

# DHS - Director's Office/Office Of Chief Counsel

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF HUMAN SERVICES  
FOR THE YEAR ENDED JUNE 30, 2014

### Findings

The **Office of Financial Management** had the following internal control deficiencies related to bank accounts:

- Review of institutional accounts revealed the following exceptions for the Arkansas State Hospital and Conway Human Development Center:

#### **Arkansas State Hospital Patient Money Fund:**

- Receipts were not maintained for all items of income. The Agency was unable to provide receipts for deposits of \$1,118.
- The Agency did not follow established procedures for client expenses.

#### **Conway Human Development Center:**

- The Agency failed to issue receipts sequentially for the Canteen and Incidental Accounts. Receipts were issued for these two accounts from the same receipt batch.
- No receipts were issued for deposits totaling \$36,499 for the Children's Colony Petty Cash Fund and the Residents' Petty Cash Fund accounts.

- Review of local cash assistance county accounts revealed that Cleveland and Lincoln Counties failed to issue receipts for monies totaling \$1,137.

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

### Recommendations

We recommend the Agency review and follow the required procedures as set out in the DHS Administrative Procedures Manual and the State Financial Management Guide.

#### Agency Response:

##### Arkansas State Hospital Patient Money Fund

- Inservice/Education -- Provide the Patient Money Fund procedures to all employees that may work with PMFs requiring employee sign off with emphasis on reconciliation of receipts, expenditures and cash balances daily.
- Establish a consistent cut off time for receipts and disbursements so the PMF detail can be reconciled daily. All funds will be receipted no later than noon.
- Expenditures will be documented with original requests, expense receipts and signed copies of appropriate patient chart documentation properly approved.
- Any exceptions will require immediate written supervisor and manager notification. Periodic spot checks will be made to ensure compliance.
- Reconciliation - Detailed A/R report will be reconciled by the PMF manager with the bank statement monthly and approved by the Comptroller.

##### Conway Human Development Center

- Conway Human Development Center has implemented the process of issuing two separate cash receipt batch reports for the two accounts.
- DDS/CHDC admits that the department approved cash receipt logs were not utilized. CHDC has implemented the use of the approved, pre-numbered cash receipt provided by the Department of Human Services.
- In addition to the above noted corrective action measures, a review of the DHS Administrative Procedures Manual, Chapter 201 and Cash funds has been conducted with staff to ensure proper procedures are followed.

##### Cleveland and Lincoln Counties

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DEPARTMENT OF HUMAN SERVICES  
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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:

- The Agency failed to capitalize cost associated with the Eligibility and Enrollment Framework system totaling \$46,786,124 for fiscal years 2014 and 2013.
- 15 capital equipment items, valued at \$107,700, out of a sample of 580 capital equipment items could not be located for observation.
- The Agency did not tag all capital assets adequately to ensure proper identification. Five items valued at \$255,758 were located but could not be matched to records due to inadequate tagging.
- 47 assets valued at \$49,983 were not retired timely.

Strengthening of internal controls and adequate management oversight would ensure proper accountability of capital assets.

Recommendations

1. The staff handling these cash accounts will be counseled/reminded of proper procedures, and the Area Director will periodically conduct reviews of these accounts for compliance.

We recommend the Agency strengthen internal controls and management oversight of capital assets to ensure proper accountability of these items.

**Agency Response:**

**Office of Financial Management**

1. On a quarterly basis inquire of Division CFOs and the CIO - Office of Systems and Technology concerning any new internally-generated software. Also, each month and at fiscal year-end, review expenditure general ledger accounts that would be used to record software purchases to ensure that any software items purchased that meet the threshold for capitalization will be capitalized.
2. DHS Asset Manager has worked closely with each Division Manager to investigate these missing assets. For these assets with findings, paperwork was not filed in a timely manner, investigations are on-going, or the asset has been tagged according to DHS policy. Also, in an effort to reduce the number of findings due to lack of following protocol, the DHS Asset Manager has conducted training classes regarding the appropriate procedures for acquisition, transferring, and disposal of DHS assets for all Divisional Asset Managers and staff. This training, along with a Division performing a total review and denoting the day of visual inspection within the Asset master record for all DHS assets while conducting the FY2015 Certification of Assets, will strengthen the tracking of all DHS assets.

**U.S. DEPARTMENT OF AGRICULTURE**

**Finding Number:** 2014-002  
**State/Educational Agency(s):** Arkansas Department of Human Services

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<p><b>CFDA Number(s) and Program Title(s):</b> 10.555 - National School Lunch Program            (Child Nutrition Cluster)</p> <p><b>Federal Award Number(s):</b> 6AR300322</p> <p><b>Federal Award Year(s):</b> 2015</p> <p><b>Compliance Requirement(s) Affected:</b> Special Tests and Provisions</p> <p><b>Type of Finding:</b> Noncompliance and Material Weakness</p> <p><b>Criteria:</b>            In accordance with 7 CFR § 250.16, agencies are required to maintain accurate and complete records with respect to the receipt, distribution/use, and inventory of donated foods.</p> <p><b>Condition and Context:</b>            Testing of fiscal year ended inventory reports submitted by third-party processors indicated errors in pricing and quantity. Recalculation of the inventory amounts revealed errors in 7 of 23 items, with a net understatement of inventory value totaling \$41,490.</p> <p><b>Questioned Costs:</b>            Unknown</p> <p><b>Cause:</b>            The Agency appears to have used weights and prices without verifying the submitted data when calculating ending inventory.</p> <p><b>Effect:</b>            Values for commodities were incorrectly reported.</p>	<p>We recommend the Agency review and strengthen procedures to ensure accurate prices and weights are used to determine ending inventory values.</p> <p><b>Views of Responsible Officials and Planned Corrective Action:</b>            The Agency concurs with the findings. We have reviewed and strengthened our procedures to ensure accurate prices and weights are used to determine ending inventory values. New procedures were implemented July 1, 2014, to ensure that submitted calculations to determine ending inventory values are correct.</p> <p><b>Anticipated Completion Date:</b> Completed</p> <p><b>Contact Person:</b>            Delia Anderson            Director - Division of County Operations            Arkansas Department of Human Services            P. O. Box 1437, Mail Slot S301            Little Rock, AR 72203-1437            (501) 682-8375  <a href="mailto:delia.anderson@dhs.arkansas.gov">delia.anderson@dhs.arkansas.gov</a></p>

**U.S. DEPARTMENT OF AGRICULTURE (Continued)**

<p><b>Finding Number:</b> 2014-003</p> <p><b>State/Educational Agency(s):</b> Arkansas Department of Human Services</p> <p><b>CFDA Number(s) and Program Title(s):</b> 10.559 - Summer Food Service Program for Children            (Child Nutrition Cluster)</p> <p><b>Federal Award Number(s):</b> 6AR300322</p> <p><b>Federal Award Year(s):</b> 2014</p>
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Findings

**Compliance Requirement(s) Affected:**      **Subrecipient Monitoring – Sponsors**  
**Type of Finding:**                                      **Material Weakness**

**Criteria:**

The Arkansas Department of Human Services (DHS), through the Special Nutrition Unit (SNU) of the Division of Child Care and Early Childhood Education (DCCECE), is responsible for administering a portion of the State's Child Nutrition Cluster program. Child Nutrition Cluster funds at the Agency are distributed through the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP). DHS is responsible for determining eligibility, monitoring subrecipient compliance, and determining whether funds are disbursed for allowable activities. In accordance with 7 CFR § 225.6, state agencies administering Child Nutrition Cluster programs must provide sufficient and qualified consultative, technical, and managerial personnel to administer the SFSP, monitor performance, and measure progress in achieving Program goals. In addition, state agencies administering the Child Nutrition Cluster programs are required to perform specific monitoring procedures for the SFSP in accordance with 7 CFR § 225.7.

**Condition and Context:**

For fiscal year 2014, DHS identified instances of fraudulent claims in the SFSP. The amount of fraudulent claims is presently unknown due to a pending federal investigation involving the Federal Bureau of Investigation, the United States Department of Agriculture (USDA) Office of Inspector General, and other federal agencies. DHS is also conducting an internal audit to identify and correct internal control weaknesses in the SNU. Indictments involving sponsors in the program and agency employees were issued by the United States District Court Eastern District of Arkansas on December 11, 2014. The investigation and internal audit were ongoing at the end of fieldwork.

