State of Arkansas

Single Audit Report

For the Year Ended June 30, 2018

State of Arkansas
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For the Year Ended June 30, 2018

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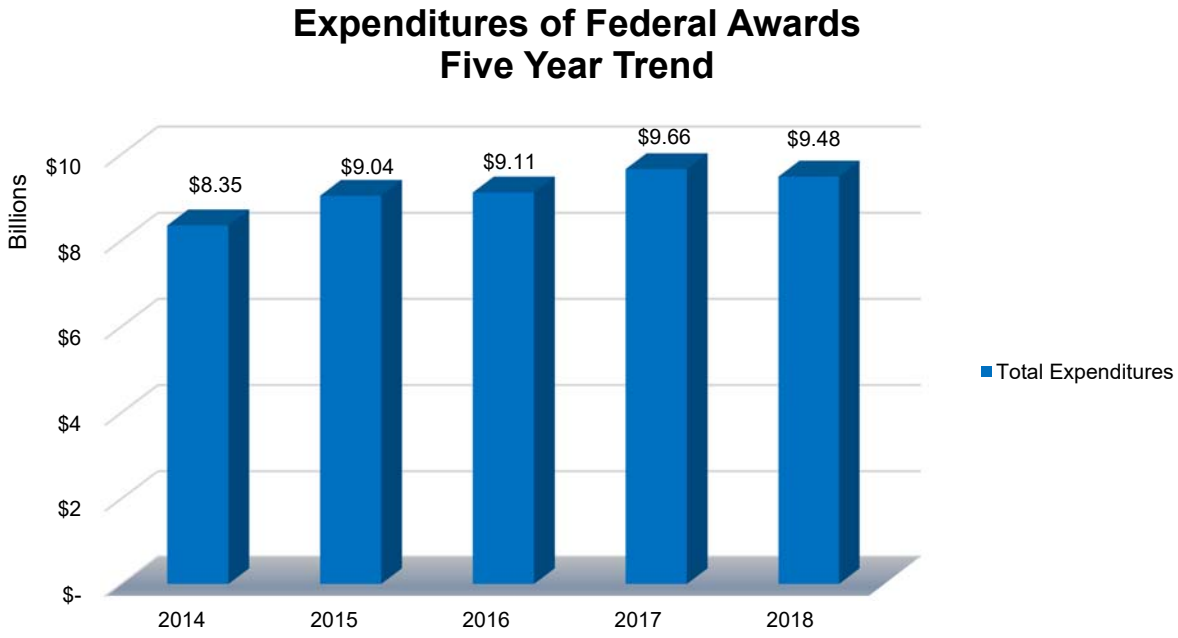
State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2018

The Single Audit Act, as amended in 1996, was enacted to streamline the effectiveness of audits of federal awards. The Single Audit Act gives the Office of Management and Budget (OMB) the authority to develop government-wide guidelines and policy on performing audits to comply with the Act. OMB issued Uniform Guidance (2 CFR § 200) to establish audit guidelines and policies on all aspects of managing federal awards. A Single Audit under Uniform Guidance is required to determine whether:

- The State's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles (GAAP).
- The Schedule of Expenditures of Federal Awards (SEFA) is presented fairly, in all material respects, in relation to the State's financial statements taken as a whole.
- The State has adequate internal controls in place to ensure compliance with the requirements of various federal awards.
- The State has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs.

The State of Arkansas Single Audit for the fiscal year ended June 30, 2018, as performed by Arkansas Legislative Audit, meets these requirements.

Expenditures of federal awards have varied over the past five years, remaining approximately $9 billion. The chart below depicts the five-year trend of expenditures of federal awards. The 2018 Single Audit includes federal expenditures from 415 federal programs.



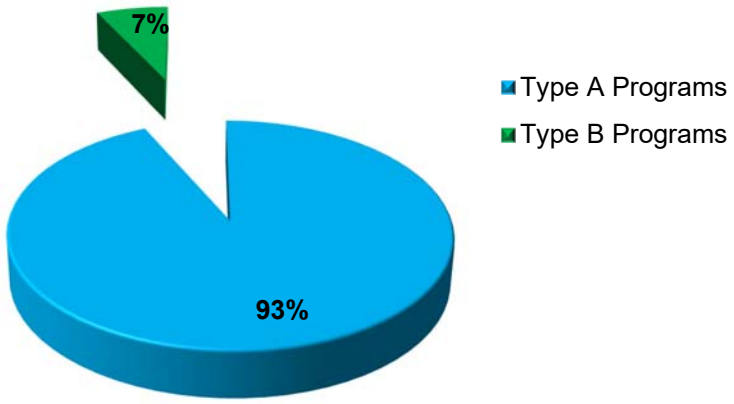
In accordance with Uniform Guidance, larger federal programs are identified and labeled as Type A. The following table outlines how the Type A programs for the State of Arkansas were identified.

Type A Program Determination

Total expenditures of federal awards		$9,483,618,354
Three-tenths of one percent	x	0.003
Type A threshold		$ 28,450,855

All federal programs with expenditures of at least $28,450,855 were labeled Type A. All other federal programs were labeled Type B. Of the 415 federal programs represented in the June 30, 2018, State of Arkansas Single Audit, 22 were Type A programs with expenditures totaling $8,843,935,560, which is 93% of total expenditures, and 393 were Type B programs with expenditures totaling $639,682,794, which is 7% of total expenditures.

Type A and Type B Programs
Expenditures of Federal Awards



Uniform Guidance requires the auditor to perform risk assessments on all Type A programs and to audit, as major, each Type A program assessed as high-risk based on various risk factors. Risk assessments were performed on each Type A program, and 11 of the 22 were determined to be high-risk or major. The remaining 11 were identified as low-risk.

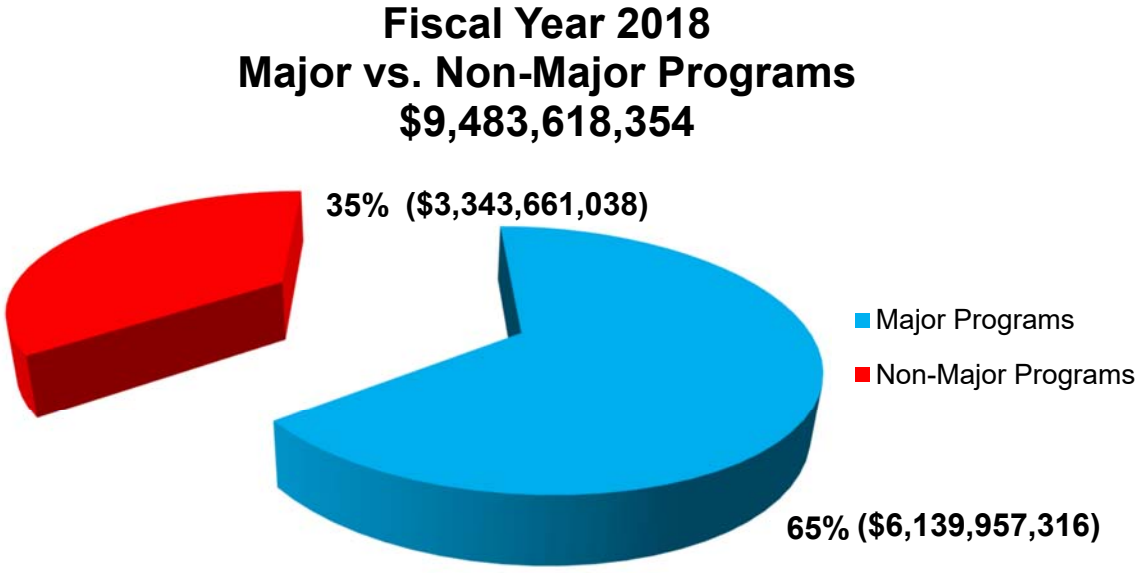
Additionally, Uniform Guidance requires the auditor to perform risk assessments on larger Type B programs; the auditor is not expected to perform risk assessments on the relatively small federal programs. Therefore, the auditor is only required to perform risk assessments on Type B programs with expenditures that exceed 25% of the Type A threshold.

Threshold for Type B Programs

Type A Threshold		$ 28,450,855
25%	x	0.25
Threshold of Type B programs		$ 7,112,714

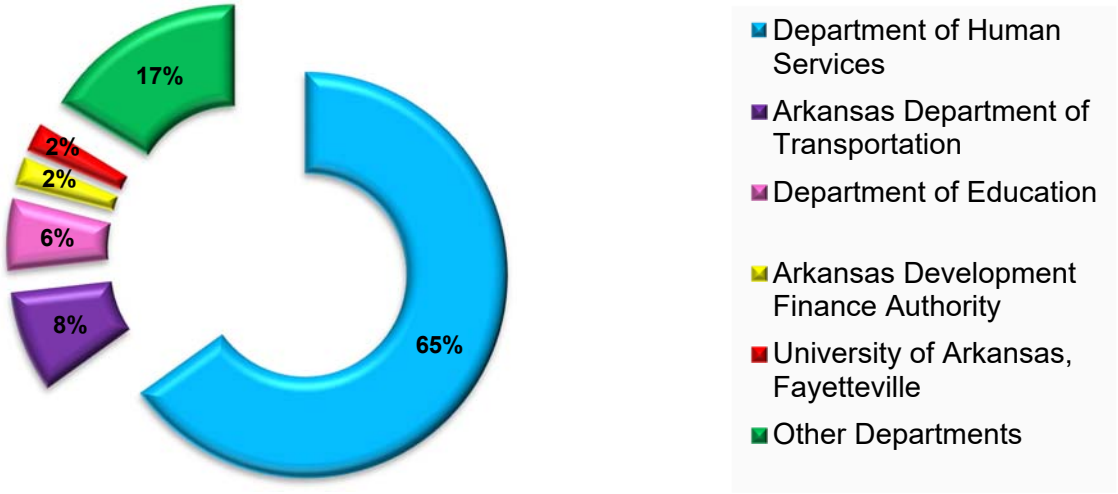
From the population of high-risk Type B programs that exceeded the 25% Type A threshold, the auditor is not required to select as major, more high-risk Type B programs than at least one-fourth of the Type A programs identified as low-risk. As previously noted, 11 low-risk Type A programs were identified, so the auditor is required to select at least three high-risk Type B programs. The auditor selected four high-risk Type B programs as major.

For the year ended June 30, 2018, major program expenditures represented 65% of total expenditures of federal awards.



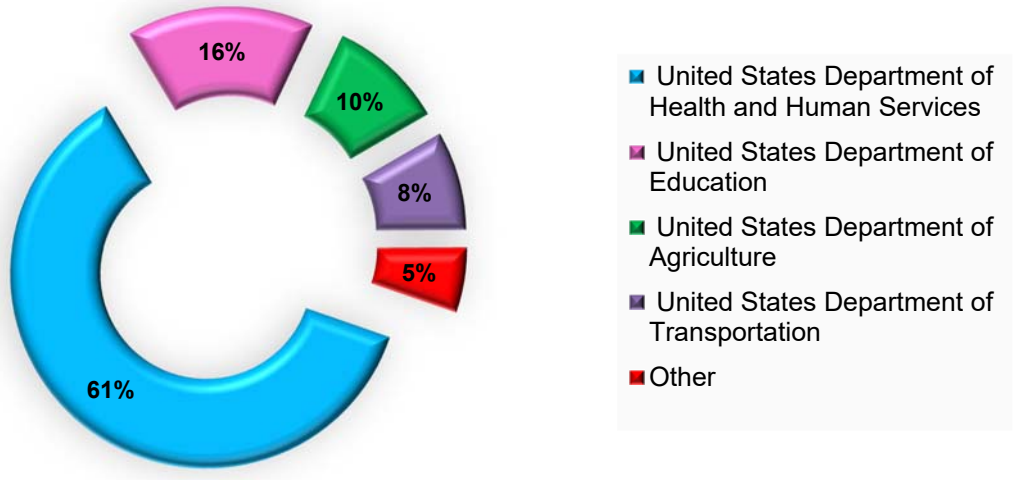
Five state departments expended the majority (83%) of federal awards, as noted below.

Percentage of Total Expenditures of Federal Awards by State Department

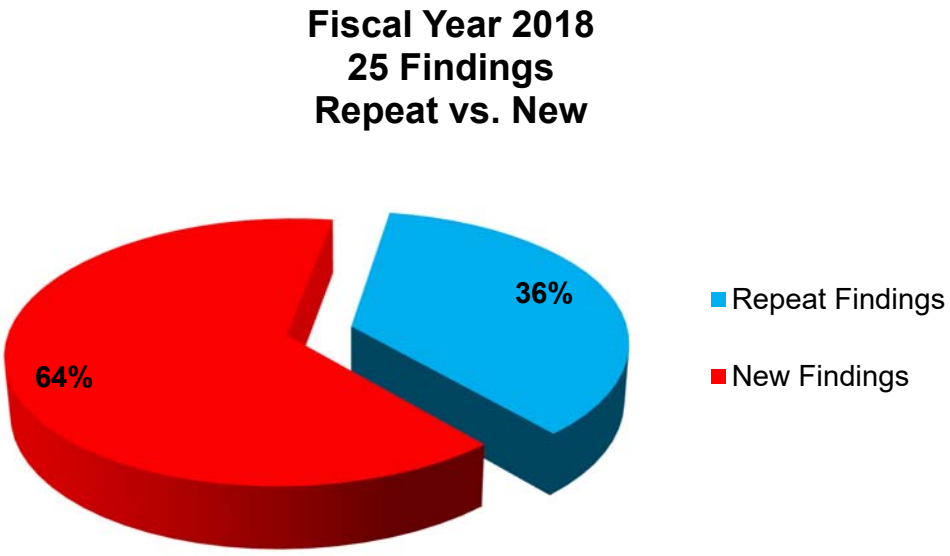


The State received federal awards from 29 different federal agencies. Most of the federal awards (95%) came from four federal agencies.

