

DHS - Administrative Services

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Recommendations					
	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1DE Various Building Construction	2,646,052	0	11,119,780	0	9,877,613	0	9,877,613	0	9,877,613	0	9,877,613	0
414 Consolidated Cost	707,302	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
896 Division of Administrative Services	27,485,780	292	28,629,127	252	31,756,301	314	31,767,768	315	31,767,768	315	31,767,768	315
898 Social Srvs Blk Grant-Fed	0	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0
C99 Client Specific Emergency Services-Cash	0	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0
Total	30,839,134	292	40,811,091	252	42,696,098	314	42,707,565	315	42,707,565	315	42,707,565	315

Funding Sources		%		%		%		%		%	
Fund Balance	4000005	6,566,722	15.7	11,111,563	21.4	11,111,563	21.5	11,111,563	21.1	11,111,563	21.5
General Revenue	4000010	10,915,168	26.0	10,872,765	20.9	10,999,898	21.2	11,999,898	22.7	10,999,898	21.2
Federal Revenue	4000020	9,230,865	22.0	10,444,181	20.1	13,057,202	25.2	13,057,202	24.7	13,057,202	25.2
Cash Fund	4000045	0	0.0	111,600	0.2	111,600	0.2	111,600	0.2	111,600	0.2
Merit Adjustment Fund	4000055	0	0.0	45,679	0.1	0	0.0	0	0.0	0	0.0
Reimbursement	4000425	7,190,893	17.1	11,119,780	21.4	9,877,613	19.1	9,877,613	18.7	9,877,613	19.1
Various Program Support	4000730	8,047,049	19.2	8,217,086	15.8	6,621,115	12.8	6,621,115	12.5	6,621,115	12.8
Total Funds		41,950,697	100.0	51,922,654	100.0	51,778,991	100.0	52,778,991	100.0	51,778,991	100.0
Excess Appropriation/(Funding)		(11,111,563)		(11,111,563)		(9,071,426)		(10,071,426)		(9,071,426)	
Grand Total		30,839,134		40,811,091		42,707,565		42,707,565		42,707,565	

Budget exceeds Authorized Appropriation in FC1DE Various Building Construction due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

The Various Building Construction appropriation is for the purpose of construction, acquisition, renovation, maintenance, repair and equipping facilities of the Department of Human Services and for paying disallowances cited by the federal government. Facilities are those operated by the Divisions of Developmental Disabilities-Human Development Centers; Behavioral Health-Arkansas State Hospital and Arkansas Health Center; and Youth Services-Youth Services Centers and Wilderness Camps.

Funding for this appropriation is from the Human Services Renovation Fund and is derived from three sources. Federal reimbursement received by the Department. General revenue transferred from these three (3) Divisions with an annual maximum of five million dollars. Other funds may be utilized as determined to be available. At the request of the Director of the Department of Human Services and upon certification of the availability of such funds, the Chief Fiscal Officer of the State shall initiate the necessary transfer documents to reflect the transfer on the books of record of the Treasurer of State, the Auditor of State, the Chief Fiscal Officer of the State and the Department. Arkansas Code Annotated §19-5-1020 was amended by Act 1537 of 1999 to require that transfers into the Renovation Fund must be submitted to and receive approval from the Chief Fiscal Officer of the State, the Governor and the Legislative Council prior to the effective date of the transfer. This appropriation is centralized within the DHS Director's purview in order that the needs of the Department can be prioritized, however, maintained by the Division of Administrative Services. Expenditures for this appropriation are contingent upon available funding provided from within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Construction	5090005	2,646,052	11,119,780	9,877,613	9,877,613	9,877,613	9,877,613
Total		2,646,052	11,119,780	9,877,613	9,877,613	9,877,613	9,877,613
Funding Sources							
Fund Balance	4000005	6,566,722	11,111,563		11,111,563	11,111,563	11,111,563
Reimbursement	4000425	7,190,893	11,119,780		9,877,613	9,877,613	9,877,613
Total Funding		13,757,615	22,231,343		20,989,176	20,989,176	20,989,176
Excess Appropriation/(Funding)		(11,111,563)	(11,111,563)		(11,111,563)	(11,111,563)	(11,111,563)
Grand Total		2,646,052	11,119,780		9,877,613	9,877,613	9,877,613

Budget exceeds Authorized Appropriation in Construction due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

The Division of Administrative Services is responsible for the centralized purchasing of postage, forms printing, and warehouse storage for the Department. Purchases are made through this appropriation with funding transferred from the respective Divisions to the Consolidated Cost Revolving Fund.

Funding for this appropriation, as indicated as various program support, is revenue transferred based on cost allocation derived from the program to which funds are assigned and can be a mix of funding sources such as general revenue, federal revenue, other revenue and/or a combination of each.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	707,302	821,500	821,500	821,500	821,500	821,500
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Total		707,302	821,500	821,500	821,500	821,500	821,500
Funding Sources							
Various Program Support	4000730	707,302	821,500		821,500	821,500	821,500
Total Funding		707,302	821,500		821,500	821,500	821,500
Excess Appropriation/(Funding)		0	0		0	0	0
Grand Total		707,302	821,500		821,500	821,500	821,500

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Division of Administrative Services was created by the combining of the Division of Management Services and the Division of Finance in the spring of 1994. The DHS Director merged the two Divisions for the purpose of streamlining administrative functions, reducing the administrative costs, aligning associated functions operating independently and strengthening internal controls. This configuration has provided the program divisions a central point of contact regarding administrative issues. The goal of the merger was improved communications, cooperation and coordination between administrative functions and decreased positions in the Division.