**Questioned Costs:**

Unknown

**Cause:**

Per discussion with DHS officials, the primary contributing factor for fraud was collusion among DHS employees and food service sponsors to inflate the number of claims submitted for reimbursement and circumvent internal controls. An additional factor

Recommendations

We recommend the Agency continue to provide training for employees, implement policy changes, and increase monitoring to reduce the chances of fraudulent claims being submitted and paid.

**Views of Responsible Officials and Planned Corrective Action:**

The Agency concurs with the finding. The USDA currently provides training to Agency staff at the Agency's request. The Agency has implemented policy changes to enhance internal controls. Procedures have been modified to separate duties - from the application to the approval to the monitoring. A different staff is responsible for each step of the process. To strengthen our monitoring, we have implemented a claim validation system. We randomly select a number of reimbursement claims and require those vendors selected to send us further documentation to match their claims.

To further increase our monitoring, we will do random spot-checking and random follow-up of the staff reviews. In addition, we will monitor variances in payments and look closely at significant changes.

**Views of Responsible Officials and Planned Corrective Action (Continued):**

**Anticipated Completion Date:**      Training/Procedures - April 2015  
Monitoring plan - complete

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contributing to the fraud was a lack of staff to sufficiently monitor sponsors.

**Effect:**

Fraudulent claims were submitted for reimbursement.

**U.S. DEPARTMENT OF AGRICULTURE (Continued)**

**Finding Number:** 2014-004  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 10.555 - National School Lunch Program  
10.559 - Summer Food Service Program for

Children

(Child Nutrition Cluster)

**Federal Award Number(s):** 6AR300322  
**Federal Award Year(s):** 2014  
**Compliance Requirement(s) Affected:** Subrecipient Monitoring – Sponsors  
**Type of Finding:** Material Weakness

**Criteria:**

The Arkansas Department of Human Services (DHS), through the Special Nutrition Unit (SNU) of the Division of Child Care and Early Childhood Education (DCCEC), is responsible for administering a portion of the State's Child Nutrition Cluster Program. Child Nutrition Cluster funds at the Agency are distributed through the National School Lunch Program (NSLP) and the Summer Food Service Program (SFSP). Guidance in the Administrative Review Manual, issued by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS), requires DHS to document corrective action taken by sponsors for any degree of findings identified through an administrative review.

**Condition and Context:**

Our review revealed that DHS did not maintain adequate documentation of the corrective action for findings identified during an administrative review for one sponsor.

**Questioned Cost:**

Recommendations

We recommend the Agency review and strengthen procedures to ensure documentation is adequately maintained.

**Views of Responsible Officials and Planned Corrective Action:**

The Agency concurs with the finding. The Agency will implement a tracking system that follows the corrective action plan from the finding to the follow-up. We will keep a calendar schedule for regular follow-ups. The Division's auditor will regularly monitor follow-up progress.

**Anticipated Completion Date:** IT systems rewrite Mid/Long Term: February 2016 to September 2016

Manual tracking process - complete

**Contact Person:** Tonya Williams  
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None

**Cause:**

The Agency did not have the required documentation because of turnover in personnel responsible for conducting the administrative review.

**Effect:**

Failure to maintain documentation for corrective action could result in continued noncompliance by sponsors.

Recommendations

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**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding Number:** 2014-007  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.558 - Temporary Assistance for Needy Families  
 (TANF Cluster)  
**Federal Award Number(s):** G-0801ARTANF; G-901ARTANF; 1302ARTANF; 1402ARTANF  
**Federal Award Year(s):** 2008, 2009, 2013, and 2014  
**Compliance Requirement(s) Affected:** Allowable Costs/Cost Principles; Eligibility  
**Type of Finding:** Noncompliance and Significant Deficiency

**Criteria:**

For cash assistance costs to be allowable, they must be made to eligible clients, as outlined in Sections 3 and 11 of the State Plan for Title IV-A of the Social Security Act: Temporary Assistance for Needy Families (TANF). In addition, Section 3805 of the Department of Workforce Services Transitional Employment Assistance (TEA) Policy Manual governs sanctions related to client non-compliance. Also, Section 2201 of the TEA Policy Manual governs who is included in the assistance unit.

**Condition and Context:**

To test the \$13,969,653 in cash assistance disbursements to 12,168 clients, we randomly sampled \$65,878 in cash assistance payments to 60 clients to determine allowable cost

We recommend the Agency provide adequate training to staff responsible for determining client eligibility as well as strengthen the review process performed by supervisory staff to ensure federal program funds are utilized in accordance with federal regulations and the State Plan for TANF.

**Views of Responsible Officials and Planned Corrective Action:**

The Agency concurs with the findings and will continue our existing corrective action since marked improvement has been made. TEA Caseworkers will complete a refresher Computer-Based Training on calculating assistance units and applying sanctions correctly. Supervisors will continue to monitor and review these cases.

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and eligibility for those clients. Our sample revealed four clients with overpayments, as summarized below:

- One client was paid a supplemental payment of \$746 and a regular payment of \$373, based on an assistance unit total of seven. The number of people in the assistance unit was six, therefore, payments should have been for \$662 and \$331, respectively. An overpayment of \$126 resulted.
- One client was paid three monthly payments, two of \$122 each and one of \$162, when the case was sanctioned, and these payments were supposed to be suspended. An overpayment of \$406 resulted.
- One client was paid \$102 when the case was sanctioned due to the client's refusal to work, and the payment was supposed to be suspended, resulting in an overpayment of \$102.
- One client was paid three monthly payments of \$102 each for a case that was closed, resulting in an overpayment of \$306.

**Questioned Costs:**  
\$940

**Cause:**  
Lack of adequate training for staff who apply sanctions and calculate the assistance unit during the application process, lack of appropriate communication between case workers, and inadequate review by supervisory staff led to clients being paid amounts to which they were not entitled.

**Effect:**  
Failure to provide staff with adequate training and to properly review client eligibility has placed assets at risk and could jeopardize the Agency's ability to provide program funding.

**Finding Number:** 2014-008  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.575 - Child Care and Development Block Grant  
93.596 - Child Care Mandatory and Matching

**Funds of the**

Recommendations

**Anticipated Completion Date:** May 2015

**Views of Responsible Officials and Planned Corrective Action (Continued):**

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<p><b>Federal Award Number(s):</b> 1401ARCCDF</p> <p><b>Federal Award Year(s):</b> 2012, 2013, and 2014</p> <p><b>Compliance Requirement(s) Affected:</b> Allowable Cost/Cost Principles</p> <p><b>Type of Finding:</b> Noncompliance</p> <p><b>Criteria:</b> The Arkansas Department of Human Services (DHS) is responsible for administering the State's CCDF Cluster program. The Agency's responsibility includes determining eligibility for each applicant and documenting that eligibility criteria were met. The Agency outlines eligibility for the program in its State Plan.</p> <p><b>Condition and Context:</b> Between October 1, 2013 and September 30, 2014, the Division of Child Care and Early Childhood Education identified 68 cases of client and provider overpayments totaling \$137,412. The Agency also identified an additional 44 cases of possible overpayments totaling \$67,181 that are currently under investigation.</p> <p>In addition to the above, we selected 95 clients for audit testing from the database of child care billings, including the 45 clients receiving the highest benefits. As a result of this testing, we referred four clients to the Agency for further analysis due to information in the records that raised questions relating to eligibility and appropriateness of payments.</p> <p><b>Questioned Costs:</b> \$137,412</p> <p><b>Cause:</b> Factors contributing to these issues include (a) case heads and/or clients failing to report changes in client eligibility criteria that affected their eligibility status, (b) clients willfully misrepresenting their eligibility data, and (c) providers billing for services not provided.</p> <p><b>Effect:</b> Benefits could have been provided to ineligible clients and providers.</p>	<p>We recommend the Agency continue to provide training for employees, implement policy changes, and increase monitoring to reduce overpayments to clients and providers.</p> <p><b>Views of Responsible Officials and Planned Corrective Action:</b> The Agency concurs with the finding. Approximately 40-50% of the clients had actually reported their changes in income to a different division in the Agency. There is currently no cross-checking between divisions. We will request that the Office of Finance and Administration research the possibility of both systems communicating and sending alerts to each other.</p> <p>The main reasons for overpayment are:</p> <ul style="list-style-type: none"> <li>• Failure to report changes in marital status.</li> <li>• Failure to report increases in income.</li> <li>• Failure to work the required number of hours per week.</li> <li>• Failure to keep the required class hours per week.</li> </ul> <p><b>Views of Responsible Officials and Planned Corrective Action (Continued):</b> We will work with the legal and compliance teams and look at methods of tracking these and ways to reduce by the end of the year. We will also discuss with the legal team the possibility of clients providing permission to have employers tell us their earnings.</p> <p>We have between 1,300 and 2,300 providers. Providers are required to report to us children who have not been attending. The Agency has a restitution process in place. The Agency continues to provide training to the staff.</p> <p><b>Anticipated Completion Date:</b> April 2015</p>