Total Expenditures of Federal Awards by Federal Award Agency

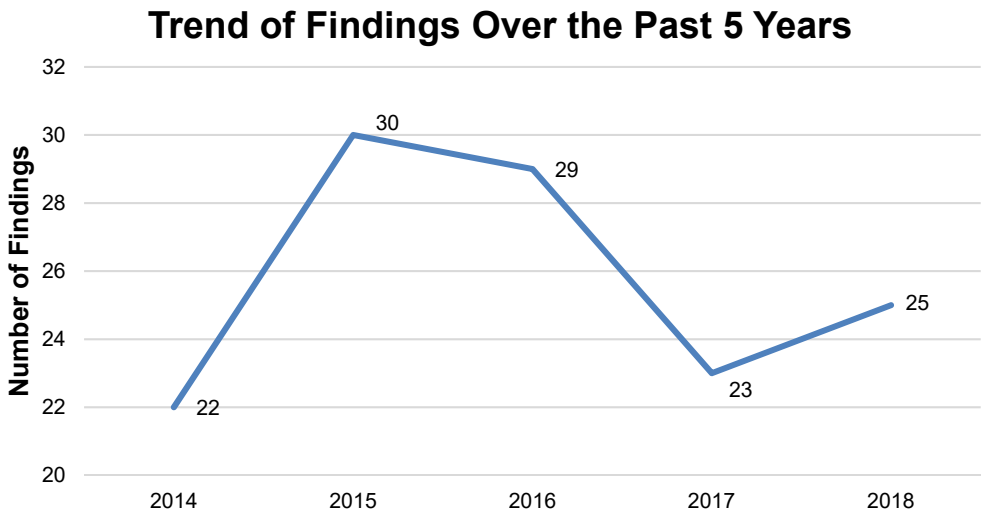


The audit resulted in **25** findings regarding non-compliance and deficiencies in internal control over compliance for **8** of the **15** major programs identified on **page 16**. As illustrated below, **9** of the **25** findings, or **36%**, were repeat findings. Repeat findings indicate that an agency has not taken adequate measures to correct non-compliance and deficiencies in internal control over compliance reported in the previous Single Audit. The Schedule of Findings and Questioned Costs is located on page **19**.



State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2018

The number of findings reported in the Single Audit has fluctuated over the past five years as illustrated in the chart below.



Administered By/Program	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018
ADE	1	0	0	1	0
Spec Ed	1	0	0	0	0
Title I	0	0	0	1	0
ADEM	0	1	0	0	0
Disaster	0	1	0	0	0
ADH	0	0	1	0	0
Medicaid	0	0	1	0	0
ARS	0	7	3	1	0
Rehab	0	7	3	1	0
DHS	19	19	25	21	21
CACFP	0	0	3	4	2
CCDF	1	0	0	0	0
CHIP	3	1	0	3	2
CNC	3	0	0	0	1
FC	1	2	5	2	1
LIHEAP	0	1	0	0	0
Medicaid	9	11	12	7	10
Medicaid/CHIP	1	4	5	3	5
Rehab	0	0	0	1	0
TANF	1	0	0	0	0
Various	0	0	0	1	0
DWS	0	0	0	0	2
TANF	0	0	0	0	2
PCCUA	0	1	0	0	0
SFA	0	1	0	0	0
SAU	1	0	0	0	0
SFA	1	0	0	0	0
UAM	0	1	0	0	0
SFA	0	1	0	0	0
UAMS	0	1	0	1	2
H1-B	0	1	0	0	0
Head Start	0	0	0	0	1
R&D/Head Start	0	0	0	0	1
SFA	0	0	0	1	0
UAPB	1	0	0	0	0
R&D	1	0	0	0	0
Grand Total	**22**	**30**	**29**	**23**	**25**

Legend - Programs:

CACFP	Child and Adult Care Food Program
Rehab	Vocational Rehabilitation_Grants to States
FC	Foster Care_Title IV-E
Medicaid	Medical Assistance Program (Medicaid Cluster)
CHIP	Children's Health Insurance Program
Various	Various Federal Programs
LIHEAP	Low-Income Home Energy Assistance Program
CNC	Child Nutrition Cluster
TANF	Temporary Assistance for Needy Families
CCDF	Child Care Development Fund
Title I	Title I Grants to Local Educational Agencies
Spec Ed	Special Education Cluster (IDEA)
SFA	Student Financial Assistance Cluster
H1-B	H1-B Job Training Grants
R&D	Research and Development Cluster (Various programs)

Legend - Agencies/Higher Education Institutions:

DHS	Arkansas Department of Human Services
ARS	Arkansas Rehabilitation Services
ADH	Arkansas Department of Health
UAMS	University of Arkansas for Medical Sciences
PCCUA	Phillips Community College of University of Arkansas
UAM	University of Arkansas at Monticello
ADEM	Arkansas Department of Emergency Management
ADE	Arkansas Department of Education
SAU	Southern Arkansas University

Many findings result in questioned costs. Uniform Guidance defines "questioned costs" as costs that resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including funds used to match federal funds; where the costs, at the time of the audit, are not supported by adequate documentation; or where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

The table below depicts findings with questioned costs identified from the 2015 - 2017 Single Audit reports and the amount of funds returned, either through payment to the federal awarding agency or a report or other type of adjustment. In addition, the table notes questioned costs the federal awarding agency did not require to be returned and any amount still unresolved with the federal awarding agency. The statuses below are as of December 31, 2018, any subsequent decisions are not depicted below.

Federal Program	Finding #	Questioned Costs	Recoupment	Other Adjustment	Recoupment not required	**Outstanding Balance** (as of December 31, 2018)
2015						
SFA Cluster-UAM	2015-001	$ 11,089	$ 11,089			$ 0
Rehabilitation Services	2015-003	7,378			$ 7,378	0
Rehabilitation Services	2015-004	3,472			3,472	0
Rehabilitation Services	2015-005	8,868	6,980		1,888	0
Rehabilitation Services	2015-006	1,000			1,000	0
Rehabilitation Services	2015-007	1,041,654	1,041,654			0
Low-Income Home Energy Assistance	2015-010	1,107,357	1,107,357			0
Medicaid and CHIP	2015-013	1,706	1,707			(1)
Medicaid	2015-019	40,321	41,452			(1,131)
Medicaid	2015-020	280,961	280,961			0
Medicaid	2015-021	16,526	16,526			0
Medicaid	2015-022	735,543	735,543			0
Medicaid	2015-023	72,883	72,883			0
Disaster Grants	2015-029	60,000	60,000			0
2016						
Rehabilitation Services	2016-004	1,104	640		464	0
Rehabilitation Services	2016-005	5,719				5,719
Rehabilitation Services	2016-006	5,528,366			5,528,366	0
Foster Care	2016-008	13,500	9,522		3,978	0
Foster Care	2016-010	1,913,317	1,367,152		546,165	0
Foster Care	2016-011	6,889			6,889	0
Medicaid and CHIP	2016-013	64,204	14,682		49,522	0
Medicaid	2016-018	19,687	19,021		666	0
Medicaid	2016-020	787,683	786,761		922	0
Medicaid	2016-021	335,456	335,456			0
Medicaid	2016-022	10,150	10,151			(1)
Medicaid	2016-024	12,877,790			12,877,790	0
Medicaid	2016-025	543,933	521,241		22,692	0
2017						
Child and Adult Care Food Program	2017-002	645				645
Child and Adult Care Food Program	2017-003	13,977				13,977
Rehabilitation Services	2017-007	2,641,251	2,641,251			0
Medicaid and CHIP	2017-010	6,200,872	73,412		6,127,460	0
Medicaid and CHIP	2017-011	8,337,709				8,337,709
Medicaid and CHIP	2017-012	12,785,229			12,785,229	0
Medicaid	2017-016	476,313	474,777		1,536	0
Medicaid	2017-017	88,664,268			88,664,268	0
Medicaid	2017-022	67,637	67,539		98	0
Totals		**$ 144,684,457**	**$ 9,697,757**		**$ 126,629,783**	**$ 8,356,917**
CHIP	2017-013	$ (10,427,841)		$ (10,427,841)		$ 0

Legend	
Rehabilitation Services	Rehabilitation Services_Vocational Rehabilitation Grants to States
Disaster Grants	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
SFA Cluster-UAM	Student Financial Assistance Cluster - Univeristy of Arkansas at Monticello
CHIP	Children's Health Insurance Program

Independent Auditor's Reports

For the Year Ended June 30, 2018

Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Asa Hutchinson, Governor,
and Members of the Legislative Joint Auditing Committee
State of Arkansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas (the State) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated January 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, the University of Arkansas for Medical Sciences (a portion of the Higher Education Fund), the Construction Assistance Revolving Loan Fund (non-major enterprise fund), and the Other Revolving Loan Funds (non-major enterprise funds), as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc. (discretely presented component units), were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
January 31, 2019

Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

The Honorable Asa Hutchinson, Governor,
and Members of the Legislative Joint Auditing Committee,
State of Arkansas:

Report on Compliance for Each Major Federal Program

We have audited the State of Arkansas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2018, except for the major federal programs listed below:

Program/cluster title	Administered by
Research and Development Cluster	University of Arkansas for Medical Sciences
Head Start	University of Arkansas for Medical Sciences
Federal Family Education Loans	Arkansas Student Loan Authority
Clean Water State Revolving Fund Cluster	State of Arkansas Construction Assistance Revolving Loan Fund Program
Drinking Water State Revolving Fund Cluster	State of Arkansas Safe Drinking Water Revolving Loan Fund Program
HOME Investment Partnerships Program	Arkansas Development Finance Authority

Those major federal programs were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report of the other auditors. The State's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinion on Research and Development Cluster, Head Start, and the Medical Assistance Program

As described in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding the Research and Development Cluster (Various CFDAs) and Head Start (CFDA 93.600), as described in finding number 2018-024 for Cash Management, and regarding the Medical Assistance Program (CFDA 93.778), as described in finding number 2018-020 for Special Tests and Provisions - Provider Eligibility. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Qualified Opinion on Research and Development Cluster, Head Start , and the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Research and Development Cluster, Head Start, and the Medical Assistance Program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 through 2018-003, 2018-005 through 2018-007, 2018-009 through 2018-017, 2018-019, 2018-021 through 2018-023, and 2018-025. Our opinion on each major federal program is not modified with respect to these matters.

The State's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The State's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 through 2018-003, 2018-005 through 2018-010, 2018-012, 2018-014 through 2018-020, and 2018-024 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-004, 2018-011, 2018-013, and 2018-021 through 2018-023 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The State's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the State as of and for the year ended June 30, 2018, and have issued our report thereon dated January 31, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
February 7, 2019, except for the
Schedule of Expenditures of Federal
Awards, dated January 31, 2019

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2018

Audit findings regarding compliance and internal controls over compliance for the major programs are disclosed on the following pages. Each finding has been evaluated and assigned one or more of the following designations:

- ***Material Noncompliance*** with the provisions of federal statutes, regulations, or terms and conditions of federal awards related to a major program. The determination of whether noncompliance is material for the purpose of reporting is in relation to 1 of the 12 types of compliance requirements for a major program identified in the OMB Uniform Guidance Compliance Supplement.
- ***Noncompliance*** with the provisions of federal statutes, regulations, or terms and conditions of federal awards related to a major program
- ***Material Weakness*** in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented or detected and corrected timely.
- ***Significant Deficiency*** in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

In addition, known questioned costs that are greater than $25,000 for a type of compliance requirement for a major program are required to be reported. Questioned costs are questioned by the auditor because of an audit finding (a) that resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including funds used to match federal funds; b) for which the costs, at the time of the audit, are not supported by adequate documentation; or (c) for which the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

As part of the audit process, the findings were provided to the applicable State/Educational Agency (Agency) for management's response. The responses were prepared by management of each Agency and are included at the end of each finding beginning on page 19 under the caption "*Views of Responsible Officials and Planned Corrective Action.*" The responses include the planned corrective action, the anticipated completion date, and the Agency contact.

