling \$645,040.

The reporting errors identified in the first two bullets are also noted in the reconciliation of expenditures per the Cost Allocation System to the CMS-64 reports. The reporting errors did not have an impact on the amount of Federal funds drawn down, or the expenditures reported per the Schedule of Expenditures of Federal Awards (SEFA).

Questioned Costs:

None

We recommend the Agency establish adequate controls, including training and supervision, to ensure the proper completion and reconciliation of the CMS-64 reports by staff, whom the Agency has indicated is already hired and dedicated for this purpose. We also recommend that all differences identified during the reconciliation of expenditures reported on the CMS-64 report to the cost allocation system be explained.

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Cause:

The staff completing the CMS-64 report does not have a complete understanding of the information which is used to determine expenditure amounts to be reported. Reconciliations of expenditures per the CMS-64 report to the cost allocation system were not completed in a manner which allowed for identification of the reporting errors. The Agency reconciles the weekly funding requests to cost allocation without properly identifying the differences, and then reconciles the weekly funding request to the CMS-64 report.

Effect:

The Agency's lack of understanding of all support documentation used to create the CMS-64 report caused the Agency to incorrectly report expenditures.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Finding Number: 09-710-22
State/Educational Agency: Arkansas Department of Human Services
CFDA Number(s) and Program Title(s): 93.778 - Medical Assistance Program
(Medicaid Cluster)
Federal Award Number(s): 05-0905AR5048; 05-0805AR5048
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Special Tests and Provisions - Payments
Made for Medicaid
Type of Finding: Services After Recipients Incarceration Date
Noncompliance and Significant Deficiency

Criteria:

In accordance with 42 CFR 435.1009, Federal Financial Participation is disallowed for services provided to inmates of public institutions. To comply with the Federal regulation, the Agency has implemented policy in the Medical Services Manual Section 1348 which states that inmates of public institutions are not eligible to participate in the Arkansas Medicaid program.

Condition:

The Agency failed to properly close Medicaid cases or to notify the Social Security Administration so that the cases would be closed for 445 incarcerated recipients (342 juveniles and 103 adults). As a result, the Agency inappropriately paid claims totaling \$125,536 for these individuals (\$86,639 for incarcerated juveniles and \$38,897 for incarcerated adults).

Questioned Costs:

\$125,536

Cause:

Adult Inmates: In the prior audit, the auditor noted that the Agency began implementing procedures to identify recipients who have been incarcerated in a correctional facility. The Agency receives a file of all inmates from both the Arkansas Department of Correction (DOC) and from the Arkansas Department of Community Correction (DCC). These files are matched against a current recipient listing to identify recipients with open cases who had

We recommend the Agency implement procedures for notifying the Social Security Administration when juvenile SSI recipients are placed under DYS care. We also recommend that the Division of Youth Services work with the Division of County Operations and the Division of Children and Family Services to ensure that Medicaid cases are appropriately closed for juveniles placed under DYS care.

We also recommend the Agency continue to strengthen its process for identifying adult Medicaid recipients who have been incarcerated and work with the Arkansas Department of Correction and the Arkansas Department of Community Correction to obtain reliable sufficient data.

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been incarcerated. The files received from DOC and DCC contained individuals who were in some way under the authority of those agencies, but were not actually incarcerated. This resulted in eligible recipients' cases being closed. The Agency has now implemented a process where a DHS Division of County Operations (DCO) employee now accesses the eOMIS system at DCC and reviews the incarceration dates for matched recipients. After the match is confirmed, the Agency forwards the listing to the appropriate county offices for follow up and possible closure of the case.

Juvenile Inmates: The Agency depends on the staff of the Division of Youth Services (DYS) to make eligibility determinations for juveniles under DYS care. DYS contacts the Division of County Operations (DCO) for the Division of Children and Family Services (DCFS) when juveniles are committed to their care and the placement determination makes them ineligible for Medicaid. According to DYS, the majority of the cases which remained open were Supplemental Security Income (SSI) related Medicaid cases. At this time, DYS does not have a process for notifying Social Security Administration (SSA) when juveniles are committed to their care. The remaining cases were primarily due to the case being left open by DCO or DCFS after DYS notification.

Effect:

Incomplete data provided by the Arkansas Department of Correction forces the Agency to investigate each match which shows up monthly. The time taken to investigate the matches causes a delay in the closure of many cases. Also, delays in the closure of SSI related Medicaid cases and the Agency's inability to restrict payments for such recipients, who are known to no longer be eligible, puts the Agency at an increased risk of inappropriately paying claims.

The lack of a process to notify SSA when juveniles are incarcerated, results in these cases being left open indefinitely and increases the risk of inappropriately paying claims for these individuals.

Recommendations

Performance Audit Findings

Uniform Controlled Substances Act – Asset Forfeiture
Arkansas Drug Director
(January 1, 2007 – December 31, 2007) - Issued 10-10-2008

Findings and Conclusions:

- The Attorney General has opined that Ark. Code Ann. § does not expressly address or outline the procedure for the release or disposition of property seized by law enforcement agencies that a Prosecuting Attorney has chosen not to include on complaints filed and that Legislative clarification may be warranted.