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Recommendations

**Contact Person:**

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

**Finding Number:** 2014-009  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.658 - Foster Care\_Title IV-E  
**Federal Award Number(s):** 1301AR1401; 1401AR1401  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Cash Management  
**Type of Finding:** Noncompliance and Material Weakness

**Criteria:**

In accordance with 31 CFR § 205.33, "A State must minimize the time between drawdown of Federal funds...and their disbursement for Federal program purposes. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportion share of any allowable indirect costs."

Also, in accordance with 2 CFR § 225, costs must be necessary and reasonable for proper administration of federal awards as well as allocable to federal awards. 45 CFR § 92.22 (a)(1) also states that "grant funds may only be used for allowable costs of the grantees."

**Condition and Context:**

We reviewed federal draws recorded in the Payment Management System (PMS) to

We recommend the Agency review existing policies and procedures and take immediate corrective action to strengthen controls to ensure federal draws do not exceed actual program expenditures. In addition, procedures for supervisory review of reconciliations and reports should be strengthened to ensure new staff perform and understand their duties to ensure cash management criteria are met. The Agency should also review program codes in AASIS to ensure federal draws are made against the appropriate federal program.

**Views of Responsible Officials and Planned Corrective Action:**

The Office of Finance and Administration (OFA) agrees with the finding. The \$1,121,060 was primarily related to a cost being entered twice on the quarterly Title IV-E worksheet. We have changed the process to include an additional review. The worksheet is now prepared

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expenditures, and met the immediate cash needs of the program. Our review included comparing the program draws recorded in PMS to program expenditures recorded in the Arkansas Administrative Statewide Information System (AASIS) and reported on the program's quarterly financial reports. Our review revealed federal draws exceeded actual program expenditures by \$1,121,060. A similar issue was discovered and reported during our 2013 Single Audit.

Our testing revealed two specific instances that contributed to draws exceeding actual program expenditures. The first instance was a keying error resulting in an excess draw totaling \$10,000. The second instance involved a coding error in AASIS that mistakenly identified costs as Foster Care, resulting in unallowable costs drawn totaling \$19,982.

**Questioned Costs:**

\$1,121,060

**Cause:**

A change in personnel and a change in the presentation of the quarterly financial reports due to the implementation of a new waiver contributed to the noncompliance. The Agency's reconciliation contained several keying errors that were not discovered. In addition, a review of the reconciliation and reports for the third and fourth quarters of 2014 was not performed.

**Effect:**

The Agency was unable to ensure federal draws represented the immediate cash needs of the program and were allowable. As a result, the Agency had excess cash on hand.

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

**Finding Number:** 2014-010  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.767 - Children's Health Insurance Program  
93.778 - Medical Assistance Program  
(Medicaid Cluster)  
**Federal Award Number(s):** 05-1305AR5MAP; 05-1405AR5MAP; 05-

Recommendations

by the Division of Children and Family Services CFO and reviewed by an OFA Assistant Director. Program codes will be reviewed on a quarterly basis.

**Anticipated Completion Date:** Complete

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**1305ARADM;**

**Federal Award Year(s):**

**05-1405ARADM; 05-1405AR502  
2013 and 2014**

**Compliance Requirement(s) Affected:**

**Matching, Level of Effort, Earmarking**

**Type of Finding:**

**Significant Deficiency**

**Criteria:**

The State is responsible for a portion of the costs regarding the Medical Assistance Program and the Children's Health Insurance Program (CHIP). As noted in OMB Circular A-133, § 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 provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes ensuring that the state portion of expenditures is from non-federal funds only and meets the approved matching rate.

A portion of the Agency's process to ensure compliance with the matching requirement includes comparing draws of federal funds to allowable federal expenditures. The comparison allows the Agency to identify variances and make timely adjustments, ensuring the approved matching rate is maintained. The comparisons are performed quarterly and are included in the Agency's reporting reconciliations for the CMS-64, *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program*, and the CMS-21, *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI*.

**Condition and Context:**

Our review of the reconciliations for the quarters ended September 30, 2013, and December 31, 2013, revealed variances identified by the Agency that were not adequately addressed. In addition, both reconciliations we reviewed were performed 12 days after the CMS-64 and CMS-21 reports were due for submission.

**Questioned Costs:**

Unknown

**Cause:**

Agency staff were not sufficiently trained and did not appear to have adequate knowledge of

We recommend the Agency review and strengthen existing procedures and implement immediate corrective action to ensure all variances identified are adequately addressed and reconciliations are performed timely.

**Views of Responsible Officials and Planned Corrective Action:**

The Office of Finance and Administration (OFA) and the Division of Medical Services (DMS) agree with the finding. This finding resulted from the following factors: new staff preparing the report, lack of DMS staff familiarity with the report due to turnover, and changes in the reporting due to the Affordable Care Act and the Private Option. Total reconciliation of the report before submission is not always feasible currently, due to the sheer volume of the information required to prepare the report and the short time frame to file it in. However, DMS is working on an information technology system which will automate the gathering of much of the information needed to file the report and make reconciliation more efficient and timely.

In addition, DMS and OFA staff are meeting together monthly to both improve the knowledge of the report and have reconciliations that both Divisions can review.

**Anticipated Completion Date:** October 2015

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the programs or the funding and reporting processes.

**Effect:**

Failure to adequately address identified variances and perform timely reconciliations could lead to inaccurate reporting of expenditures to the federal awarding agency and could contribute to the Agency's noncompliance with approved matching rates.

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

**Finding Number:** 2014-011  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.767 - Children's Health Insurance Program  
**Federal Award Number(s):** 05-1305AR5021; 05-1405AR5021  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Reconciliation of Expenditures  
**Type of Finding:** Material Weakness

**Criteria:**

As noted in OMB Circular A-133 § 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 provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes preparing reconciliations between federal expenditures recorded in the Agency's financial management system and federal expenditures reported to the federal awarding agency to ensure accuracy of information.

**Condition and Context:**

Our review revealed the Agency does not perform a reconciliation between federal expenditures recorded in its financial management system and the amounts reported to the federal awarding agency. As a result, the following discrepancies were noted:

- The Agency understated its Schedule of Expenditures of Federal Awards (SEFA)

Recommendations

We recommend the Agency establish and implement procedures to ensure federal expenditures recorded in the Agency's financial management system are reconciled to federal expenditures reported to the federal awarding agency. Reconciliations will ensure variances are properly researched and resolved timely.

**Views of Responsible Officials and Planned Corrective Action:**

The Office of Finance and Administration (OFA) and the Division of Medical Services (DMS) agree with the finding. Staff have been instructed to look at CHIP and traditional Medicaid separately since they are two different federal awards. DMS is also working on an information technology system which will automate the gathering of much of the information needed to file the grant report and will make reconciliation more efficient and timely.

**Anticipated Completion Date:** April 30, 2015

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regarding the Children's Health Insurance Program (CHIP) by \$6,311,958.

- Sufficient, appropriate evidence could not be provided for a variance totaling \$9,396,434 between the federal expenditures recorded in the Agency's financial management system and the federal expenditures reported to the federal awarding agency. (Note: A portion of this variance is the result of issues noted in findings **2014-012** and **2014-013** on pages **32** and **33**.)