We have presented our findings, generally, by Federal Grantor Agency, State/Educational Agency, and Catalog of Federal Domestic Assistance Number (CFDA). Each finding is assigned a seven-digit reference number (e.g., 2018-xxx). The first set of digits represents the fiscal year audited, and the second set represents the sequential finding number. An index of the findings is located on page 18.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	___	Yes	X	No
Significant deficiency(s) identified not considered to be a material weakness(es)?	___	Yes	X	None reported
Noncompliance material to financial statements noted?	___	Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	X	Yes	___	No
Significant deficiency(s) identified not considered to be a material weakness(es)?	X	Yes	___	None reported
Type of auditor's report issued on compliance for major programs:		Unmodified*		
*Except for the programs listed on page **11** of this report, which were Qualified				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a)	X	Yes	___	No
Dollar threshold used to distinguish between Type A and Type B programs:		$28,450,855		
Auditee qualified as low-risk auditee?	___	Yes	X	No

Section I - Summary of Auditor's Results (Continued)

Identification of major programs:

	CFDA Number(s)	Name of Cluster or Federal Program
1.	10.553, 10.555, 10.559	Child Nutrition Cluster
2.	93.558	TANF Cluster
3.	66.458	Clean Water State Revolving Fund Cluster
4.	66.468	Drinking Water State Revolving Fund Cluster
5.	93.775, 93.777, 93.778	Medicaid Cluster
6.	Various	Research and Development Cluster
7.	10.558	Child and Adult Care Food Program
8.	14.239	HOME Investment Partnerships Program
9.	84.032	Federal Family Education Loans
10.	84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States
11.	93.268	Immunization Cooperative Agreements
12.	93.568	Low-Income Home Energy Assistance Program
13.	93.600	Head Start
14.	93.658	Foster Care_Title IV-E
15.	93.767	Children's Health Insurance Program

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section II – Financial Statement Findings

No findings reported

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section III - Federal Award Findings and Questioned Costs

Federal/State/Educational Agency Name(s) / Program Title	CFDA Number(s) Affected	Page Number(s)
Arkansas Department of Human Services		
Child Nutrition Cluster	10.559	19 - 20
Child and Adult Care Food Program	10.558	21 - 24
Foster Care_Title IV-E	93.658	25 - 26
Children's Health Insurance Program	93.767	27 - 41
Medicaid Cluster	93.778	27 - 37 ; 42 - 67
Arkansas Department of Workforce Services		
TANF Cluster	93.558	68 - 71
FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS		
University of Arkansas for Medical Sciences		
Research and Development Cluster	Various	72 - 73
Head Start	93.600	72 - 75

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-001**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.559 – Summer Food Service Program for Children (Child Nutrition Cluster)**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

2 CFR § 200.62 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Finally, according to 7 CFR § 225.8(a), each state agency shall maintain complete, accurate, and current accounting records of its Program operations that adequately identify funds authorizations, obligations, unobligated balances, assets, liabilities, income, claims against sponsors and efforts to recover overpayments, and expenditures for administrative and operating costs.

Condition and Context:
ALA staff reviewed the FNS-777 reports for two quarters, December 31, 2017, and June 30, 2018, to verify accuracy and completeness of expenditure data reported to the federal awarding agency compared to the Agency's financial records. The quarterly and final FNS-777 reports are completed by managerial accounting staff.

ALA examination revealed that net adjustments, totaling $167,473, were not supported by the Agency's financial records in the closeout report for the 2017 grant award.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-001 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.559 – Summer Food Service Program for Children (Child Nutrition Cluster)**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
The Agency did not maintain adequate records.

Effect:
It is unknown if the reports submitted to the federal awarding agency contained accurate expenditure data.

Recommendation:
ALA staff recommend the Agency update current internal control procedures over the reporting process to specifically address retention of documentation utilized to complete reports submitted to the federal awarding agency.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency developed a reconciliation template to ensure costs flow to the correct line on the FNS-777. Additional reporting requirements, which will support any net adjustments, were created and must be completed when preparing the FNS-777 and closeout report.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-002**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.400(b), a non-federal entity assumes responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the federal award.

Condition and Context:
The Agency receives the following three grant awards from the U.S. Department of Agriculture:

1) CNP Block Consolidated (CFDA 10.555).
2) CNP CACFP Cash in Lieu (CFDA 10.558).
3) CNP CACFP Sponsor Administrative (CFDA 10.558).

ALA discussion with managerial accounting staff at the end of fieldwork for the June 30, 2017, Single Audit revealed the following practices:

- Sponsor administrative expenditures were inappropriately drawn from the CNP Block Consolidated grant instead of the CNP CACFP Sponsor Administrative grant. During the closeout period, the Agency would "repay" the CNP Block grant with funds drawn from the Sponsor Administrative grant.
- Cash in Lieu (CIL) expenditures were also inappropriately drawn from the CNP Block Consolidated grant when CIL funds became depleted. When additional CIL funds were received from the federal awarding agency, the Agency would "repay" the CNP Block grant.

ALA correspondence with the federal awarding agency indicated that each grant award has a designated purpose, and the use of funds between the grant awards is not interchangeable. The correspondence was shared with the Agency's managerial accounting staff on January 24, 2018, and with Agency management during the final exit conference on February 8, 2018.

To determine if the Agency had corrected its previous unallowable practice, ALA's June 30, 2018, Single Audit review included the cash draws completed in March 2018 through June 2018. This review revealed the following:

- $935,267 of meal reimbursement expenditures that should have been drawn from the CNP Block Consolidated grant were inappropriately drawn from the CIL grant award.
- $284,607 of CIL expenditures and $119,535 of sponsor administrative expenditures were inappropriately drawn from the CNP Block grant award.

ALA noted that the final cash draw of fiscal year 2018 from the CNP Block federal award did not include CIL expenditures.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,339,409

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-002 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
Changes in personnel contributed to the noncompliance. Additionally, the Agency did not take immediate action to correct the errors.

Effect:
The Agency's ability to manage the federal awards was limited, and funds were drawn for unallowable uses of the federal awards.

Recommendation:
ALA staff recommend the Agency ensure expenditures are allowable prior to federal cash draws by reviewing the objectives, terms, and conditions of the federal awards.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. This finding was caused by a programming error in the Agency's accounting dashboard system. The error was corrected on or around October 1, 2018, to ensure that program funding is drawn from proper grants.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-003**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

2 CFR § 200.62 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Finally, according to 7 CFR § 226.7(d), each state agency shall submit to the Food and Nutrition Service (FNS) a quarterly Financial Status Report (FNS-777) on the use of program funds. Obligations shall be reported only for the fiscal year in which they occur.

Condition and Context:
ALA staff reviewed the FNS-777 reports for the 2017 and 2018 federal awards to verify accuracy and completeness of expenditure data to the Agency's financial records. It should be noted that the FNS-777 reports are completed by managerial accounting staff. It is the responsibility of Division of Child Care and Early Childhood Education (DCCECE) staff to provide expenditure information to managerial accounting staff, and it is the responsibility of managerial accounting staff to communicate concerns regarding the data to DCCECE staff.

ALA examination revealed the following:

- Expenditures reported in the final FNS-777 for the 2017 grant award were **understated** by $53,676, as the result of three inaccurate error corrections.
- Expenditures reported in the four FNS-777 quarterly reports for the 2018 grant award resulted in a **net overstatement** of $10,587.

Errors were the result of a lack of communication between DCCECE and managerial accounting staff.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-003 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
The Agency has not developed adequate training and communication policies for staff. Additionally, effective internal control procedures have not been implemented to ensure accuracy of error corrections.

Effect:
Failure to implement appropriate procedures for internal control over compliance limits the Agency's ability to submit reliable reports to the federal awarding agency.

Recommendation:
ALA staff recommend the Agency update current internal control procedures to ensure expenditure data submitted to the federal awarding agency are accurate and complete.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. Expenditures were incorrectly reported due to program draws being processed during the wrong grant year, and the subsequent error corrections were processed incorrectly. The Agency will develop internal controls to ensure draws are processed within the correct grant year and error corrections are accurate prior to posting.

Anticipated Completion Date: 03/31/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-004**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1701ARFOST and 1801ARFOST**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2017-009**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over a federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Additionally, 45 CFR § 75.302(b)(5) states that the financial management system of a non-federal entity must be able to provide a comparison of actual expenditures with budgeted amounts for each federal award.

Finally, 45 CFR § 75.342(a) states that a non-federal entity is responsible for the oversight of operations for activities supported by a federal award. The non-federal entity must monitor its activities to assure compliance with applicable federal requirements.

Condition and Context
ALA staff review of the Agency's internal control procedures over cash management revealed the following deficiencies:

- The Agency does not perform procedures to compare budgeted expenditures to actual expenditures.
- The Agency does not prepare adequate quarterly reconciliations to ensure draws do not exceed allowable expenditures. (Note: An adequate reconciliation was prepared after ALA review, and the Agency's draws did not exceed allowable expenditures.)

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
The Agency did not establish adequate internal controls to ensure a process was in place to track federal revenue and expenditures to budgeted amounts or monitor federal revenue with allowable expenditures.

Effect:
Failure to properly monitor revenue and expenditures and the budgeted amounts could result in noncompliance.

Recommendation:
ALA staff recommend the Agency compare federal expenditures and revenue to expected budgeted amounts. Any variances should be investigated. In addition, the Agency should review and strengthen control procedures to ensure that staff properly monitor federal draws by reconciling with reported expenditures.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with and disputes, in part, this finding. To ensure draws do not exceed allowable expenditures, the Agency has developed an internal control addressing the reconciliation of funding draws to program expenditures. The Agency regularly compared budgeted expenditures to actual expenditures during the audit period through the creation and review of the DCFS Weekly Spend Report.

Finding Number:	**2018-004 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1701ARFOST and 1801ARFOST**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Significant Deficiency**

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

Anticipated Completion Date: 3/31/19

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Additional Comments from the Auditor:

Although the Agency stated that it "regularly compared budgeted expenditures to actual expenditures during the audit period," documentation was never provided to ALA during the audit period, at the preliminary exit conference held on January 18, 2019, or at the final exit conference held on February 4, 2019.

State of Arkansas
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Finding Number:	**2018-005**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
	93.778 – Medical Assistance Program (Medicaid Cluster)
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)**
	05-1705AR5MAP; 05-1805AR5MAP (Medicaid Cluster)
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over a federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award. This includes a process for ensuring claims are identified, disbursed, and reported correctly.

In addition, 42 CFR § 457.320 states that services for CHIP recipients are allowable up to, but not including, age 19. The age is calculated at the end of a birth month.

Condition and Context:
The Agency's OPTUM group provided ALA with a claims data dump in June 2018. ALA staff used these data to determine if claims activity for CHIP recipients occurred subsequent to their 19th birthday. This query found a population totaling $146,619 with such claims. ALA staff selected a sample of 60, with claims totaling $1,022, to determine if the claims were allowable.

An issue was discovered, similar to one reported in finding **2018-006** regarding an aid category conflict. For the claims selected, ALA review revealed that in CURAM (eligibility system) and in the history files of the Medicaid Management Information System (MMIS), these recipients were correctly identified as Medicaid recipients. However, for reasons unknown, the claims were attaching to CHIP aid categories and, as a result, were incorrectly reported to the federal awarding agency as CHIP expenditures.

ALA staff met with Division of County Operations (DCO) staff on November 29, 2018, because DCO is responsible for eligibility issues, and DCO confirmed that incorrect aid categories were attached to claims. This process was also confirmed by the Division of Medical Services on December 7, 2018. The cause of the error was still unknown as of the end of fieldwork.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$146,619

Cause:
Adequate system processing controls have not been designed or implemented to ensure that accurate recipient aid categories are reflected for CHIP and Medicaid claims during the transfer process. In addition, the Agency's claims system does not have adequate controls in place to prevent claims from being processed beyond an identified CHIP recipient's 19th birthday.

Finding Number:	**2018-005 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1705AR5MAP; 05-1805AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Claims cannot be confirmed as accurately reported to the federal awarding agency and cannot be confirmed as funded at the appropriate federal rate.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that CHIP and Medicaid recipient claims are identified accurately for federal reporting purposes.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency, along with its MMIS contractor, is reviewing all deficient claims to determine the root cause of the incorrect aid category identification. Internal controls will be developed following the determination of the root cause to ensure accurate identification of claims, and the appropriate federal share will be returned for all incorrectly reported claims.

Anticipated Completion Date: 6/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-006**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
	93.778 – Medical Assistance Program (Medicaid Cluster)
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)**
	05-1705AR5MAP; 05-1805AR5MAP (Medicaid Cluster)
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with CFR 45 § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Condition and Context:
The Agency's OPTUM group provided ALA with a claims data dump in June 2018. From the claims data, ALA staff selected 60 CHIP recipients to determine if the claims were allowable in accordance with the CHIP state plan and federal guidelines.

The review revealed the following:

- One claim was paid for a recipient that was no longer eligible. *Questioned costs totaled $3.*
- One claim was paid when dual segments for both Medicaid and CHIP were open. *Questioned costs totaled $20.*
- Sixty-one claims for four recipients were paid in error because of an aid category conflict between Medicaid and CHIP. As a result, the CHIP ARKids B aid category indicator was attached to Medicaid claims. *Questioned costs totaled $1,756.* (Note: Similar issue with finding **2018-005.**)

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,779

(Known questioned costs greater than $25,000 are required to be reported. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000.)

Cause:
Adequate system processing controls have not been designed or implemented to ensure that accurate recipient aid categories are reflected for CHIP and Medicaid claims during the transfer process.