The Division of Administrative Services has two (2) distinct areas of designation: Finance and Administration and Office Systems and Technology from which support services are provided to the other DHS Division staff, consumers and providers.

Office of Finance and Administration

Responsibilities include employee recruitment, applicant testing, classification and compensation, personnel file maintenance and personnel policy development and interpretation. Staff development is provided through this office and offers professional and personal growth and development courses available to all employees. Financial support services encompasses grant development, purchase of services, maintenance and monitoring of contract and grant obligated funds, management of state owned/leased property, construction and maintenance, payroll, accounts payable, budget/banking, cost accounting/research and statistics, reporting and forecasting, funds and grants management and accounts receivable.

Office of Systems and Technology

Technical services, program applications, support services and administrative services related to information/data systems are provided through staff and a contractual arrangement.

Funding for this appropriation includes general revenues (DAS - Department of Human Services Administration Fund Account), federal and other funds. The federal funds are derived from support services allocated through cost allocation and social service block grant funds. Other funding which is indicated as various program support is derived through cost allocation and can also include M&R proceeds.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's letters adopted and member amendments.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	10,415,077	10,057,457	12,175,400	12,184,700	12,184,700	12,184,700
	#Positions	292	252	314	315	315	315
Extra Help	5010001	14,232	64,480	64,480	64,480	64,480	64,480
	#Extra Help	3	20	20	20	20	20
Personal Services Matching	5010003	3,820,016	3,587,067	4,425,001	4,427,168	4,427,168	4,427,168
Overtime	5010006	29	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	2,124,415	2,415,448	2,690,084	2,690,084	2,690,084	2,690,084
Conference & Travel Expenses	5050009	17,973	40,545	24,045	24,045	24,045	24,045
Professional Fees	5060010	8,831,038	10,121,530	10,399,691	10,399,691	10,399,691	10,399,691
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	65,000	0	0	0	0
Data Processing Services	5900044	2,263,000	2,267,600	1,967,600	1,967,600	1,967,600	1,967,600
Total		27,485,780	28,629,127	31,756,301	31,767,768	31,767,768	31,767,768
Funding Sources							
General Revenue	4000010	10,915,168	10,872,765		10,999,898	11,999,898	10,999,898
Federal Revenue	4000020	9,230,865	10,315,097		12,928,118	12,928,118	12,928,118
Merit Adjustment Fund	4000055	0	45,679		0	0	0
Various Program Support	4000730	7,339,747	7,395,586		5,799,615	5,799,615	5,799,615
Total Funding		27,485,780	28,629,127		29,727,631	30,727,631	29,727,631
Excess Appropriation/(Funding)		0	0		2,040,137	1,040,137	2,040,137
Grand Total		27,485,780	28,629,127		31,767,768	31,767,768	31,767,768

Budget exceeds Authorized Appropriation in Conference & Travel Expenses, Capital Outlay and Data Processing Services due to a Reallocation of Resources.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

The Division of Administrative Services administers the social services block grant (SSBG). The Office of Community Services, Administration for Children and Families, U. S. Department of Health and Human Services is responsible for the administration of the grant program at the federal level with grants made directly to the State. Grant amounts are determined by a statutory formula based on individual state population. Up to 10 percent of block grant funds are allowed to be transferred to other block grant programs for support of health services, health promotion and disease prevention campaigns, and low-income home energy assistance.

Under the provisions of the block grant, each state has the authority to determine the most appropriate social services for the state's citizens. Included are services such as assistance to individuals and families to become more independent relative to financial support and personal care, family maintenance and avoidance of institutional care. These services are rendered through contracts with community programs across the state to provide services to people with developmental disabilities, mental illness, the elderly, and children. The agency has elected to allocate the majority of the SSBG funds to various divisions within the Department and other departments in state government - Workforce Education, Rehabilitation Services and Spinal Cord Commission thus eliminating the need for the majority of this appropriation. Each of the DHS divisions and other departments certify the funds in the respective division/department and budget for utilization of these funds.

Funding for this appropriation is 100% federal funds and is provided under Title XX of the Social Security Act (Omnibus Budget Reconciliation Act of 1981 as amended, P.L. 97-35; Jobs Training Bill, P.L. 98-8; P.L. 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, P.L. 100-203; Family Support Act of 1988, P.L. 100-485; Omnibus Budget Reconciliation Act of 1993, P.L. 103-66; 42 U.S.C. 1397 et seq.).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Purchase of Services 5100004	0	129,084	129,084	129,084	129,084	129,084
Total	0	129,084	129,084	129,084	129,084	129,084
Funding Sources						
Federal Revenue 4000020	0	129,084		129,084	129,084	129,084
Total Funding	0	129,084		129,084	129,084	129,084
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	129,084		129,084	129,084	129,084

Analysis of Budget Request

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

This appropriation is a contingency for immediate, short term and specific client emergencies such as shelter, food or transportation. Federal social services block grant funds would be utilized should payments be necessary. There were no expenditures made under this appropriation in FY2014 and \$111,600 is budgeted in FY2015.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Appropriation Summary

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Purchase of Services 5900043	0	111,600	111,600	111,600	111,600	111,600
Total	0	111,600	111,600	111,600	111,600	111,600
Funding Sources						
Cash Fund 4000045	0	111,600		111,600	111,600	111,600
Total Funding	0	111,600		111,600	111,600	111,600
Excess Appropriation/(Funding)	0	0		0	0	0
Grand Total	0	111,600		111,600	111,600	111,600