**Questioned Costs:**  
Unknown

**Cause:**  
The Agency does not perform a reconciliation of federal award activity for CHIP.

**Effect:**  
Sufficient, appropriate evidence could not be provided to adequately explain or identify the variances existing between federal expenditures recorded in the Agency's financial management system and federal expenditures reported to the federal awarding agency, resulting in an understatement of the CHIP portion of the SEFA.

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

**Finding Number:** 2014-012  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.767 - Children's Health Insurance Program  
**Federal Award Number(s):** 05-1305AR5021; 05-1405AR5021  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Reporting  
**Type of Finding:** Material Noncompliance and Material Weakness

**Criteria:**  
In accordance with Centers for Medicare and Medicaid Services (CMS) regulations, states are required to report quarterly expenditures for the Children's Health Insurance Program

**Contact Person:**

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Recommendations

We recommend the Agency establish adequate procedures to ensure supporting data used to report required information on the CMS-64 are accurate and complete.

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(CHIP) using the CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. In addition, as stated in OMB Circular A-133 § 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 provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes submitting accurate and complete financial data to the federal awarding agency.

**Condition and Context:**

Our review of the CMS-64.21U portion of the report revealed an error in the amount reported as rebates for drug purchases in the quarter ended December 31, 2013. A formula error in the Agency's workbook, used as support for the data reported on the CMS-64, resulted in an excess claim for drug rebates totaling \$10,199,414. The federal share of the excess claim totals \$8,064,677.

**Questioned Costs:**

\$8,064,677

**Cause:**

Adequate controls are not in place to ensure the Agency's workbook produces accurate and complete data.

**Effect:**

The excess claim resulted in an understatement of expenditures for the quarter ended December 31, 2013.

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

**Finding Number:** 2014-013  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.767 - Children's Health Insurance Program  
**Federal Award Number(s):** 05-1305AR5021; 05-1405AR5021  
**Federal Award Year(s):** 2013 and 2014

Recommendations

**Views of Responsible Officials and Planned Corrective Action:**

The Office of Finance and Administration (OFA) and the Division of Medical Services (DMS) agree with the finding. This error resulted from a bad formula in a workbook. An additional full-time staff person was added in February, along with the temporary assignment of another staff person, to help review the workbook and ensure that formulas are correct. In addition, OFA is working to break the workbook into smaller, more manageable pieces. DMS is also working on an information technology system that will automate the gathering of much of the information needed to file the grant report and thereby reduce the complexity of the workbook.

**Anticipated Completion Date:** September 30, 2015

**Contact Person:**

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**Compliance Requirement(s) Affected:**      **Reporting**  
**Type of Finding:**                                **Noncompliance and Material Weakness**

**Criteria:**

In accordance with Centers for Medicare and Medicaid Services (CMS) regulations, grantees are required to report quarterly expenditures for the Children's Health Insurance Program (CHIP) using the CMS-21, Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI. In addition, as stated in OMB Circular A-133 § 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 provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes submitting accurate and complete financial data to the federal awarding agency.

**Condition and Context:**

Our review of the CMS-21 base report revealed the Agency failed to report ARHealth premiums collected, totaling \$1,265,705. The omission affected the quarter ended June 30, 2013, and the quarters ended September 30, 2013; December 31, 2013; and March 31, 2014. Adjustments regarding recoupments, refunds, and premiums received are required to be included on the CMS-21.

**Questioned Costs:**

\$832,818 (2014)  
\$432,887 (2013)

**Cause:**

The Agency does not have adequate controls in place to ensure the Agency's workbook produces accurate and complete data.

**Effect:**

Omission of the premiums resulted in an overstatement of expenditures for the affected quarters.

We recommend the Agency establish adequate procedures to ensure supporting data used to report required information on the CMS-21 are accurate and complete.

**Views of Responsible Officials and Planned Corrective Action:**

The Office of Finance and Administration (OFA) agrees with the finding. This error resulted from a bad formula in a workbook. An additional full-time staff person was added in February, along with the temporary assignment of another staff person, to help review the workbook and ensure that formulas are correct. In addition OFA is working to break the workbook into smaller, more manageable pieces. The Division of Medical Services is also working on an information technology system that will automate the gathering of much of the information needed to file the grant report and thereby reduce the complexity of the workbook.

**Anticipated Completion Date:**      September 30, 2015

**Contact Person:**

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

**Finding Number:** 2014-014  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.778 - Medical Assistance Program  
 (Medicaid Cluster)  
**Federal Award Number(s):** 05-1305AR5MAP; 05-1405AR5MAP  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Activities Allowed or Unallowed - Claims  
 Payments  
**Type of Finding:** Noncompliance and Material Weakness

**Criteria:**

In accordance with Arkansas Medicaid Provider Manual Section II - Rehabilitative Services for Persons with Mental Illness (RSPMI) §§ 216.000, 218.000, and 218.100, for each beneficiary entering the RSPMI Program, the treatment team must develop an individualized master treatment plan. The master treatment plan must be completed by a mental health professional and approved by a psychiatrist or physician. The treatment plan must be reviewed by the treatment team at least every 90 calendar days.

RSPMI § 226.200 indicates that the provider must develop and maintain sufficient written documentation to support each medical or remedial therapy, service, activity, or session for which Medicaid reimbursement is sought. At minimum, this includes the following:

- The specific services rendered (must be individualized; duplicated notes are not allowed).
- The relationship of the services provided to the treatment regimen described in the master treatment plan.
- The date and actual time the services were rendered.
- The name and credentials of the individual who provided the services.
- The setting in which the services were provided.
- Updates describing the beneficiary's progress or lack thereof.
- Both daily notes and a weekly summary if receiving Rehabilitative Day Services (Weekly summary was not required for services dates prior to 12/1/12).

We **again** recommend the Agency review its policies and procedures and take necessary corrective action to ensure all required RSPMI documentation is maintained in the beneficiary files.

**Views of Responsible Officials and Planned Corrective Action:**

The Agency concurs with the finding. In response to a similar finding in the prior year, the Agency strengthened controls via activities designed to insure compliance with program rules and regulations and medical necessity. These controls included inspection of care, desk reviews, and retrospective reviews for services provided through the RSPMI program. It should be noted that as a result of the implementation of these additional controls in January of 2014, the current-year finding has been reduced by 62%. The Division of Medical Services (DMS) will continue those initiatives and, if irregularities are discovered, will implement additional corrective action provider requirements, including mandatory training in areas of deficiency. DMS has also implemented a quality assurance project focused specifically upon periodic treatment plan reviews and documentation of beneficiary progress. DMS will continue to analyze and review outlier providers via desk review and refer such provider sites, as warranted, to the Office of Medicaid Inspector General for investigation of suspected waste and abuse of RSPMI funding.

**Anticipated Completion Date:** Complete

**Contact Person:** Mark Story  
 Assistant Director - Division of Medical

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**Condition and Context:**

We selected 60 beneficiary files for review to determine if the provider maintained sufficient, appropriate evidence as required by the specific sections of the RSPMI manual stated above. Our review revealed the following:

- 11 beneficiary files did not contain adequate supporting documentation to determine that an individualized Master Treatment Plan was completed and reviewed at least every 90 calendar days.
- 22 beneficiary files lacked some form of documentation to support services billed.

**Questioned Costs:**

\$16,098

**Cause:**

The Agency failed to ensure all required RSPMI documentation was maintained.

**Effect:**

A lack of sufficient, appropriate evidence supporting services provided could jeopardize beneficiary care and Agency payments made for the care.

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

<b>Finding Number:</b>	<b>2014-015</b>
<b>State/Educational Agency(s):</b>	<b>Arkansas Department of Human Services</b>
<b>CFDA Number(s) and Program Title(s):</b>	<b>93.778 - Medical Assistance Program (Medicaid Cluster)</b>
<b>Federal Award Number(s):</b>	<b>05-1305AR5MAP;                      05-1405AR5MAP;</b>
<b>051305ARBIPP;</b>	
	<b>05-1405ARBIPP</b>
<b>Federal Award Year(s):</b>	<b>2013 and 2014</b>
<b>Compliance Requirement(s) Affected:</b>	<b>Activities Allowed or Unallowed - Home and Community-Based Services</b>

Services

Recommendations

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**Type of Finding:**

**Noncompliance and Material Weakness**

**Criteria:**

Follow-up procedures for prior-year audit finding 13-710-10 revealed continued noncompliance and inadequate internal controls regarding the Living Choices Assisted Living program.