Effect:
Claims cannot be confirmed as accurately reported to the federal awarding agency and cannot be confirmed as funded at the appropriate federal rate.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that CHIP and Medicaid recipients' claims are accurately reported to the federal awarding agency.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-006 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1705AR5MAP; 05-1805AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with this finding. The Agency, along with its MMIS contractor, is reviewing all deficient claims to determine the root cause of the incorrect aid category identification. Internal controls will be developed following the determination of the root cause to ensure the accurate identification of claims, and the appropriate federal share will be returned for all incorrectly reported claims.

Anticipated Completion Date: 6/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-007**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award. This includes ensuring that claims paid because of manual or "forced" overrides are appropriate and sufficiently documented.

Condition and Context:
ALA staff reviewed 60 claims initially suspended in the Medicaid Management Information System (MMIS) but subsequently paid to determine if the claims were appropriately processed in accordance with the established guidance in the Arkansas Resolution Manual (Manual). The Manual provides method of correction guidance for claims that are suspended due to systems edits and audits. Method of correction for claims includes making manual adjustments to allow system processing, forcing the claim through the system for payment, or denying payment. ALA staff review revealed the following deficiencies for 16 claims:

- One claim was suspended because the services were for a recipient already covered by ARWorks. The Manual states that the appropriate method of correction is to deny the claim. The Agency failed to follow the guidance in the Manual. Two additional manually-forced claims were discovered for this recipient. *Medicaid questioned costs totaled $10,042*.
- Ten claims were suspended because they were identified as duplicates. The Manual did not contain a method of correction that would have directed a reviewer to manually override these claims. *Medicaid questioned costs totaled $503*.
- Four claims were suspended, and although the Manual contained a method of correction, the Agency failed to follow the guidance in the Manual. One claim was suspended because of a procedure billing rule, one claim was a duplicate, another claim was for similar emergency services not over a day apart from another claim, and one claim was a Medicare crossover. *Medicaid questioned costs totaled $3,001*.
- For one claim, identified as an ARKids claim, the Manual's method of correction was to deny the claim. The Agency failed to follow the guidance in the Manual. *CHIP questioned costs totaled $26*.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$13,546 (Medicaid Cluster)
$ 26 (Children's Health Insurance Program)

(Known questioned costs greater than $25,000 are required to be reported. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000.)

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
The Agency did not have effective procedures in place to ensure that claims were being manually-forced for payment in accordance with the documented allowable methods in the Arkansas Resolution Manual.

Effect:
Claims initially suspended and subsequently processed for payment could be unallowable.

Recommendation:
ALA staff recommend the Agency strengthen policies and procedures to ensure that the documented methods of correction included in the Arkansas Resolution Manual are complete and adhered to when manually forcing claims for payment.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency will limit employees authorized to approve suspended claims to the ARWorks Manager, DMS Deputy Director, and DMS Director and update the method of correction for reviewing claims that are suspended due to ARWorks coverage and duplicate claims. The Agency will develop and conduct training on the approval process for suspended ARWorks and duplicate claims.

Anticipated Completion Date: 6/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-008**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
	93.778 – Medical Assistance Program (Medicaid Cluster)
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)**
	05-1705AR5MAP; 05-1805AR5MAP (Medicaid Cluster)
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Material Weakness**

Repeat Finding:
Not applicable.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award. This includes establishing controls to ensure confidentiality agreements are in place for individuals who have access to the sensitive information housed in the Medicaid Management Information System (MMIS).

Condition and Context:
ALA staff reviewed 60 active MMIS users classified as contractors or external users to determine if a confidentiality agreement was in place as required. Effective August 31, 2015, the Agency updated its policy so that it no longer required contractors to have confidentiality agreements if they were covered under an existing business associate agreement. ALA staff review revealed five external users that were granted MMIS access in fiscal year 2016 and had confidentiality agreements on file. However, the agreements were not dated, and ALA staff were unable to determine an effective date.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency did not have effective procedures in place to ensure access to MMIS was restricted to those external users with appropriate and complete confidentiality agreements on file.

Effect:
Access to program information was obtained without proper, complete agreements, which could jeopardize all data stored in MMIS.

Recommendation:
ALA staff recommend the Agency strengthen policies and procedures to ensure that external users granted access to MMIS have complete confidentiality agreements on file as required.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency now requires all external MMIS users to be employed by an organization with which DHS has a business associates agreement. The Agency has developed an internal control that ensures all inactive users are deleted from MMIS on a quarterly basis.

Finding Number:	**2018-008 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1705AR5MAP; 05-1805AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Material Weakness**

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

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-009**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1705AR5MAP; 05-1805AR5MAP; 05-1705AR5ADM; 05-1805AR5ADM (Medicaid Cluster)**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar finding was reported in prior-year findings **2017-020**, **2016-017**, **2016-028**, **2015-025**, and **2014-021**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Additionally, 42 CFR § 430.30(c) requires submission of a quarterly statement of expenditures report (CMS-64) for the Medical Assistance Program (MAP) no later than 30 days after the end of each quarter. The Agency maintains policies and procedures for the preparation of the CMS-64 report. Specifically, the procedures state that 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:
ALA requested written documentation of the Agency's internal controls in place to ensure required reports are accurate and are filed timely. The documentation provided was developed by the Agency during state fiscal year 2019; therefore, written documentation of controls was not maintained during the audit period.

ALA requested quarterly reconciliations between expenditures recorded in its financial management system and expenditures reported to the federal awarding agency. According to Agency management, reconciliations for the Medicaid Cluster were not completed for state fiscal year 2018 quarterly expenditure reports.

In addition, Agency management stated quarterly reports are reviewed and approved by management prior to certification of the reports. ALA requested documentation of review and approval of reports covering the quarters ended March 31, 2018, and June 30, 2018. Documentation of management review prior to certification was not maintained, and documentation of approval prior to final certification of the report for the quarter ending June 30, 2018, could not be provided because the approval was not documented.

ALA staff also performed procedures to determine if the CMS-64 reports were submitted within 30 days of the end of each quarter as required. This review revealed two CMS-64 reports for state fiscal year 2018 had not been submitted timely as follows:

- The September 30, 2017, report, due for submission on October 30, 2017, was originally certified and submitted on January 25, 2018, 87 days late. This report was later uncertified on February 12, 2018, to allow the State to revise the report, which was re-certified that same day.
- The December 31, 2017, report, due for submission on January 30, 2018, was submitted on March 21, 2018, 50 days late. This report was later uncertified on April 3, 2018, at the request of CMS so that the Agency could make corrections to the report. The report was re-certified on the same date.

Finding Number:	**2018-009 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
	93.778 – Medical Assistance Program (Medicaid Cluster)
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)**
	05-1705AR5MAP; 05-1805AR5MAP; 05-1705AR5ADM; 05-1805AR5ADM (Medicaid Cluster)
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
ALA staff also performed testing of expenditures reported on the CMS-64 for the quarters ended March 31, 2018, and June 30, 2018, to confirm accuracy and completeness compared to the expenditures recorded in the Agency's financial management system. ALA review revealed the following errors:

From the March 31, 2018, report:

- Twenty-two line items totaling $1,416,012,666 and representing 86% of MAP expenditures were selected. Errors were identified in four line items, resulting in an **overstatement** of the federal portion of expenditures totaling $1,216,171.
- Nine line items totaling $88,253,503 and representing 93% of administrative expenditures were selected. Errors were identified in three line items, resulting in an **understatement** of the federal portion of expenditures totaling $3,457.

From the June 30, 2018, report:

- Twenty-two line items totaling $1,407,693,743 and representing 87% of MAP expenditures were selected. Eight errors were identified, resulting in an **overstatement** of the federal portion of expenditures totaling $1,825,480.
- Nine line items totaling $104,664,514 and representing 91% of administrative expenditures were selected. Errors were identified in three line items, resulting in an **overstatement** of the federal portion of expenditures totaling $986,033.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
For the quarters selected for testing, the Agency implemented a new reporting system for MAP expenditures. Errors noted were mostly due to incorrect or missing adjustments to amounts determined by the new system or to errors in reporting Medicare premiums. Additionally, failure to implement adequate controls, including timely completion of reconciliations, resulted in unidentified errors.

Effect:
The Agency failed to accurately report expenditures for the selected quarters.

Recommendation:
ALA staff recommend the Agency implement additional procedures and controls over the reporting process to ensure reports are accurate and complete prior to certification.

Finding Number:	**2018-009 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021 (Children's Health Insurance Program)** **05-1705AR5MAP; 05-1805AR5MAP; 05-1705AR5ADM; 05-1805AR5ADM (Medicaid Cluster)**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with and disputes, in part, this finding. The Agency has developed internal controls to ensure reports are accurate and timely filed and has procured a contract with a company to develop a process and perform reconciliations for the CMS-64 and CMS-21 reports. Agency management has also obtained access to electronically certify these reports. The Agency does not dispute that the two CMS-64 reports noted in the finding were submitted after the deadline stated in federal regulations. However, executive management within the Agency was in constant communication with the CMS Regional Office concerning the filing of these reports. Dawn Stehle, Arkansas Medicaid Director, had regular phone calls with the CMS Regional Administrator for Region 6 concerning the operations of the Medicaid agency in Arkansas. CMS routinely requested updates on these filings, which were provided.

Anticipated Completion Date: 06/30/19

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Additional Comments from the Auditor:
While the Agency stated it concurs with the finding regarding the timely filing issue, the portion of the finding it disputes is unclear. Additionally, the response does not address the errors identified during our review of the March 31, 2018, and June 30, 2018, CMS-64 reports.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-010**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with CFR 45 § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Condition and Context:
The Agency's OPTUM group provided ALA with a claims data dump in June 2018. ALA staff reviewed and compared the claims data to all CHIP quarterly reports submitted to the federal awarding agency during 2018. ALA staff discovered a variance for the quarter ended September 30, 2017, totaling $4,920,931.

The claims data for line item 61-C, representing MCHIP, exceeded the amount the Agency reported to the federal awarding agency. ALA requested the Agency's supporting documentation and was informed by the OPTUM group that the claims support provided to Agency staff was identified at a point in time and could not be recreated and that the detail was not retained supporting the amount reported.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$4,920,931

Cause:
An adequate record retention policy is not in place to ensure that claims data used for federal reporting can be traced to original support.

Effect:
Claims cannot be confirmed as accurately reported to the federal awarding agency and cannot be confirmed as funded at the appropriate federal rate.

Recommendation:
ALA staff recommend the Agency design and implement adequate internal controls to ensure that CHIP claims data are appropriately maintained as evidence to support the quarterly reports submitted to the federal awarding agency.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency's implementation of a new MMIS caused these claims to be coded improperly with a CHIP aid category. This deficiency was corrected with the implementation of the new MMIS. DHS is investigating whether the CMS-64 and CMS-21 were understated for the quarter ended September 30, 2019, and if the $4.9 million understatement was reported as Medicaid expenditures as opposed to CHIP expenditures. Based on review, DHS will make the appropriate correction on the CMS-64 and CMS-21 for the quarter ending March 31, 2019.

Anticipated Completion Date: 04/30/19

Finding Number:	**2018-010 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301; 05-1805AR5021**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

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

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Additional Comments from the Auditor:

The Agency's response is unclear because it states that the implementation of a new MMIS caused the improper coding and also corrected the deficiency addressed in the finding.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-011**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301;05-1805AR5021**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year findings **2017-013** and **2017-014**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and other terms and conditions of the award.

42 CFR § 457.630 states that form CMS-21 (Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI) must be submitted to the Centers for Medicare and Medicaid Services (CMS) no later than 30 days after the end of the quarter.

Condition and Context:
ALA requested written documentation of the Agency's internal controls in place to ensure required reports are accurate and filed timely. The documentation provided was developed by the Agency during state fiscal year 2019; therefore, written documentation of controls was not maintained during the audit period.

In addition, Agency management stated quarterly reports are reviewed and approved by management prior to certification. ALA requested documentation supporting the review and approval of the March 31, 2018, and June 30, 2018, quarterly reports. The Agency was unable to provide the requested documentation.

Finally, quarterly reports are required to be submitted to the federal awarding agency no later than 30 days after the end of each quarter unless an extension has been approved by the federal awarding agency. The Agency did not receive any extensions and failed to submit two CMS-21 quarterly reports timely as summarized below:

- The September 30, 2017, report, due on October 30, 2017, was certified on January 25, 2018, 87 days late.
- The December 31, 2017, report, due on January 30, 2018, was certified on March 15, 2018, 44 days late.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency has experienced staff turnover and, again, did not develop or document internal control procedures for its staff.

Effect:
Failure to establish an adequate process ensuring expenditures are accurately reported negates the intended purpose of the reports submitted to the federal awarding agency.

Recommendation:
ALA staff recommend the Agency immediately establish and implement internal control procedures to ensure expenditure information submitted quarterly to the federal awarding agency is accurate and complete.

Finding Number:	**2018-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301;05-1805AR5021**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with and disputes, in part, this finding. The Agency has developed internal controls to ensure reports are accurate and timely filed and has procured a contract with a company to develop a process and perform reconciliations for the CMS-64 and CMS-21 reports. Agency management has also obtained access to electronically certify these reports. The Agency does not dispute that the two CMS-64 reports noted in the finding were submitted after the deadline stated in federal regulations. However, executive management within the Agency was in constant communication with the CMS Regional Office concerning the filing of these reports. Dawn Stehle, Arkansas Medicaid Director, had regular phone calls with the CMS Regional Administrator for Region 6 concerning the operations of the Medicaid agency in Arkansas. CMS routinely requested updates on these filings which were provided.