Recommendations:

Appropriate officials and entities work together to develop procedures to ensure the Crime Lab Equipment Fund receives all funds to which it is entitled and the disposition of proceeds from the sale of forfeited assets be in accordance with the related civil judgment/order.

Compliance with the Uniform Controlled Substances Act's Asset Seizure and Forfeiture Requirements
Arkansas Drug Director and various law enforcement agencies
(January 1 through December 31, 2008) - Issued 09-11-2009

Findings and Conclusions:

- While all seized assets were properly accounted for, 6 of 14 agencies reviewed had recordkeeping exceptions. The errors and omissions noted were not considered material violations.

Recommendations:

Findings and Conclusions:

- Seized assets at all 14 law enforcement agencies reviewed were accounted for. However, recordkeeping exceptions were noted at 7 of the agencies. The errors and omissions were not considered material violations.

Recommendations:

Employment Summary

	Male	Female	Total	%
White Employees	1000	3572	4572	61 %
Black Employees	493	2350	2843	38 %
Other Racial Minorities	32	80	112	1 %
	Total Minorities		2,955	39 %
	Total Employees		7,527	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	2009-2010		2010-2011		2010-2011		2011-2012					2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
896 Director's Office	1,023,302	8	1,332,149	9	1,691,005	9	1,343,036	9	1,345,536	9	1,057,654	6	1,343,036	9	1,343,036	9	1,057,654	6
896 Office of Chief Counsel	10,589,115	172	11,449,889	169	11,590,824	179	11,277,939	169	11,625,748	175	11,234,177	168	11,277,939	169	11,535,748	175	11,234,177	168
Total	11,612,417	180	12,782,038	178	13,281,829	188	12,620,975	178	12,971,284	184	12,291,831	174	12,620,975	178	12,878,784	184	12,291,831	174

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue 4000010	3,857,665	33.2	4,097,271	32.1			4,097,271	32.5	4,168,923	32.6	4,097,271	33.3	4,097,271	32.5	4,168,923	32.8	4,097,271	33.3
Federal Revenue 4000020	4,880,718	42.0	6,241,784	48.8			6,265,721	49.6	5,706,483	44.6	6,150,613	50.0	6,265,721	49.6	5,706,483	44.9	6,150,613	50.0
Federal Funds-ARRA 4000244	0	0.0	185,000	1.4			0	0.0	92,500	0.7	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support 4000730	2,874,034	24.7	2,257,983	17.7			2,257,983	17.9	2,825,451	22.1	2,043,947	16.6	2,257,983	17.9	2,825,451	22.2	2,043,947	16.6
Total Funds	11,612,417	100.0	12,782,038	100.0			12,620,975	100.0	12,793,357	100.0	12,291,831	100.0	12,620,975	100.0	12,700,857	100.0	12,291,831	100.0
Excess Appropriation/(Funding)	0		0				0		177,927		0		0		177,927		0	
Grand Total	11,612,417		12,782,038				12,620,975		12,971,284		12,291,831		12,620,975		12,878,784		12,291,831	

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
185	170	14	184	1	8.11 %	188	163	14	177	11	13.30 %	188	164	14	178	10	12.77 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 242 of 2010 section 17(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 DO/OCC–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 7,500 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 is involved in virtually every facet of life in the state. 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 are as follows:

- 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 cannot return home.

- Appeals and Hearings administers the appeal process on adverse actions which include those related to all categories of Medicaid, TANF, Child Maltreatment.
- 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 intentional program violation (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.

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, Fraud/Courts overpayment receipts 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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The agency Base Level request for this appropriation is \$12,620,975 in each year of the biennium with 178 budgeted base level positions.

The agency Change Level request for this appropriation is \$350,309 in FY2012 and \$257,809 in FY2013 with a general revenue request of \$71,652 each year of the biennium. The general revenue request consists of the following component:

- \$71,652 each year of the biennium in new general revenue associated with restoration of three (3) Auditor positions.

The following delineates the agency's request:

- Transfer 1 Legal Services Specialist position to the Division of Medical Services with appropriation to assist with rendering Medicaid eligibility opinions.
- Restoration of 4 positions that are authorized but not budgeted with unfunded salary and matching appropriation to assist the audit unit and the legal support unit.
- Restoration of 3 positions that are authorized but not budgeted with funded salary and matching appropriation to assist the audit unit.
- Reclassification on two (2) positions due to the duties and responsibilities changing since the pay plan study.
- \$92,500 in FY2012 is requested for the ARRA of 2009 line item to allow for any in-direct costs. No appropriation is requested for this line item in FY2013.

The Executive Recommendation provides for Base Level. Additionally, reclassifications on two (2) positions are recommended along with the transfer of one (1) position to the Division of Medical Services. To maximize federal revenue, the transfer of three (3) positions to the Division of Administrative Services has been recommended.