Arkansas Provider Manuals for Living Choices Assisted Living dictate the information that must be documented and maintained in provider files to support services billed.

**Condition and Context:**

We selected 30 provider files for review from the Living Choices Assisted Living program to determine if required documentation was being maintained in accordance with Provider Manual §§ 202.100 and 202.110. The manual states that the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:

- The beneficiary's attending or primary care physician's name, office address, telephone number, and after-hours contact information.
- A copy of the beneficiary's plan of care.
- Written instructions to the facility's attendant care staff.
- Documentation of limited nursing services performed by the provider's nursing staff in accordance with the beneficiary's plan of care. Records must include:
  - ❖ Nursing service(s) performed.
  - ❖ Date and time of day nursing services are performed.
  - ❖ Progress or other notes regarding the resident's health status.
  - ❖ The signature or initials and the title of the person performing the services.
- Documentation of periodic nursing evaluations performed by the assisted living facility nursing staff in accordance with the beneficiary's plan of care.
- Quarterly Monitoring Forms (AAS-9506) completed every 90 days (effective 1/1/13).
- Records of attendant care services.
  - ❖ Documentation of attendant care services performed.
  - ❖ The signature or initials of the person performing the services as well as the date services were performed.

Our review of the Living Choices Assisted Living program revealed that 26 case files lacked

We **again** recommend the Agency establish and implement procedures to ensure providers maintain all required documentation in beneficiary case files. **Views of Responsible Officials and Planned Corrective Action:**

The Division of Aging and Adult Services (DAAS) agrees with the finding and has implemented several initiatives aimed at further reducing errors. As a result of the prior-year finding, DAAS began direct communications with providers aimed at reducing instances of non-compliance. These efforts appear to have been productive, as questioned costs in the current period have dropped by 69.3%. DAAS issued a Provider Information Memorandum April 30, 2014, clarifying documentation requirements, and also reviewed documentation requirements in provider workshops in July, 2014 and on October 15, 2014. In addition, DAAS revised the Medicaid Policy on documentation requirements to clarify differences between documentation required for CNAs providing medical services versus CNAs providing attendant care services. DAAS will continue to conduct provider workshops with continued emphasis on documentation requirements.

DAAS will ensure providers consistently meet documentation and participation requirements. Appropriate corrective action in accordance with the Medicaid Provider Manual will be initiated.

DAAS is continuing these initiatives and remains committed to looking for additional means to improve and enhance the control environment surrounding Living Choices Assisted Living Services.

**Anticipated Completion Date:** Complete

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some form of documentation to support the services billed. Questioned costs totaled \$264,381.

**Questioned Costs:**

\$264,381

**Cause:**

The Agency failed to ensure that providers maintain all required documentation.

**Effect:**

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

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

<b>Finding Number:</b>	<b>2014-016</b>
<b>State/Educational Agency(s):</b>	<b>Arkansas Department of Human Services</b>
<b>CFDA Number(s) and Program Title(s):</b>	<b>93.778 - Medical Assistance Program (Medicaid Cluster)</b>
<b>Federal Award Number(s):</b>	<b>05-1305AR5MAP;                      05-1405AR5MAP; 051305ARBIPP;</b>
<b>Federal Award Year(s):</b>	<b>05-1405ARBIPP 2013 and 2014</b>
<b>Compliance Requirement(s) Affected:</b>	<b>Activities Allowed or Unallowed - Home and Community-Based Services</b>
<b>Type of Finding:</b>	<b>Noncompliance and Material Weakness</b>

**Criteria:**

Follow-up procedures for prior-year audit findings 13-710-11 and 12-710-05 revealed continued noncompliance and inadequate internal controls for the ElderChoices and Personal Care Home and Community-Based Services programs.

We **again** recommend the Agency establish and implement procedures to ensure providers maintain all required documentation for services billed in beneficiary case files.

**Views of Responsible Officials and Planned Corrective Action:**

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**Condition and Context:**

Our purpose in reviewing these programs was to determine if adequate supporting documentation was being maintained in beneficiary case files as required by Arkansas Provider Manuals. The manuals dictate the information that must be documented and maintained in these files to support the services billed.

The manuals dictate the following information be maintained in the files:

ElderChoices (§ 214.000)

- A copy of the participant's plan of care.
- A brief description of the specific service(s) provided.
- The signature and title of the individual rendering the service(s).
- The date and actual time the service(s) was rendered.

Personal Care Services (§ 220.110(D))

- The date of service.
- The routines performed on that date of service.
- The time of day the aide begins the beneficiary's services.
- The time of day the aide ends the beneficiary's services.
- Notes regarding the beneficiary's condition as instructed by the service supervisor.
- Task performance difficulties.
- The justification for any emergency unscheduled tasks and documentation of the prior-approval or post-approval of the unscheduled tasks.
- The justification for not performing any scheduled service plan required tasks.
- Any other observations the aide believes are of note or should be reported to the supervisor.

Our follow-up procedures included reviewing 12 beneficiary files from each program to determine if required documentation was being maintained to support services billed.

Our review revealed the following:

ElderChoices

- Four case files lacked some form of documentation to support the services billed. Questioned costs totaled \$624.

Recommendations

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implemented several initiatives aimed at further reducing errors. As a result of the prior-year finding, DAAS began direct communications with providers aimed at reducing instances of non-compliance. Since May 2013, DAAS Quality Assurance (QA) has been conducting desk audits of providers. If desk audits identify documentation problems, DAAS QA advises providers of the problems and advises providers of documentation requirements per Medicaid Policy. These efforts appear to have been productive, as questioned costs in the current period have dropped by 92%. DAAS also issued a Provider Information Memorandum April 30, 2014, as well as clarifying and reviewing documentation requirements in provider workshops in July 2014 and on October 15, 2014.

DAAS will ensure providers consistently meet documentation and participation requirements. Appropriate corrective action in accordance with the Medicaid Provider Manual will be initiated. DAAS is continuing these initiatives and remains committed to looking for additional means to improve and enhance the control environment surrounding ElderChoices Services.

While personal care services are a state plan service outside of the DDS or Aging Waivers, reviewers from both divisions will ensure that adequate documentation is maintained in the beneficiaries' file.

**Anticipated Completion Date:** Complete

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Personal Care Services

- Six case files lacked some form of documentation to support the services billed. Questioned costs totaled \$7,834.

**Questioned Costs:**

\$8,458

**Cause:**

The Agency failed to ensure that providers are maintaining all required documentation.

**Effect:**

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

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

**Finding Number:** 2014-017  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.778 - Medical Assistance Program (Medicaid Cluster)  
**Federal Award Number(s):** 05-1305AR5MAP; 05-1405AR5MAP; 05-1305ARBIPP;  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Activities Allowed or Unallowed - Home and Community-Based Services  
**Type of Finding:** Noncompliance and Material Weakness

**Criteria:**

A state may obtain a waiver of statutory requirements to provide an array of home and community-based services that may permit an individual to avoid institutionalization (42

We **again** recommend the Agency establish and implement procedures to ensure all required documentation is maintained in beneficiary case files.

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Office of Inspector General (OIG) issued a special fraud alert concerning home health care. Problems noted include cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the Federal Register on August 10, 1995 (page 40,847), and is available online on the HHS OIG home page in the Special Fraud Alerts section.

Currently, Arkansas has five Section 1915(c) Home and Community-Based Services waivers for Medicaid:

1. Division of Developmental Disabilities Alternative Community Services (ACS) Waiver
2. ElderChoices
3. Alternatives for Adults with Physical Disabilities (APD) Waiver. (The manual for APD Attendant Care providers imposes one significant restriction on who can enroll and receive payment as an APD Attendant Care provider: The provider shall not be an individual who is considered legally responsible for the participant, e.g., spouse, guardian, or anyone acting as a guardian.)
4. Autism Waiver
5. Living Choices Assisted Living

We reviewed the Division of Developmental Disabilities ACS Waiver.

We also considered qualitative factors such as management oversight and the Medicaid Program's high profile and public interest, which could have a significant impact on the integrity of the program.