Anticipated Completion Date: 06/30/19

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Additional Comments from the Auditor:

While the Agency stated it concurs with the finding regarding the timely filing issue, the response does not contain a plan to ensure sufficient, appropriate evidence is maintained of communications with CMS to support Agency assertions for audit purposes.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-012**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award. This includes ensuring that appropriate controls and processes are in place to properly administer ARWorks premiums and cost-sharing reduction (CSR) payments.

Condition and Context:
ALA staff reviewed 60 recipient claims to determine the accuracy of ARWorks premiums and CSR payments. This included verifying that the premium paid agreed to the authorized amount as defined by the State's rating and service areas. There are seven defined rating and service areas, and the recipient's address determines the authorized premium amount. In addition, ALA staff reviewed documentation maintained in CURAM to ensure the Agency maintained appropriate, sufficient evidence for recoupments or adjustments, as applicable. This review revealed the following deficiencies:

- Five recipients had at least one payment that exceeded the amount allowable as defined for the rating area. *Questioned costs totaled $438*.
- The Agency did not receive appropriate credit from an insurance carrier for premiums of two recipients. *Questioned costs totaled $37*.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$475

(Known questioned costs greater than $25,000 are required to be reported. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000.)

Cause:
The Agency did not have effective procedures in place to ensure that the appropriate rating area was identified prior to issuing premium payments to insurance carriers. Additionally, there was no documentation of any review procedures performed on the annual insurance carrier reconciliations. The reconciliations determine the final net premium payments.

Effect:
Incorrect premium amounts were paid to the insurance carriers.

Recommendation:
ALA staff recommend the Agency strengthen control policies and procedures to confirm that the correct rating area is reflected for individuals so that appropriate premium and CSR payments are made. Additionally, ALA staff recommend the Agency document and perform review procedures prior to authorizing additional payments to the insurance carriers.

Finding Number:	**2018-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with these findings. The Agency's eligibility system has been updated to include an address validation system. Users are prompted when it appears a better address may be available when an address is updated. Users select the best address at that point. The Agency has also updated its process for reconciling unpaid ARWorks premium payments. Upon implementation of the new MMIS in November 2017, DHS began making reconciliation payments retrospectively for unpaid ARWorks premium payments.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-013**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
Section 212.300 of the ARChoices provider manual states that each beneficiary must have an individualized Person-Centered Service Plan (PCSP) and that attendant care hours authorized are based on the Resource Utilization Group (RUG) score produced from the ARPath assessment. Services must be provided according to the beneficiary's PCSP, with reimbursement limited to the amount and frequency authorized in the PCSP.

Condition and Context:
ALA staff selected 60 beneficiaries for review to ensure that attendant care services were provided in accordance with the PCSP and hours authorized were based on the RUG score. ALA review revealed that in seven instances, reimbursements were in excess of the PCSP or the RUG score.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$2,073

(Known questioned costs greater than $25,000 are required to be reported. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000.)

Cause:
The Agency failed to ensure that there were adequate controls in the claims payment system to both identify and deny claims, as applicable, if the amount billed exceeded the amount authorized. Additionally, the Agency allowed the amount authorized on the PCSP to exceed the RUG score without adequate supporting documentation from CMS, the federal awarding agency.

Effect:
Amounts paid were in excess of amounts authorized.

Recommendation:
ALA staff recommend the Agency review its policies and procedures and take necessary corrective action to ensure that all amounts paid are in accordance with amounts authorized and that amounts authorized are supported by the RUG score (CMS-approved assessment tool).

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with and disputes, in part, this finding. In five of the identified instances, providers billed and were paid for attendant care hours in excess of the number of hours authorized on the beneficiary's service plan. As of January 1, 2019, DHS requires prior authorization for attendant care services, which will enable the Agency to timely identify any situation in which the number of service hours billed exceeds the number of service hours authorized for the beneficiary.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action (Continued):
In the remaining two instances, the beneficiaries underwent reassessments, and their service plans were initially modified to reduce their attendant care hours due to the RUG scores received by the beneficiaries. Agency staff later revised the care plans to rescind these service reductions. Although the revised care plans were not consistent with the RUG methodology results, Agency staff determined that subsequent court orders in similar cases compelled the Agency to revise the care plans, rescind the reductions, and restore the original number of attendant care hours. As of January 1, 2019, the Agency no longer uses the RUG methodology to determine attendant care hours.

Anticipated Completion Date: Completed

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Additional Comments from the Auditor:
Authorized attendant care hours on the PCSP must be in accordance with the RUG score produced from the ARPath assessment, the CMS-approved assessment tool. Any deviation from this methodology must be approved by CMS, the federal awarding agency. The deviations were not approved by CMS, and the hours provided in excess of those allowed per the ARPath assessment are considered questioned costs.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-014**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year findings **2017-016**, **2016-025**, **2015-023**, and **2014-020**.

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. The MS manual is specific to Medicaid eligibility policies and procedures and is, in addition to the approved State Plan, required in accordance with 45 CFR § 75.206.

In addition, case documentation is governed by 42 CFR § 435.913, which states, "The Agency must include in each application record facts to support the Agency's decision...."

Guidance for timely eligibility determinations is outlined in 42 CFR § 435.912, which states that initial determinations should be made within 45 days unless the applicant is applying upon the basis of disability; in that case, the initial determination should be made within 90 days. Also, 42 CFR § 435.916 requires that eligibility re-determinations be performed at least once every 12 months.

Condition and Context:
ALA staff reviewed 60 traditional Medicaid recipient files in the ANSWER system to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. The review revealed deficiencies as summarized below:

- One client file, with 84 claims totaling $50,034, did not contain documentation supporting the resources or income criteria, affecting 81 claims. *Questioned costs totaled $34,604*.

  The annual reevaluations were also not completed timely. The 2018 reevaluation, due in July 2017, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).

- One client file, with 74 claims totaling $8,636, did not contain a DCO-704 signed by a registered nurse verifying medical necessity and did not contain documentation supporting the resources or income criteria, affecting all 74 claims. *Questioned costs totaled $6,107*.

  In addition, 326 claims paid in 2017, 2016, 2015, 2014, and 2013 were also affected. *Questioned costs totaled $3,865, $4,358, $5,365, $4,080, and $323, respectively*.

  The annual reevaluations were also not completed timely. The 2013 reevaluation, due in May 2013, had not been completed at the conclusion of audit fieldwork, and there were no reevaluations for 2014, 2015, 2016, 2017, or 2018 (Aid to the Aged).

- One client file, with 658 claims totaling $47,378, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 47 claims. *Questioned costs totaled $1,788* (Aid to the Disabled).

Finding Number:	**2018-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 164 claims totaling $18,762, did not contain documentation supporting the resources or income criteria, affecting 154 claims. *Questioned costs totaled $13,050*.

  In addition, 400 claims paid in 2017 and 2016 were also affected. *Questioned costs totaled $28,867 and $376, respectively*.

  The annual reevaluations were also not completed timely. Even though a reevaluation was completed for April 2018, the 2016 and 2017 reevaluations, due in June of the respective years, had not been completed at the conclusion of audit fieldwork (Aid to the Disabled).

- One client file, with 135 claims totaling $49,029, did not contain documentation supporting the resources or income criteria, affecting 62 claims. *Questioned costs totaled $16,277*.

  The annual reevaluation was also not completed timely. The 2018 reevaluation, due in January 2018, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).

- One client file, with 26 claims totaling $23,963, did not contain a DCO-704 signed by a registered nurse verifying medical necessity. However, no claims were paid for dates when the recipient would have been ineligible. *Questioned costs totaled $0*. (DDS Waiver).

- One client file, with 511 claims totaling $29,738, did not contain documentation supporting the resources or income criteria, affecting 134 claims. *Questioned costs totaled $7,622*.

  In addition, 399 claims paid in 2017 were also affected. *Questioned costs totaled $22,258*.

  The annual reevaluation was also not completed timely. Even though a reevaluation was completed for August 2017, the SFY2017 reevaluation, due in October 2016, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).

- One client file, with 294 claims totaling $11,867, did not contain documentation supporting the resources or income criteria, affecting 280 claims. *Questioned costs totaled $8,079*.

  In addition, 788 claims paid in 2017 and 2016 were also affected. *Questioned costs totaled $19,529 and $5,274, respectively*.

  The annual reevaluations were also not completed timely. Even though a reevaluation was completed for March 2018, the 2016 and 2017 reevaluations, due in March of the respective years, had not been completed at the conclusion of audit fieldwork (Aid to the Disabled).

- One client file, with 158 claims totaling $4,008, did not contain a DCO-704 signed by a registered nurse verifying medical necessity or verification of disability determination, affecting 108 claims. *Questioned costs totaled $1,869* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).

Finding Number:	**2018-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 312 claims totaling $71,648, did not contain documentation supporting the resources or income criteria, affecting 237 claims. *Questioned costs totaled $19,447*.

  In addition, 229 claims paid in 2017, 2016, and 2015 were also affected. *Questioned costs totaled $52,324, $47,515, and $1,928, respectively*.

  The annual reevaluations were also not completed timely. Even though a reevaluation was completed for November 2017, the 2015, 2016, and 2017 reevaluations, due in June of the respective years, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).
- One client file, with 164 claims totaling $54,253, did not contain documentation supporting the resources or income criteria, affecting 128 claims. *Questioned costs totaled $32,336*.

  In addition, 68 claims paid in 2017 were also affected. *Questioned costs totaled $25,711*.

  The annual reevaluations were also not completed timely. Even though a reevaluation was completed for April 2018, the SFY2017 reevaluation, due in November 2016, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).
- One client file, with 1 claim totaling $4, did not contain documentation supporting the resource criteria, affecting the claim. *Questioned costs totaled $3*.

  In addition, 38 claims paid in 2017 were also affected. *Questioned costs totaled $4,550* (Aid to the Aged).
- One client file, with 10 claims totaling $15,000, did not contain documentation supporting the resources or income criteria, affecting 9 claims. *Questioned costs totaled $9,090*.

  The annual reevaluations were also not completed timely. Even though a reevaluation was completed for May 2018, the 2017 and 2018 reevaluations, due in January of the respective years, had not been completed at the conclusion of audit fieldwork (Assisted Living Waiver).

Deficiencies related to eligible recipients with late initial determinations (no questioned costs):

- One client file did not have a timely initial eligibility determination. The application was received on December 5, 2017, but was not approved until January 30, 2018, exceeding the 45-day limit (ARChoices).
- One client file did not have a timely initial eligibility determination. The application was received on September 14, 2017, but was not approved until November 30, 2017, exceeding the 45-day limit (Aid to the Aged).
- One client file did not have a timely initial eligibility determination. The application was received on June 20, 2017, but was not approved until November 8, 2017, exceeding the 45-day limit (Aid to the Aged).
- One client file did not have a timely initial eligibility determination. The application was received on June 2, 2017, but was not approved until October 17, 2017, exceeding the 90-day limit for disability determinations (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).

Finding Number:	**2018-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file did not have a timely initial eligibility determination. The application was received on November 24, 2017, but was not approved until March 5, 2018, exceeding the 45-day limit (Aid to the Aged).
- One client file did not have a timely initial eligibility determination. The application was received on August 17, 2017, but was not approved until October 10, 2017, exceeding the 45-day limit (Aid to the Aged).

Deficiencies related to eligible recipients with late re-determinations. Although there are no questioned costs associated with these recipients, the total amount of claims paid (state and federal) as of fieldwork date of November 27, 2018, for dates of services between the time the reevaluation was due and the day before it was performed is noted below in order to show what could have been paid in error if the recipient had ultimately been deemed ineligible:

- One client file did not have a timely reevaluation, as it was due in October 2017 but was not completed until February 5, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $5,601 in state fiscal year 2018 and $4 in state fiscal year 2019 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in December 2017 but was not completed until January 31, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $8,416 in state fiscal year 2018 and ($263) in state fiscal year 2019 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in January 2018 but was not completed until February 28, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $356 in state fiscal year 2018 and $282 in state fiscal year 2019 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in January 2018 but was not completed until March 7, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $636 in state fiscal year 2018 (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file did not have a timely reevaluation, as it was due in June 2017 but was not completed until September 10, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $1,472 in state fiscal year 2017, $12,099 in state fiscal year 2018, and $627 in state fiscal year 2019 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in November 2017 but was not completed until December 4, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $323 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in July 2017 but was not completed until November 7, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $1,057 in state fiscal year 2018 (Assisted Living Waiver).