Appropriation Summary

Appropriation: 896 - DHS DO/OCC--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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	8,187,982	8,529,411	9,055,708	8,479,026	8,668,586	8,222,880	8,479,026	8,668,586	8,222,880
#Positions		180	178	188	178	184	174	178	184	174
Extra Help	5010001	11,409	200,348	200,348	200,348	200,348	200,348	200,348	200,348	200,348
#Extra Help		1	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	2,370,945	2,568,397	2,721,889	2,642,719	2,710,968	2,569,721	2,642,719	2,710,968	2,569,721
Operating Expenses	5020002	1,016,594	1,243,110	1,248,112	1,243,110	1,243,110	1,243,110	1,243,110	1,243,110	1,243,110
Conference & Travel Expenses	5050009	16,530	32,472	32,472	32,472	32,472	32,472	32,472	32,472	32,472
Professional Fees	5060010	141	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	8,816	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
ARRA of 2009	5900052	0	185,000	0	0	92,500	0	0	0	0
Total		11,612,417	12,782,038	13,281,829	12,620,975	12,971,284	12,291,831	12,620,975	12,878,784	12,291,831
Funding Sources										
General Revenue	4000010	3,857,665	4,097,271		4,097,271	4,168,923	4,097,271	4,097,271	4,168,923	4,097,271
Federal Revenue	4000020	4,880,718	6,241,784		6,265,721	5,706,483	6,150,613	6,265,721	5,706,483	6,150,613
Federal Funds-ARRA	4000244	0	185,000		0	92,500	0	0	0	0
Various Program Support	4000730	2,874,034	2,257,983		2,257,983	2,825,451	2,043,947	2,257,983	2,825,451	2,043,947
Total Funding		11,612,417	12,782,038		12,620,975	12,793,357	12,291,831	12,620,975	12,700,857	12,291,831
Excess Appropriation/(Funding)		0	0		0	177,927	0	0	177,927	0
Grand Total		11,612,417	12,782,038		12,620,975	12,971,284	12,291,831	12,620,975	12,878,784	12,291,831

ARRA of 2009 appropriation was established through the authority of the Miscellaneous Federal Program Act.

Change Level by Appropriation

Appropriation: 896 - DHS DO/OCC–Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	12,620,975	178	12,620,975	100.0	12,620,975	178	12,620,975	100.0
C01	Existing Program	143,304	3	12,764,279	101.1	143,304	3	12,764,279	101.1
C03	Discontinue Program	(92,500)	0	12,671,779	100.4	(185,000)	0	12,579,279	99.7
C05	Unfunded Appropriation	158,267	4	12,830,046	101.7	158,267	4	12,737,546	100.9
C07	Agency Transfer	(43,762)	(1)	12,786,284	101.3	(43,762)	(1)	12,693,784	100.6
C10	Reclass	0	0	12,786,284	101.3	0	0	12,693,784	100.6
C16	ARRA	185,000	0	12,971,284	102.8	185,000	0	12,878,784	102.0

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	12,620,975	178	12,620,975	100.0	12,620,975	178	12,620,975	100.0
C01	Existing Program	0	0	12,620,975	100.0	0	0	12,620,975	100.0
C03	Discontinue Program	(185,000)	0	12,435,975	98.5	(185,000)	0	12,435,975	98.5
C05	Unfunded Appropriation	0	0	12,435,975	98.5	0	0	12,435,975	98.5
C07	Agency Transfer	(329,144)	(4)	12,106,831	95.9	(329,144)	(4)	12,106,831	95.9
C10	Reclass	0	0	12,106,831	95.9	0	0	12,106,831	95.9
C16	ARRA	185,000	0	12,291,831	97.4	185,000	0	12,291,831	97.4

Justification

C01	Request restoration of three (3) Senior Auditor positions: This request provides additional appropriation and funding to ensure the Department's capability to perform compliance and operational audits, evaluations, investigations, and risk assessments related to the Department's multi-billion dollar programs and operations. Support of this request will improve the Department's ability in detecting fraud, waste, and mismanagement, but also in identifying and implementing new and better ways of conducting business.
C03	Request the Reduction in American Recovery and Reinvestment Act (ARRA) funding and/or Expiration of funding limitations.
C05	Request restoration of three (3) Legal Support Specialists and one (1) Senior Auditor unfunded appropriation positions: In the event that funding becomes available, the Legal Support Specialist position would support multiple attorneys and assist in managing an already heavy caseload. The Senior Auditor position would be in support of improving the Department's capability to perform compliance and operational audits, evaluations, investigations, and risk assessments including detection of fraud, waste, and mismanagement. It would also be utilized in the identifying and implementing of new and better ways of conducting business.
C07	Request the transfer of one (1) position to Division of Medical Services: This position will be better utilized in the production of Medicaid eligibility opinions.
C10	Request two (2) positions reclassified. The positions affected are # 22100385 & 22112093. Duties and responsibilities have changed since the Pay Plan Study, placing a higher degree on legal experience in support of litigation attorneys. Because of limitations on hiring legal support personnel, The Office of Chief Counsel has shifted the focus of these positions utilizing them in a legal support capacity with each position supporting multiple attorneys. The impact of this request will ensure equitable class and grade for the duties performed and place the position in line with all other Legal Support Specialist positions.
C16	Request the continued American Recovery and Reinvestment Act (ARRA) funding available to support programs and/or projects.