**Condition and Context:**

We selected 60 provider files for review to determine if the provider maintained documentation as required by Provider Manual § 202.100, which states that the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:

- A copy of the beneficiary's person-centered service plan.
- The specific services rendered.
- The date and actual time the services were rendered.
- The name and title of the individual who provided the service.

Recommendations

**Views of Responsible Officials and Planned Corrective Action:**

The Agency agrees with the finding. To remedy the issues revealed in the audit report, the Division of Developmental Disabilities (DDS) has identified and intends to dedicate a program administrator staff to implement training procedures to ensure all required documentation is maintained in the beneficiary files. Initially, the staff person will target those organizations from which the findings were made and then branch out to other provider organizations. This position will also conduct site visits and inspections to determine compliance with program standards and requirements as well as prepare, present, and train both provider organizations and DDS staff. Furthermore, this position will monitor and evaluate the effectiveness of the DDS programs and services. DDS feels confident that the repurposing of this position will aid in lessening the deficiencies identified in the report.

**Anticipated Completion Date:** June 2015

**Contact Person:** James Brader  
Interim Director - Division of Developmental Disabilities  
Services

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- Updates describing the beneficiary's progress or lack thereof. Updates should be maintained daily or at each contact with or on behalf of the beneficiary. Progress notes must be signed and dated by the provider of the service.

Our review of this program revealed that 41 of the 60 case files lacked some form of documentation to support the services billed.

**Questioned Costs:**

\$699,545

**Cause:**

The Agency failed to ensure that all required documentation was maintained.

**Effect:**

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

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

**Finding Number:** 2014-018  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.778 - Medical Assistance Program  
(Medicaid Cluster)  
**Federal Award Number(s):** 05-1305AR5MAP; 05-1405AR5MAP; 05-1305ARBIPP;  
**Federal Award Year(s):** 05-1405ARBIPP  
2013 and 2014  
**Compliance Requirement(s) Affected:** Activities Allowed or Unallowed - Home and  
Community-Based Services  
**Type of Finding:** Material Weakness

**Criteria:**

The U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) issued a special fraud alert concerning home health care. Problems noted include

We **again** recommend the Agency strengthen controls to ensure adequate documentation is maintained to provide evidence of reviews performed.

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cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the Federal Register on August 10, 1995, and is available on the HHS OIG home page in the Special Fraud Alerts section.

As these programs are especially risky, the Agency asserted that internal controls relating specifically to Home and Community-Based (HCB) Waiver programs were in place during fiscal year 2014. One of the controls is a review performed by the Agency's Division of Medical Services Quality Assurance (DMS QA) staff to determine if services billed were in agreement with services allowed in accordance with the recipient's plan of care.

**Condition and Context:**

To determine if the control was in place and operating effectively, we obtained a listing of reviews conducted by DMS QA. We selected 60 items to determine if there was sufficient, appropriate evidence supporting a review by DMS QA. Our review revealed that the Agency lacked documentation to support reviews performed. DMS QA indicated that unless an issue was noted as a result of its review, no documentation of the review would be available.

**Questioned Costs:**

None

**Cause:**

Although the Agency has designed internal control procedures to specifically address risks associated with HCB Programs, deficiencies exist that render controls ineffective.

**Effect:**

Inadequate controls could jeopardize beneficiary care and Agency payments made for the care.

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

**Finding Number:** 2014-019  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.778 - Medical Assistance Program  
(Medicaid Cluster)

Recommendations

**Views of Responsible Officials and Planned Corrective Action:**

The Agency agrees with the finding. The review was consistently performed by DMS staff; however, it was not properly documented, and DMS agrees that such documentation is necessary. DMS has instituted internal controls requiring the documentation of such reviews on an ongoing basis.

**Anticipated Completion Date:** Complete

**Contact Person:**

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Findings	Recommendations
<p><b>Federal Award Number(s):</b> 05-1305AR5MAP; 05-1405AR5MAP; 051305ARBIPP;</p> <p><b>Federal Award Year(s):</b> 05-1405ARBIPP 2013 and 2014</p> <p><b>Compliance Requirement(s) Affected:</b> Activities Allowed or Unallowed - Targeted <b>Case Management</b></p> <p><b>Type of Finding:</b> Noncompliance and Material Weakness</p> <p><b>Criteria:</b> Follow-up procedures for prior-year audit findings 13-710-13 and 12-710-09 revealed continued noncompliance and inadequate internal controls regarding case management services for the Alternative Community Services (ACS) Waiver program.</p> <p>In accordance with the Arkansas Medicaid Provider Manual Section II - DDS ACS Waiver § 202.100, the provider must maintain sufficient written documentation in the beneficiary's case file supporting billing for services rendered. At minimum, this includes the following:</p> <ul style="list-style-type: none"> <li>• A copy of the beneficiary's person-centered service plan.</li> <li>• The specific services rendered.</li> <li>• The date and actual time the services were rendered.</li> <li>• The name and title of the individual who provided the services.</li> <li>• Updates describing the beneficiary's progress or lack thereof. Updates should be maintained daily or at each contact with or on behalf of the beneficiary. Progress notes must be signed and dated by the provider of the service.</li> </ul> <p>In addition, case management services are available at three levels of support as defined by ACS Waiver §§ 230.211 - 230.213:</p> <ul style="list-style-type: none"> <li>• Pervasive - Minimum of one face-to-face visit AND one other contact with the beneficiary or legal representative each month. At least one visit must be made annually at the beneficiary's place of residence.</li> <li>• Extensive - Minimum of one face-to-face visit with the beneficiary or legal representative each month. At least one visit must be made annually at the beneficiary's place of residence.</li> <li>• Limited - Minimum of one face-to-face visit with the beneficiary or legal</li> </ul>	<p>We <b>again</b> recommend the Agency establish and implement procedures to ensure all required documentation is maintained in the beneficiary files.</p> <p><b>Views of Responsible Officials and Planned Corrective Action:</b> The Agency agrees with the finding. To remedy the issues revealed in the audit report, the Division of Developmental Disabilities (DDS) has identified and intends to dedicate a program administrator staff to implement training procedures to ensure all required documentation is maintained in the beneficiary files. Initially, the staff person will target those organizations from which the findings were made and then branch out to other provider organizations. This position will also conduct site visits and inspections to determine compliance with program standards and requirements as well as prepare, present, and train both provider organizations and DDS staff. Furthermore, this position will monitor and evaluate the effectiveness of the DDS programs and services. DDS feels confident that the repurposing of this position will aid in lessening the deficiencies identified in the report.</p> <p><b>Anticipated Completion Date:</b> June 2015</p> <p><b>Contact Person:</b> James Brader Interim Director - Division of Developmental Disabilities</p> <p>Services</p> <p>Arkansas Department of Human Services P.O. Box 1437, Slot N501 Little Rock, AR 72203-1437 (501) 682-8662 <a href="mailto:james.brader@dhs.arkansas.gov">james.brader@dhs.arkansas.gov</a></p>

DIVISION OF LEGISLATIVE AUDIT  
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DEPARTMENT OF HUMAN SERVICES  
FOR THE YEAR ENDED JUNE 30, 2014

Findings

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representative each quarter and a minimum of one contact monthly for the months when a face-to-face visit is not made. At least one visit must be made annually at the beneficiary's place of residence.

**Condition and Context:**

Our follow-up procedures included reviewing 15 beneficiary files to determine if required documentation was being maintained by the provider (case manager) to support services billed. Our review revealed the following:

- Eight beneficiary files did not contain adequate supporting documentation for services billed.
- Two beneficiary files did not contain adequate supporting documentation to determine if the level of support had been met by case managers.

**Questioned Costs:**

\$5,687

**Cause:**

The Agency failed to ensure all required documentation was maintained.

**Effect:**

Inadequate documentation for services provided could jeopardize beneficiary care and Agency payments made for the care.