Finding Number:	**2018-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file did not have a timely reevaluation, as it was due in May 2018 but was not completed until June 21, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $5,615 in state fiscal year 2018 and $773 in state fiscal year 2019 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in November 2017 but was not completed until January 5, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $528 in state fiscal year 2018 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in April 2018 but was not completed until June 20, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $685 in state fiscal year 2018 and $511 in state fiscal year 2019 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in June 2016 but was not completed until October 22, 2018, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $3,937 in state fiscal year 2016, $49,890 in state fiscal year 2017, $13 in state fiscal year 2018, and ($923) in state fiscal year 2019 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in October 2017 but was not completed until November 1, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $4,884 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in August 2017 but was not completed until October 13, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $786 in state fiscal year 2018 (ARChoices).
- One client file did not have a timely reevaluation, as it was due in October 2017 but was not completed until February 21, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $10,888 in state fiscal year 2018 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in January 2017 but was not completed until October 25, 2018, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $6,838 in state fiscal year 2018 (Assisted Living Waiver).
- One client file did not have a timely reevaluation, as it was due in October 2016 but was not completed until March 22, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $11,481 in state fiscal year 2018 and $32 in state fiscal year 2019 (ARChoices).
- One client file did not have a timely reevaluation, as it was due in May 2017 but was not completed until October 19, 2018, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $12,318 in state fiscal year 2018 and $95 in state fiscal year 2019 (ARChoices).

Finding Number:	**2018-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
State Fiscal Year 2018 – $ 150,272
State Fiscal Year 2017 – $ 157,104
State Fiscal Year 2016 – $ 57,523
State Fiscal Year 2015 – $ 7,293
State Fiscal Year 2014 – $ 4,080
State Fiscal Year 2013 – $ 323

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.

Based on testing results, specific areas related to resource and income criteria require continued communication and training. Additionally, the Agency should review its procedures related to making determinations timely to ensure that both the initial determinations as well as the re-determinations are made in accordance with federal regulations.

Effect:
Payments to providers were made on behalf of ineligible recipients.

Recommendation:
ALA staff 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:
DHS concurs with the findings. Effective October 1, 2017, financial eligibility for the Long Term Services and Supports Program was transferred to the Division of County Operations. The Long Term Services and Supports staff are specialized to focus only on this program. Additional resources have been allocated to this unit to reduce and eliminate the backlog of overdue re-evaluations and increase the number of second party reviews completed on these cases to ensure that appropriate documentation is included in the case files. The reallocation of staff was completed as of March 2018. The backlog of evaluations was eliminated as of January 1, 2019. The Agency will continue to follow the process implemented as part of the corrective action to ensure continued timely processing of applications and evaluations. The Agency has also updated the DHS-704 (Decision for Nursing Home/Waiver Placement Form) to capture the effective date and review date for the medical necessity determination, which will prevent what appears to be a lack of a medical necessity determination.

Finding Number:	**2018-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: Complete

Contact Person:

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-015**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP; 05-1705AR5ADM; 05-1805AR5ADM; 05-1705ARINCT; 05-1805ARINCT; 05-1705ARIMPL; 05-1805ARIMPL**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year findings **2017-017**, **2016-016**, **2015-015**, and **2014-010**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over a federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the term and conditions of the federal award.

42 CFR §§ 433.10 and 433.15 established rates to be used to calculate non-administrative and administrative state match and require that the State pay part of the costs for providing and administering the Medical Assistance Program (MAP).

Condition and Context:
The Agency's documented internal control policies and procedures state that quarterly comparisons of federal draws to expenditures are completed and variances are researched, ensuring that state matching funds are adequate and meet the required non-federal portion. During discussions between ALA and Agency staff, the Agency disclosed that quarterly comparisons were not prepared in fiscal year 2018. As a result, ALA concluded that the Agency's documented internal control policies and procedures were not implemented or effective.

Because the Agency did not prepare any quarterly comparisons to identify and research variances, ALA reviewed all 12 monthly funding reports for 2018 and compared the information to the reported match on the four quarterly reports to determine if the required state match for fiscal year 2018 was adequate. ALA review revealed that the Agency did not meet the required match by $47,343,219.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$47,343,219

Cause:
The Agency did not adhere to its documented internal control policies and procedures by preparing the quarterly comparisons.

Effect:
State match was not met, limiting the Agency's ability to effectively manage the grant.

Recommendation:
ALA staff recommend the Agency adhere to its established internal control policies and procedures over matching to ensure appropriate state match.

Finding Number:	**2018-015 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP; 05-1705AR5ADM; 05-1805AR5ADM; 05-1705ARINCT; 05-1805ARINCT; 05-1705ARIMPL; 05-1805ARIMPL**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with and disputes, in part, this finding. The Agency has submitted a reconciliation to Arkansas Legislative Audit that shows a variance of less than 1%. The CMS-21 and CMS-64 reports contained prior-period adjustments that correct previous quarters but do not impact actual non-federal draws. The Agency must calculate a non-federal share on any item that is reported on the reports. The Agency believes the finding that it did not meet the required match by $47,343,219 is not accurate.

DHS concurs that timely reconciliations of CMS-21 and CMS-64 filings have not been completed. The Agency has developed internal controls to ensure reports are accurate and timely filed and has procured a contract with a company to develop a process and perform reconciliations for the CMS-64 and CMS-21 reports beginning with the December 31, 2018, filings.

Anticipated Completion Date: 06/30/19

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Additional Comments from the Auditor:

As stated in the finding, the Agency was unable to provide any supporting documentation for the reported match. The Agency's response states it provided ALA a reconciliation showing a variance of less than 1%. The Agency provided ALA the reconciliation on February 26, 2019, **10 weeks after the end of fieldwork (December 14, 2018)**. As a result, ALA has not reviewed the accuracy or completeness of the reconciliation as it relates to this finding. The reconciliation will be reviewed during ALA's required follow-up procedures during the 2019 Single Audit that will begin in July 2019.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-016**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2017-011**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over a federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the term and conditions of the federal award.

2 CFR § 200.62 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
   c) Funds, property, and other assets are safeguarded against loss.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Additionally, 42 CFR § 447.45(d) requires the Medicaid Agency to require providers to submit all claims no later than 12 months from the date of service. For claims also paid under Medicare (crossover claims), the provider must submit the Medicaid claim for the same service within six months after the Agency or the provider receives notice of the disposition of the Medicare claim. The Agency may make payments at any time in accordance with a court order; to carry out hearing decisions or Agency corrective actions taken to resolve a dispute; or to extend the benefits of a hearing decision, corrective action, or court order to others in the same situation as those directly affected by it.

Per Section 302.400 of the Arkansas Medicaid provider manuals, retroactive eligibility does not constitute an exception to the timely filing requirement. If an administrative action delays an eligibility determination, the provider must submit the claims within the 12-month filing deadline. If the claim is denied for recipient ineligibility, the provider may resubmit the claim after eligibility is determined. The provider manual lists specific instructions for filing claims when recipient eligibility has not been determined.

Condition and Context:
During the state fiscal year 2016 audit, the Agency notified ALA that the Agency was temporarily removing the timely filing edits from the Medicaid Management Information System (MMIS) during state fiscal year 2017. Documentation provided to ALA revealed that CMS had denied the Agency's request for a waiver from the timely filing regulations. In response to a prior-year finding, the Agency provided documentation that the timely filing edits were reinstated effective July 1, 2017. However, ALA discovered that, at the time the edits were reinstated, the Agency updated the "method of correction" for the timely filing edits to instruct Agency and DXC staff to force claims for payment if the claims were filed during the time the edits were turned off and met criteria established during that time period (i.e., date of service after October 1, 2013).

Finding Number:	**2018-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Also, while performing follow-up procedures for prior-year findings, Agency staff discovered that the logic for the new MMIS, which was implemented on November 1, 2017, was changed (as requested by DMS) to bypass the timely filing edit if a recipient's eligibility add date was within one year from the date of service. This change is in direct conflict with the federal code noted above (42 CFR § 447.45(d)) and Section 302.400 of the Arkansas Medicaid provider manual and caused the timely filing edit to be ineffective for some claims.

Additionally, ALA performed testing to determine the effectiveness of the timely filing edits. For this testing, ALA obtained claims data for all claims payments made during state fiscal year 2018 through a direct data download established with the Agency. From these data, ALA identified all claims that failed to meet the timely filing requirement and separated them into two separate populations for review. To determine if claims were allowable, ALA requested documentation of previously filed claims, in accordance with section 302.400 of the provider manual, or documentation of a court order, hearing decision, or corrective action, in accordance with 42 CFR § 447.45, for the identified claims for each population.

Medicare Crossover Claims Without Medicare Paid Date: ALA identified 4,343 Medicare crossover claims without Medicare paid dates, totaling $181,179, that did not meet the timely filing requirement. ALA selected a sample of 60 claims for testing. Testing revealed 26 claims totaling $683 were paid in violation of federal regulations for timely filing requirements. The federal portion of known questioned costs totaled $429 for the Medical Assistance Program (MAP). Likely questioned costs were calculated and totaled $38,797, which is above the $25,000 threshold requiring the issue to be reported.

Regular Timely Filing Claims: ALA identified 3,735 claims, including Medicare Crossover claims, with Medicare paid dates, totaling $1,807,206, that did not meet the timely filing requirement. ALA selected a sample of 60 claims for testing. Testing revealed 56 claims totaling $16,992 were paid in violation of federal regulations for timely filing requirements. The federal portion of known questioned costs totaled $11,992 for the MAP. Likely questioned costs were calculated and totaled $1,244,284, which is above the $25,000 threshold requiring the issue to be reported.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$12,421

(Known questioned costs greater than $25,000 are required to be reported. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000.)

Finding Number:	**2018-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
Prior-year finding 2017-011 revealed the Agency removed the timely filing requirement edits in the MMIS Legacy System. To correct this issue, the Agency reinstated the edits effective July 1, 2017; however, when the edits were reinstated, the Agency also changed the "method of correction" in the Claims Resolution Manual to instruct Agency and DXC staff to force the claims for payment if the claims were filed during the time period the edits were removed. This change caused the edit to be ineffective for these claims.

Additionally, the Agency instructed DXC to change the logic in the timely filing edits for the new MMIS Interchange system to use the date the eligibility segment was added to determine if the claims were filed timely, for claims that did not meet the timely filing requirements based on the date of service. This change is in direct conflict with both the federal regulations governing the timely filing requirement and with the Agency's Arkansas Medicaid Provider Manual and allowed the Agency to turn the timely filing edit back on but continue to bypass the rules set by the federal regulations.

Effect:
Failure to develop, implement, and follow documented internal controls limits the Agency's ability to manage grants and track expenditures effectively.

Recommendation:
ALA staff recommend the Agency promptly correct the logic in the MMIS Interchange system to properly determine compliance with timely filing regulations and to develop and implement internal controls over claims payments in MMIS to ensure consistency and accuracy. The Agency should allow existing internal controls that are operating effectively to remain in place. The Agency should establish a process to manually review the claims that MMIS rejects due to timely filing requirements. ALA also recommends the Agency institute a review system to ensure that management understands the potential impact of all system logic changes made by the vendor to the MMIS Interchange System.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DHS has submitted a corrective action plan to CMS detailing the corrective action taken to address timely filing issues. The Agency updated the MMIS to deny claims submitted outside of the timely filing deadline and performs a monthly review of all claims billed in excess of 365 days of the date of service to ensure their validity. Additionally, the Agency holds a bi-weekly meeting in which all MMIS system edits are reviewed and discussed with the MMIS vendor and the Office of Medicaid Inspector General. The Agency will continue to work with the MMIS contractor to prioritize system changes that could potentially impact the timely filing process. The Agency has limited personnel authorized to approve claims suspended for timely filing to the DMS Director and DMS Deputy Director and will develop training materials addressing timely filing and the approval process.

Anticipated Completion Date: 06/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-017**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP; 05-1705ARINCT; 05-1805ARINCT**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.327(a), a non-federal entity must use its own documented procurement procedures that reflect applicable state regulations, provided that the procurements conform to applicable federal law.

In addition, 45 CFR § 75.413 defines direct costs as those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy.

Finally, 45 CFR § 75.405(d) states that if a cost benefits two or more projects or activities, the cost must be allocated to the projects based on the proportional benefit.

Condition and Context:
ALA's review of contracts revealed two instances of noncompliance.

Contracts are governed by Ark. Code Ann. §§ 19-11-1001 – 19-11-1014. Ark. Code Ann. § 19-11-1006(a)(1) provides that contracts be presented to specific legislative committees if the total initial amount or the total projected amount of the contract is at least $50,000. First, ALA review revealed that the Agency issued payments for travel expenses that were not included in a contract agreement, even though the travel was necessary for the vendor's fulfillment of its contract obligation. The contract for professional services totaled $49,999, and the vendor received the full payment. In addition, two warrants, totaling $9,531, were issued to the vendor for reimbursement of travel expenses. Expenditure documentation obtained from the Agency revealed that the travel was directly related to the fulfillment of the contract. Because these payments were split, the contract did not exceed the $50,000 threshold that would have required additional oversight by the Legislature. Additionally, Ark. Code Ann. § 19-11-1006(f) states that it is a violation of state procurement laws for an Agency to procure services in an incremental or split purchase.

Second, ALA staff discovered that contract expenditures, totaling $725,961, for the Agency's cost allocation system were paid using 100% Medicaid funds. The Agency's cost allocation system is designed to allocate costs to various Agency divisions and federal programs and is not used solely for Medicaid or Division of Medical Services (DMS) purposes. The contract expenditures for the cost allocation system should have been allocated across other divisions and programs.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Travel issue: $59,530 (federal portion is $29,765)

Cost allocation issue: $725,961 (federal portion is $362,981)

Cause:
The Agency misinterpreted Arkansas Code and also failed to adhere to appropriate federal regulations regarding allocation of costs when the cost benefits two or more projects.

Finding Number:	**2018-017 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP; 05-1705ARINCT; 05-1805ARINCT**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
The Agency did not receive appropriate oversight regarding the contract, as it would have exceeded the $50,000 threshold. In addition, because the cost allocation system benefits more that the Medicaid program, only a portion of the costs should have been paid with Medicaid funds.

Recommendation:
ALA staff recommend the Agency adhere to applicable state and federal procurement laws. ALA staff further recommend that the Agency ensure all costs are allocated to the proper federal programs to ensure proper reporting and expenditure records.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The Agency will follow all statutorily required contract thresholds as related to procurement method and legislative review, including any and all travel expenses or "other items of costs contemplated to be paid." While Medicaid and divisions supported by Medicaid funding received the greatest portion of the benefit from the new cost allocation system, DHS has adjusted its method of payment to reapportion the costs of the system. Invoices for dates of service from October 1 through December 31, 2018, were spread among divisions and offices. The vendor, Public Consulting Group (PCG), and the Agency discussed at the January on-site meeting potential ways to allocate CAP/AlloCAP™ invoices related to the system. PCG is currently reviewing outcomes of both a head count allocation and an amount per benefitting program allocation and will provide the Agency additional information. The Agency will then implement the updated, recommended method of allocation across the Agency.

Anticipated Completion Date: 06/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-018**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP; 05-1705ARINCT; 05-1805ARINCT**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year findings **2017-019**, **2016-027**, and **2015-024**.

Criteria:
In accordance with 45 CFR § 75.303, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

In addition, 42 CFR § 455.436(c)(2) requires the state Medicaid agency to check the List of Excluded Individuals and Entities (LEIE) maintained by the U.S. Office of Inspector General and Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) no less frequently than monthly because, as stated in 2 CFR § 180.415(a), if a participant in the Medicaid Program is excluded by a federal agency after entering into covered transactions, the Agency should decide whether to terminate and the type of termination action, if any, only after a thorough review to ensure that the action is proper.

Condition and Context:
According to DMS staff, DXC is contracted to ensure that enrolled providers in the Medicaid Program are not suspended, debarred, or otherwise excluded from participating in the Medicaid Program. The contractor accomplishes this verification process by working with LexisNexis to perform monthly checks against various federal databases, such as EPLS and the LEIE. DXC is contracted to provide an electronic copy of the reports, generated by LexisNexis, to the Agency on the third Friday of every month. These reports identify providers who have been flagged by one of the exclusion databases. DMS staff are then responsible for determining whether an identified provider remains eligible to participate in the Medicaid Program.

ALA staff requested LexisNexis reports and documentation of the Agency's review of these reports for the months of July 2017, October 2017, January 2018, and May 2018 to ensure reports were received and reviewed timely. ALA review revealed that the Agency failed to perform the reviews each month as indicated in its control policies and procedures as follows:

- DMS review of the July 2017 match report was performed in September 2017, two months late.
- DMS review of the October 2017 match report was performed in January 2018, three months late.
- The January 2018 and May 2018 match reports were not reviewed by DMS until August 2018, seven and three months late, respectively.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Finding Number:	**2018-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP; 05-1705ARINCT; 05-1805ARINCT**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Cause:
As in previous years. DXC failed to complete the review of the LexisNexis reports and gather relevant documentation for DMS. This failure by DXC to fulfill contract deliverables should be considered a breach of contract and has caused the Agency's review process to be slow and incomplete.

In February 2018, DMS staff began requesting the reports directly from LexisNexis, which is a deviation from the Agency's established and documented controls. This is a failure by DMS to follow the established internal control and a failure by DXC to fulfill contract deliverables on suspension and debarment reviews.

Effect:
Failure to review the monthly reports could result in continued enrollment of providers who have been excluded from participation in the Medicaid Program.

Recommendation:
ALA staff recommend the Agency adhere to its established internal control procedures regarding suspension and debarment to ensure that enrolled providers in the Arkansas Medicaid Program are not excluded from participation.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The Agency will develop a process for performing and expediting provider eligibility reviews and will manage the review process through a Sharepoint site or another product of comparable functionality.

Anticipated Completion Date: 06/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-019**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 42 CFR § 433.40(c), checks that are uncashed beyond a 180-day period are no longer considered an allowable expenditure. At the end of each quarter, the State is required to identify these checks and must refund the federal portion of the original expenditure by adjusting the Quarterly Statement of Expenditures (CMS-64 report) for that quarter.

Condition and Context:
While performing testing of reported expenditures, ALA noted that no checks considered "stale dated" (uncashed after 180 days) had been reported since the new MMIS Interchange system was implemented. Further review revealed 376 stale dated checks totaling $295,127 had not been reported during state fiscal year 2018. The federal portion of this total is $209,046.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$209,046

Cause:
During testing of the new MMIS Interchange system, the Agency's vendor noted an issue in processing check status for checks issued under the old MMIS. Once the new MMIS was implemented, the vendor did not initially run the stale date process due to concerns regarding the process' effect on checks issued in the old system. The vendor then failed to research and correct issues regarding this process and failed to identify checks that remained uncashed more than 180 days past the issue date.

Effect:
The Agency failed to report $295,127 in stale dated checks and failed to refund the federal portion of those checks.

Recommendation:
ALA staff recommend the Agency establish appropriate procedures to ensure that checks that are not cashed more than 180 days after the issue date are identified and properly reported on the quarterly CMS-64 report.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. With the implementation of the DXC Interchange, DHS, through its Division of Medical Services (DMS), instituted a requirement for electronic transfers of Medicaid monies to providers. This requirement has been implemented over the year following the implementation of Interchange. As such, the process of stale checks will not be an issue in coming fiscal years.

Finding Number:	**2018-019 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

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

Because of the implementation of the requirement for electronic transfer of funds (EFT), the report that DMS had used to determine stale dated checks was not continued from Legacy to Interchange. The Agency requested DXC to research the outstanding checks that were in the Interchange system. The following were determined:

- Active providers with an EFT Agreement 112
- Active providers with no EFT Agreement 357
- Inactive providers 71
- Checks Returned by Providers 81

The Agency and DXC will take the following actions:

- EFT with the February 22, 2019, payment cycle to active providers with an EFT agreement.
- Re-issued check with the February 22, 2019, payment cycle to active providers with no EFT agreement.
- Inactive providers and checks returned by providers will be considered stale dated and federal funds returned on the March 31, 2019, CMS-64.

Additionally, at the end of each quarter, the Agency will request a report from DXC to verify that no checks are in the stale date range.

Anticipated Completion Date: 4/30/19

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Finding Number:	**2018-020**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2017- 012**.

Criteria:
According to section 140.000, Provider Participation, any provider of health services must be enrolled in the Arkansas Medicaid Program prior to reimbursement for any services provided to Arkansas Medicaid beneficiaries. Enrollment is considered complete when a provider has signed and submitted the following forms:

- Application.
- W-9 tax form.
- Medicaid provider contract.
- PCP agreement, if applicable.
- EPSDT agreement, if applicable.
- Change in ownership control or conviction of crime form.
- Disclosure of significant business transactions form.
- Specific license or certification based on provider type and specialty, if applicable.
- Participation in the Medicare program, if applicable.

42 CFR § 455.414 (effective March 25, 2011, with an extended deadline of September 25, 2016, for full compliance) states that the State Medicaid Agency must revalidate the enrollment of all providers at least every five years. Revalidation includes a new application; satisfactory completion of screening activities; and if applicable, fee payment. Screening activities vary depending on the risk category of the provider as follows:

- The limited-risk category includes database checks.
- The moderate-risk category includes those required for limited plus site visits.
- The high-risk category includes those required for limited and moderate plus fingerprint background checks.

Condition and Context:
ALA staff reviewed 60 paid providers to ensure sufficient, appropriate evidence was provided to support the determination of eligibility, including compliance with revalidation requirements. ALA review revealed deficiencies with 40 of the provider files as follows:

- Five high-risk and 10 moderate-risk providers did not comply with the additional screening requirements.
- One moderate-risk provider did not submit a license that covered the complete time of enrollment during fiscal year 2018.
- Two moderate-risk and 17 limited-risk providers did not have a new application on file.
- One moderate-risk and nine limited-risk providers did not have disclosure forms on file.
- Eight limited-risk providers did not submit a new application by the September 25, 2016, extended deadline. As result, payments made to those providers for dates of service between September 26, 2016, and their actual application date will be considered questioned costs.
- One limited-risk provider did not have a W-9 form.

Finding Number:	**2018-020 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2017 and 2018**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$3,572,108

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.

Specifically, the Agency should ensure that adequate procedures are in place to ensure compliance with the federal requirement related to the revalidation of providers. Based on testing results, most deficiencies were related to either the revalidation itself or the additional screening requirements, which are due upon revalidation. There was no documentation provided of any site visits or fingerprint background checks performed.

Effect:
Claims payments to ineligible providers were processed and paid.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency has submitted a corrective action plan to CMS detailing the corrective action taken to address timely filing issues. The plan, which was accepted by CMS, provides that the Agency will establish the following:

- Procedures for the provider enrollment unit's use of MAC information, when applicable.
- Procedures for provider revalidation.
- Procedures for completion of provider site visit requirements associated with enrollment and re-validation.
- Procedures to ensure compliance with fingerprint and background check requirements.

The Agency will also maintain all provider enrollment files electronically. An anticipated completion date for this specific corrective action will be established upon the determination of available contractor resources.

Anticipated Completion Date: 6/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Claims Paid Subsequent to Recipient Death**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2017-022**.

Criteria:
It is the State's responsibility to ensure that claims are only paid for eligible Medicaid recipients and that any changes to a recipient's eligibility be updated timely. According to Section I-600 of the Medical Service Policy Manual, the Arkansas Department of Human Services (DHS) is required to act on any change that may alter eligibility within 10 days of receiving the change. One of the changes listed that could affect eligibility is death of the recipient. Additionally, Section I-610 of the manual indicates that a recipient loses eligibility upon death.

Condition and Context:
The Arkansas Department of Health provided ALA with a list of deceased individuals, which ALA used to identify individuals who had claims or capitation payments paid or adjusted in state fiscal year 2018 with dates of service after their date of death. The resulting population was split into those related to claims payments and those related to capitation payments.

ALA staff review of 60 recipients with claims paid for dates of service subsequent to the date of death revealed the following:

- Twenty-one recipients had claims paid for dates of service after their date of death. These claims had not been recouped as of fieldwork date October 26, 2018. *Questioned costs totaled $1,408*.
- For twenty-two recipients, the Medicaid Management Information System (MMIS) did not have a date of death recorded, or the date of death was not correct as of fieldwork date December 6, 2018.

ALA staff review of 60 recipients with capitation payments for dates of service subsequent to the date of death revealed the following:

- Forty-three recipients had capitation payments paid for dates of service after their date of death. These claims had not been recouped as of fieldwork date November 15, 2018. *Questioned costs totaled $1,328, $2, $106, and $38 for state fiscal years 2018, 2017, 2016, and 2015, respectively*.
- For 16 recipients, MMIS did not have a date of death recorded, or the date of death was not correct as of fieldwork date December 6, 2018.
- For seven recipients, capitation payments were paid more than six months past the date of death and ranged from 7 to 27 months.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number:	**2018-021 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP**
Federal Award Year(s):	**2015, 2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Claims Paid Subsequent to Recipient Death**
Type of Finding:	**Noncompliance and Significant Deficiency**

Questioned Costs:
State Fiscal Year 2015 – $ 38
State Fiscal Year 2016 – $ 106
State Fiscal Year 2017 – $ 2
State Fiscal Year 2018 – $2,736

(Known questioned costs greater than $25,000 are required to be reported. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000.)

Cause:
Although the Agency has designed internal control procedures to ensure recipient files are updated upon the death of a recipient, certain areas still require continued communication to and training of the appropriate Agency personnel.

Effect:
Claims and capitation payments were made on behalf of deceased recipients.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure recipient files are updated timely when a recipient dies so that claims for dates of service subsequent to the date of death are not paid.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency will update its MMIS to populate the date of death received from its eligibility system in a date of death data field as opposed to an eligibility data field. A daily automatic process is currently in place through which paid claims with a date of service proceeding a date of death are recouped. The Agency will also update its internal reconciliation process to automatically recoup pharmacy and legacy system processed claims that were paid subsequent to recipient date of death.

Anticipated Completion Date: 6/30/19

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-022**
State/Educational Agency(s):	**Arkansas Department of Workforce Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families (TANF Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1601ARTANF; 1701ARTANF; 1801ARTANF**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
TANF Regulations at 45 CFR § 265.3, with program instructions at TANF-ACF-PI-2014-03, require states to submit a quarterly ACF-199, TANF Data Report, which contains disaggregated and aggregated data on families receiving TANF assistance.

Condition and Context:
The disaggregated information of the ACF-199, submitted electronically for the quarter ended September 30, 2018, did not report accurate values for key line item "#17 – Receives Subsidized Childcare." The report reflected all families as a "3," which is the code for "no subsidized child care received," instead of accurately indicating those families that received child care assistance.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The erroneous reporting was caused by a lack of controls over the ACF-199 reporting process.

Effect:
Failure to submit accurate reports could jeopardize future awards.