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

<b>Finding Number:</b>	<b>2014-020</b>
<b>State/Educational Agency(s):</b>	<b>Arkansas Department of Human Services</b>
<b>CFDA Number(s) and Program Title(s):</b>	<b>93.778 - Medical Assistance Program (Medicaid Cluster)</b>
<b>Federal Award Number(s):</b>	<b>05-1305AR5MAP; 05-1305ARBIPP; 05- 1405AR5MAP; 05-1405ARBIPP</b>

Recommendations

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**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Eligibility  
**Type of Finding:** Noncompliance and Material Weakness

**Criteria:**

It is the State's responsibility to determine that Medicaid applicants meet the eligibility criteria as specified in the approved State Plan. Eligibility requirements for the Medicaid program are outlined in the Arkansas Medical Services (MS) manual. For certain categories of Medicaid eligibility (i.e., Transitional Employment Assistance [TEA] Medicaid), the MS manual refers to policies outlined in the TEA Cash Assistance and Financial Assistance manuals that apply to the specific Medicaid category. However, these manuals are considered reference manuals for the MS manual, not Medicaid manuals. The MS manual is specific to Medicaid eligibility policies and procedures and is in addition to the approved State Plan required in 42 CFR § 430.10.

42 CFR § 435.913 Case Documentation states, "The Agency must include in each application record facts to support the Agency's decision on his application."

**Condition and Context:**

We reviewed 120 Medicaid recipient files to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. Sixty files were for aid categories determined to be spend downs. The other 60 represented all other aid categories. Our review revealed the following:

- In two recipient files, one representing paid claims for State Aid category 11 (Aid to the Aged) and the other representing paid claims for State Aid category 41 (Aid to the Disabled), the Agency did not have adequate documentation to support medical necessity. In addition, the approved resource limits were exceeded for one recipient. The Agency's failure to follow program requirements regarding medical necessity and resource limits resulted in known questioned costs of \$16,890.
- In two recipient files representing paid claims for State Aid category 49 (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child), one file did not have adequate documentation to support recipient disability, and the other file lacked documentation to support medical necessity. The Agency's failure to follow program requirements regarding disability determination resulted in known

Recommendations

We recommend the Agency continue providing adequate communication and training to appropriate personnel to ensure compliance with all program requirements as defined in the MS manual.

**Views of Responsible Officials and Planned Corrective Action:**

The Agency concurs with the findings and notes continued improvement from previous audits. We will continue to ensure that appropriate personnel who handle these complex cases receive adequate training and communication of procedures to ensure compliance with all program requirements.

**Anticipated Completion Date:** Completed

**Contact Person:** Delia Anderson  
Director - Division of County Operations  
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DIVISION OF LEGISLATIVE AUDIT  
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questioned costs of \$14,443.

- In two recipient files representing paid claims for State Aid category 47 (Disabled Spend Down), documentation revealed medical bills were inadequate to spend the recipients' income down to the point of eligibility. In addition, the Agency did not have adequate documentation to support resource eligibility for one recipient. The Agency's failure to follow program requirements regarding the use of medical bills to spend down income and resource verification resulted in known questioned costs totaling \$1,788.
- In one recipient file representing paid claims for State Aid category 27 (Aid to Families with Dependent Children [AFDC] Spend Down), documentation revealed that the recipient did not adequately assign rights to the Agency. However, the Agency's failure to follow program requirements regarding assignment of rights resulted in no known questioned costs.
- In one recipient file representing paid claims for State Aid category 17 (Aged Spend Down), review of documentation revealed that the Agency did not adequately address resources for the first month of the spend down period. However, the Agency's failure to follow program requirements regarding resource determination did not result in known questioned costs.

In addition to the eight compliance and internal control deficiencies summarized above, an additional 52 internal control deficiencies were noted. Deficiencies included missing signed applications; untimely evaluations; eligibility determined under the wrong state aid category; and various eligibility attributes, including those related to social security enumeration, citizenship, assignment of rights, cooperation with the Office of Child Support Enforcement, categorical relatedness, medical necessity, appropriateness of care, income, and resources, that were either not initially considered or not adequately documented when eligibility was determined. Additionally, there were cases of missing spend down computations documenting a recipient's unmet liability as well as the medical bills that were used to spend down the recipient's income, improper spend down computations, and several instances of inadequate documentation supporting the medical bills used to spend down the income. However, the Agency was able to address these specific deficiencies, and the recipient's eligibility was not affected.

**Questioned Costs:**

\$33,121

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**Cause:**

Although the Agency has designed internal control procedures to review recipient files to ensure sufficient, appropriate evidence is provided to support the Agency's determination of eligibility, certain areas still require continued communication to and training of the appropriate Agency personnel.

**Effect:**

Payments to providers were made on behalf of ineligible recipients.

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

**Finding Number:** 2014-021  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.778 - Medical Assistance Program  
 (Medicaid Cluster)  
**Federal Award Number(s):** 05-1305AR5MAP; 05-1405AR5MAP; 05-1305AR5ADM;  
 05-1405AR5ADM; 05-1305ARBIPP; 05-1405ARBIPP  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Reporting  
**Type of Finding:** Noncompliance and Material Weakness

**Criteria:**

In accordance with Centers for Medicare and Medicaid Services (CMS) regulations, states are required to report quarterly expenditures using the CMS-64, *Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (MAP)*. The amounts reported on the CMS-64, and its attachments, must represent actual expenditures for which all supporting documentation, in readily-reviewable form, has been compiled and is available immediately. In addition, as stated in OMB Circular A-133 § 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

We recommend the Agency immediately review and revise its workbook and related control procedures for staff preparing the CMS-64. In addition, the Agency should strengthen supervisory controls and procedures to ensure the CMS-64 is accurate and complete. The Agency should also establish procedures for communicating necessary information between those responsible for administering the program (DMS) and those responsible for preparing the CMS-64.

**Views of Responsible Officials and Planned Corrective Action:**

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provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes ensuring the necessary controls and processes are in place to ensure accurate and complete financial data are reported to the federal awarding agency.

The Agency uses a Microsoft Excel workbook as its tool to compile information from multiple sources in order to prepare the CMS-64 report. Within the workbook, numerous calculations are performed that utilize formulas in determining total program expenditures to be reported. A portion of the expenditures are associated with waivers or other specific criteria that are subject to specific Federal Financial Participation (FFP) rates. In addition, the Agency maintains policies and procedures specific to CMS-64 reporting that state the Agency will prepare quarterly reconciliations, review and investigate identified variances, and provide explanations for identified variances. Reconciliations, along with the variance explanations, should be included as supporting documentation for the CMS-64.

**Condition and Context:**

Our review of the Agency's internal control processes regarding reporting for the quarters ended March 31, 2014, and June 30, 2014, revealed the following:

- The Agency did not adequately review the CMS-64 report information during its certification process to determine accuracy and completeness. Several variances were noted, but the Agency failed to review, investigate, or adequately explain them.
- The Agency failed to perform quarterly reconciliations between the reported expenditures and the expenditures recorded in its financial systems for the two quarters included in our review. Further inquiry revealed the Agency failed to perform reconciliations during the entire 2014 fiscal year.

Our compliance review included testing administrative expenditure line items greater than \$1,000,000 and MAP expenditure line items greater than \$10,000,000 from the March 31, 2014, and June 30, 2014, CMS-64 reports. We then traced the amounts reported to the Agency's workbook to determine accuracy and completeness. As previously stated, the workbook is the Agency's tool used to compile information for CMS-64 report preparation. Our review revealed the following:

- The workbook contained numerous calculation errors because incorrect expenditure amounts were entered. Errors noted caused both understatements

Recommendations

OFA agrees with the finding. Lack of staff familiarity combined with staff turnover in both OFA and DMS led to these issues. DMS is also working on a system that will automate the gathering of much of the information needed to file the grant report and should help ensure the accuracy of the information.

**Anticipated Completion Date:** September 30, 2015

**Contact Person:**

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and overstatements of expenditures on the CMS-64.

- Data had been “hard-keyed” in a formula-designated cell.
- Formulas were inaccurate and had been incorrectly altered.
- Eligible expenditures were reported, but an incorrect form was used, which resulted in the data being reported on an incorrect line of the report.
- Expenditures were understated due to formula errors created when adding Eligibility Waiver (Private Option) data into the workbook.

In addition to the errors noted above, our review disclosed a cumulative unreconciled variance totaling \$43,946,550 for the year ended June 30, 2014. The federal portion of the variance is estimated to be approximately \$30,806,530 based on the regular Federal Medical Assistance Percentage (FMAP) rate. The variance is the difference between expenditures recorded in the Agency’s financial records using its cost allocation system and the expenditures reported to the federal awarding agency on the CMS-64.

A portion of this variance is the result of a calculation error regarding the drug rebate allocation for the Medical Assistance Program (MAP) for the quarter ended December 31, 2013. The Agency failed to include all applicable expenditures regarding Primary Care Case Management (PCCM) and the Tax Equity and Fiscal Responsibility Act (TEFRA) because of a formula error in the workbook. As a result, the allocation for MAP was understated by \$10,199,414. The federal share of this understatement is \$6,500,208. (Note: The Children’s Health Insurance Program [CHIP] portion of this error is noted at finding **2014-012** located on page **32**.)

**Questioned Costs:**

Unknown

**Cause:**

Management failed to review, investigate, and explain identified variances included in the support documentation for the CMS-64 reports. There is also a lack of adequate communication between staff and management of the Division of Medical Services (DMS) and the Office of Financial Administration (OFA), which hinders the Agency’s ability to provide accurate and complete reporting regarding the CMS-64.

**Effect:**

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Recommendations

Expenditures reported on the CMS-64 cannot be relied upon to be accurate and complete. In addition, a complete analysis of the workbook is necessary to ensure the accuracy of future reports.

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

**Finding Number:** 2014-022  
**State/Educational Agency(s):** Arkansas Department of Human Services  
**CFDA Number(s) and Program Title(s):** 93.778 - Medical Assistance Program (Medicaid Cluster)  
**Federal Award Number(s):** 05-1305AR5MAP; 05-1405AR5MAP  
**Federal Award Year(s):** 2013 and 2014  
**Compliance Requirement(s) Affected:** Special Tests and Provisions - Inpatient Hospitals and Long-Term Care Facility Audits  
**Type of Finding:** Significant Deficiency

**Criteria:**  
 In accordance with 42 CFR § 447.253, the state Medicaid agency must provide for the filing of uniform cost reports for each participating provider. In addition, it must provide for the periodic audits of financial and statistical records of participating providers. These cost reports are used to establish payment rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers.

The Agency asserted that it logs all cost reports received and periodically compares the log to a listing of all participating hospitals to ensure providers have submitted cost reports as required.

**Condition and Context:**  
 We obtained the cost report log but were unable to confirm that the Agency performed comparisons as asserted because the Agency was unable to provide sufficient, appropriate evidence of the comparison.

**Questioned Costs:**  
 None

We recommend the Agency strengthen procedures to ensure documentation of comparisons between cost reports received and participating providers is maintained to ascertain that all costs reports are received and reasonable rates are calculated as required.

**Views of Responsible Officials and Planned Corrective Action:**  
 The Agency agrees with the finding. The log in question was consistently updated and reviewed by Division of Medical Services (DMS) staff; however, it was not properly documented, and DMS agrees that such documentation is necessary. DMS has instituted internal controls requiring the documentation of such reviews on an ongoing basis.

**Anticipated Completion Date:** Complete  
**Contact Person:** Mark Story  
 Assistant Director - Division of Medical Services

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**Cause:**

The Agency failed to maintain documentation of comparisons between the hospital cost report log and the listing of all participating hospitals.

**Effect:**

Failure to perform comparisons could result in payments to hospitals using unreasonable or inadequate rates.

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Recommendations

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**ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM**  
**STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES**  
**Fiscal Year 2015**  
**Required by A.C.A. 25-36-104**

**AGENCY: 0710 DHS - Director's Office/Office Of Chief Counsel**

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
AR Spanish Interpreters & Translato	\$154,875		X				
Arkansas Community Action Agencies	\$217,240	X					
CET of Arkansas	\$438,417	X					
LARR Enterprize INC	\$78,000	X					
Phenoix Youth Family Services	\$960,813	X					

<b>TOTAL NUMBER OF MINORITY CONTRACTS AWARDED</b>	<u>5</u>
<b>TOTAL EXPENDITURES FOR CONTRACTS AWARDED</b>	<u>\$452,637,531</u>
<b>% OF MINORITY CONTRACTS AWARDED</b>	<u>0.38 %</u>

## 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
896 Director's Office	985,099	7	1,001,128	6	1,155,982	7	1,156,548	7	1,156,548	7	1,156,548	7
896 Office of Chief Counsel	11,192,817	179	11,163,513	170	12,489,763	183	12,494,854	183	12,494,854	183	12,494,854	183
<b>Total</b>	<b>12,177,916</b>	<b>186</b>	<b>12,164,641</b>	<b>176</b>	<b>13,645,745</b>	<b>190</b>	<b>13,651,402</b>	<b>190</b>	<b>13,651,402</b>	<b>190</b>	<b>13,651,402</b>	<b>190</b>
Funding Sources		%		%			%		%		%	
General Revenue 4000010	4,802,556	39.4	4,793,270	39.4		4,852,254	35.8	4,852,254	35.8	4,852,254	35.8	
Federal Revenue 4000020	5,252,037	43.1	4,378,015	36.0		5,444,764	40.1	5,444,764	40.1	5,444,764	40.1	
Merit Adjustment Fund 4000055	0	0.0	36,261	0.3		0	0.0	0	0.0	0	0.0	
Various Program Support 4000730	2,123,323	17.4	2,957,095	24.3		3,275,113	24.1	3,275,113	24.1	3,275,113	24.1	
<b>Total Funds</b>	<b>12,177,916</b>	<b>100.0</b>	<b>12,164,641</b>	<b>100.0</b>		<b>13,572,131</b>	<b>100.0</b>	<b>13,572,131</b>	<b>100.0</b>	<b>13,572,131</b>	<b>100.0</b>	
Excess Appropriation/(Funding)	0		0			79,271		79,271		79,271		
<b>Grand Total</b>	<b>12,177,916</b>		<b>12,164,641</b>			<b>13,651,402</b>		<b>13,651,402</b>		<b>13,651,402</b>		

## Analysis of Budget Request

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

**Funding Sources:** PWP - Administration Paying

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

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

DHS 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 hearings, litigation, 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 in Division of Youth Services cases 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, and Child Maltreatment.
- Office of Employee Relations/Office of Equal Opportunity is responsible for employee grievance/complaint processing and conducting mediations and fact-finding conferences related to grievances and complaints.
- DHS Policy unit is responsible for drafting, editing, and promulgating policies, rules, procedures, and forms for the entire agency, serving a workforce of more than 7,500 employees across the state. The unit ensures that all DHS policies and procedures are updated in order to meet Arkansas Code as well as federal mandates, and develops and writes new policies and procedures based on agency need.

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.

The Director's Office/Office of Chief Counsel (OCC) 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's 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.

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	8,245,526	7,836,547	8,965,803	8,969,803	8,969,803	8,969,803
	<b>#Positions</b>	<b>186</b>	<b>176</b>	<b>190</b>	<b>190</b>	<b>190</b>	<b>190</b>
Extra Help	5010001	54,693	227,799	227,799	227,799	227,799	227,799
	<b>#Extra Help</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	2,868,893	2,704,822	3,056,670	3,058,327	3,058,327	3,058,327
Operating Expenses	5020002	995,463	1,338,701	1,338,701	1,338,701	1,338,701	1,338,701
Conference & Travel Expenses	5050009	8,065	33,472	33,472	33,472	33,472	33,472
Professional Fees	5060010	4,836	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Data Processing Services	5900044	440	12,300	12,300	12,300	12,300	12,300
<b>Total</b>		<b>12,177,916</b>	<b>12,164,641</b>	<b>13,645,745</b>	<b>13,651,402</b>	<b>13,651,402</b>	<b>13,651,402</b>
<b>Funding Sources</b>							
General Revenue	4000010	4,802,556	4,793,270		4,852,254	4,852,254	4,852,254
Federal Revenue	4000020	5,252,037	4,378,015		5,444,764	5,444,764	5,444,764
Merit Adjustment Fund	4000055	0	36,261		0	0	0
Various Program Support	4000730	2,123,323	2,957,095		3,275,113	3,275,113	3,275,113
Total Funding		12,177,916	12,164,641		13,572,131	13,572,131	13,572,131
Excess Appropriation/(Funding)		0	0		79,271	79,271	79,271
<b>Grand Total</b>		<b>12,177,916</b>	<b>12,164,641</b>		<b>13,651,402</b>	<b>13,651,402</b>	<b>13,651,402</b>