Recommendation:
ALA staff recommend the Agency strengthen controls over the ACF-199 reporting process by formally documenting the process as well as implementing a procedure to allow for management to review and approve the data being electronically submitted to the Department of Health and Human Services.

Views of Responsible Officials and Planned Corrective Action:
The following action items have been implemented as part of the corrective action plan:

- "Key line item 17 – Receives Subsidized Childcare" is information ADWS receives from ADHS via automated file exchange. This issue has been identified and resolved as of February 2019.
- Beginning February 2019, a sample of this file is being extracted and manually reviewed to determine the accuracy of data. If there is any discrepancy noted like the one mentioned in the finding, the TANF IT team will coordinate with ADHS IT and/or TANF Systems Support to rectify and reprocess. Only after this manual sample review and approval are complete will the files be transmitted.

Finding Number:	**2018-022 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Workforce Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families (TANF Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1601ARTANF; 1701ARTANF; 1801ARTANF**
Federal Award Year(s):	**2016, 2017, and 2018**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action (Continued):
The following action items will be implemented as part of the corrective action plan:

- A new human readable and user-friendly report of the key ACF-199 elements will be designed and developed by November 1, 2019.
- Since the report will have thousands of records for review, an outlier report that provides trends and aggregated percentages on these elements will be displayed for management to get a quick-read and spot any outliers. For example, the trend report would provide the number of TANF families receiving child care in the current quarter versus previous quarters. Any sudden dips or increases in percentages will assist in further researching the detailed human readable report.
- These reports will be available for ADWS TANF reporting and senior management for final review and sign-off. Submission of the reports will happen only after these reviews are completed.
- Staff assigned to work on these action items:
    - ADWS TANF Reporting.
    - TANF Systems Support.
    - TANF Information Services Manager.
    - Assistant Director – TANF.

Anticipated Completion Date: The final transmission of ACF-199 for FFY 2019 is due on November 15, 2019. The target date for completing the action items listed above is November 1, 2019.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Finding Number:	**2018-023**
State/Educational Agency(s):	**Arkansas Department of Workforce Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families (TANF Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1701ARTANF**
Federal Award Year(s):	**2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
TANF regulations at 45 CFR § 265.9 require states to submit an annual report containing information on TANF and State MOE programs. TANF-ACF-PI-2008-06 Program Instructions provide additional guidance to states on the submission of this information using Form ACF-204 and require that the sum of the MOE amounts claimed in the ACF-204 report equal the total MOE amounts claimed on the state's 4th quarter financial reporting form ACF-196.

Condition and Context:
The State MOE expenditures reported on the ACF-204 report for the year ended September 30, 2017, did not match the State MOE expenditures reported on the ACF-196R for the same period. The ACF-204 erroneously reported $944,144 in federal expenditures as State MOE and failed to include $5,897,583 in state-paid administration costs reported on the ACF-196R, for a net variance of ($4,953,439) between the two reports.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The erroneous reporting of the ACF-204 was caused by ineffectively designed controls over the ACF-204 reporting process.

Effect:
If a state fails to submit this information or to document its MOE expenditures adequately, it may be subject to the applicable MOE penalties.

Recommendation:
ALA staff recommend the Agency strengthen the controls over the ACF-204 reporting process and coordinate the efforts of the state program and fiscal staff to complete this report.

Views of Responsible Officials and Planned Corrective Action:
The Agency recognizes the need to strengthen internal controls as a continuous improvement process.

The following action items have been implemented as part of the corrective action plan:

- This issue has been identified and resolved as of February 2019. A revised and corrected report has been submitted to the Administration for Children & Families. The report has been reviewed and is pending approval by our federal program manager.

Finding Number:	**2018-023 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Workforce Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families (TANF Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1701ARTANF**
Federal Award Year(s):	**2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action (Continued):
The following action items will be implemented as part of the corrective action plan:

- Future corrective action will entail a reconciliation of the financial data with DWS Financial Management (who usually finalizes their reports at a later point in time) and resubmission of the corrected reports after our initial submission.
- DWS will implement and utilize an internal review process that allows for the circulation and sign-off approval of documents before they are submitted for final approval by the Deputy Director and/or the Director. We have developed a form for this process: DWS-ARK-FMS-102.
- Beginning the next reporting period, DWS will implement the above process by requiring that Legal, Internal Audit, and our Deputy Director – Internal Operations sign-off on this form as part of our internal controls process.

Anticipated Completion Date: The next submission of the ACF-204 is due on November 14, 2019. The target date for completing the action items listed above is November 1, 2019.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

Finding Number:	**2018-024**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**Various CFDA Numbers – Research and Development Cluster** **93.600 – Head Start**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2017 to June 30, 2018**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
The requirements for cash management are contained in Section 200.305 of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), the A-102 Common Rule (§___.21), OMB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. Additionally, Section 200.303 of the Uniform Guidance indicates that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. The Uniform Guidance also indicates that these internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" (Green Book) issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Office of Management and Budget (OMB) has clarified that the references to the Green Book and COSO were only provided as best practices and not requirements.

Condition and Context:
During our test work over the Research and Development Cluster and the Head Start Cluster, we selected a sample of expenditures and cash draws to verify the expenditures were paid prior to the date of the reimbursement request. For the Research and Development Cluster, we noted 12 expenditures of our sample of 25 were not paid prior to the reimbursement request. For the Head Start Cluster, we noted 7 expenditures of our sample of 25 were not paid prior to the reimbursement request.

We noted that UAMS' internal controls over cash management included process-level controls in place that ensure invoices or personnel costs are incurred before draw requests are made. However, there were no controls to ensure that the incurred costs have also been paid before a draw request is made.

Statistically Valid Sample:
The sample was not intended to be, and was not, a statistically valid sample.

Questioned Costs:
None

Cause:
The review of program costs ensures costs are incurred before a draw request is made. This review does not include a determination of whether the incurred costs have also been paid to the vendor.

Effect:
(ALA note: An "effect" was not provided in the audit report received from KPMG.)

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

Finding Number:	**2018-024 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**Various CFDA Numbers – Research and Development Cluster** **93.600 – Head Start**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2017 to June 30, 2018**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Material Noncompliance and Material Weakness**

Recommendation:
We recommend that management design and implement internal controls that will ensure that program costs are paid before a request for reimbursement is made.

Views of Responsible Officials and Planned Corrective Action:
We concur with this finding. Our electronic system does not identify check disbursement dates in any of the expense reports used to draw funds or issue invoices. We have engaged our IT staff to design a report that includes only those expenses that have a check issue date that is less than or equal to the date of the draw or invoice.

Anticipated Completion Date: 3/31/19

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

Finding Number:	**2018-025**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.600 – Head Start**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2017 to June 30, 2018**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Control Deficiency**

Repeat Finding:
Not applicable

Criteria:
A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity (2 CFR § 200.309).

Condition and Context:
During our test work over the Head Start Cluster, we selected a sample of payroll costs to ensure the costs were only charged for allowable costs incurred during the period of performance. We noted 2 instances out of our sample of 25 where the payroll period was for a week that covered different grant periods. In both of these instances, only 7 out of 10 working days in the pay period related to the current grant period. We noted no other instances of noncompliance regarding the period of performance.

Statistically Valid Sample:
The sample was not intended to be, and was not, a statistically valid sample.

Questioned Costs:
None

Cause:
The allocation of payroll costs to grants is performed by week instead of by day during a cutoff period.

Effect:
(ALA note: An "effect" was not provided in the audit report received from KPMG.)

Recommendation:
We recommend that management design and implement internal controls that will ensure that payroll costs are allocated to grants in accordance with the applicable grant period.

Views of Responsible Officials and Planned Corrective Action:
We concur with this finding. There currently is a manual process in place to adjust expenditures to the correct period. This was overlooked for the budget period ending October 31, 2017, but has been completed each year prior to that. The manual correction has been posted. The plan is to post the correcting entry, removing all expenses from the prior budget period to a UAMS account. This has been done. The plan going forward is to add this to the internal review to ensure that no funds from a prior year are posted to a future period.

Anticipated Completion Date: 10/31/18

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

Finding Number:	**2018-025 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.600 – Head Start**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2017 to June 30, 2018**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Control Deficiency**

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

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
SNAP Cluster					
U.S. Department of Agriculture					
Supplemental Nutrition Assistance Program	10.551			$ 490,910,628	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			35,866,667	$ 17,503
U.S. Department of Agriculture Total				526,777,295	17,503
SNAP Cluster Total				526,777,295	17,503
Child Nutrition Cluster					
U.S. Department of Agriculture					
School Breakfast Program	10.553			55,225,887	53,948,677
National School Lunch Program	10.555			153,203,386	133,133,854
Summer Food Service Program for Children	10.559			4,878,655	
U.S. Department of Agriculture Total				213,307,928	187,082,531
Child Nutrition Cluster Total				213,307,928	187,082,531
Food Distribution Cluster					
U.S. Department of Agriculture					
Commodity Supplemental Food Program	10.565			1,669,954	405,666
Emergency Food Assistance Program (Administrative Costs)	10.568			777,841	554,548
Emergency Food Assistance Program (Food Commodities)	10.569			6,440,303	
U.S. Department of Agriculture Total				8,888,098	960,214
Food Distribution Cluster Total				8,888,098	960,214
Forest Service Schools and Roads Cluster					
U.S. Department of Agriculture					
Schools and Roads - Grants to States	10.665			5,793,277	5,793,277
U.S. Department of Agriculture Total				5,793,277	5,793,277
Forest Service Schools and Roads Cluster Total				5,793,277	5,793,277
Economic Development Cluster					
U.S. Department of Commerce					
Economic Adjustment Assistance	11.307			697,241	
U.S. Department of Commerce Total				697,241	
Economic Development Cluster Total				697,241	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
CDBG – Entitlement Grants Cluster					
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants	14.218			$ 281,829	$ 262,980
U.S. Department of Housing and Urban Development Total				281,829	262,980
CDBG – Entitlement Grants Cluster Total				281,829	262,980
Fish and Wildlife Cluster					
U.S. Department of the Interior					
Sport Fish Restoration	15.605			6,038,207	
Wildlife Restoration and Basic Hunter Education	15.611			14,763,365	318,719
U.S. Department of the Interior Total				20,801,572	318,719
Fish and Wildlife Cluster Total				20,801,572	318,719
Employment Service Cluster					
U.S. Department of Labor					
Employment Service/Wagner-Peyser Funded Activities	17.207			5,831,409	
Disabled Veterans' Outreach Program (DVOP)	17.801			1,234,431	
Local Veterans' Employment Representative Program	17.804			227,805	
U.S. Department of Labor Total				7,293,645	
Employment Service Cluster Total				7,293,645	
WIOA Cluster					
U.S. Department of Labor					
WIOA Adult Program	17.258			7,379,426	6,526,413
WIOA Youth Activities	17.259			7,021,103	6,066,535
WIOA Dislocated Worker Formula Grants	17.278			8,885,964	6,688,656
U.S. Department of Labor Total				23,286,493	19,281,604
WIOA Cluster Total				23,286,493	19,281,604
Highway Planning and Construction Cluster					
U.S. Department of Transportation					
Highway Planning and Construction	20.205			742,525,236	19,225,804
Recreational Trails Program	20.219			825,668	662,124
Federal Lands Access Program	20.224			841,983	
U.S. Department of Transportation Total				744,192,887	19,887,928
Highway Planning and Construction Cluster Total				744,192,887	19,887,928

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Federal Transit Cluster					
U.S. Department of Transportation					
Federal Transit_Formula Grants	20.507			$ 1,591,599	
Bus and Bus Facilities Formula Program	20.526			1,803,246	$ 518,767
U.S. Department of Transportation Total				3,394,845	518,767
Federal Transit Cluster Total				3,394,845	518,767
Transit Services Programs Cluster					
U.S. Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			2,444,153	
Job Access and Reverse Commute Program	20.516			32,178	32,178
U.S. Department of Transportation Total				2,476,331	32,178
Transit Services Programs Cluster Total				2,476,331	32,178
Highway Safety Cluster					
U.S. Department of Transportation					
State and Community Highway Safety	20.600			3,284,227	696,845
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			272,962	
Safety Belt Performance Grants	20.609			367,606	
National Priority Safety Programs	20.616			3,929,277	699,432
U.S. Department of Transportation Total				7,854,072	1,396,277
Highway Safety Cluster Total				7,854,072	1,396,277
Clean Water State Revolving Fund Cluster					
Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds	66.458			766,427	468,849
Environmental Protection Agency Total				766,427	468,849
Clean Water State Revolving Fund Cluster Total				766,427	468,849
Drinking Water State Revolving Fund Cluster					
Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Funds	66.468			13,206,590	5,809,170
Environmental Protection Agency Total				13,206,590	5,809,170
Drinking Water State Revolving Fund Cluster Total				13,206,590	5,809,170

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Special Education Cluster (IDEA)					
U.S. Department of Education					
Special Education_Grants to States	84.027			$ 116,474,891	$ 112,623,249
Special Education_Preschool Grants	84.173			5,357,209	5,357,199
U.S. Department of Education Total				121,832,100	117,980,448
Special Education Cluster (IDEA) Total				121,832,100	117,980,448
TRIO Cluster					
U.S. Department of Education					
TRIO_Student Support Services	84.042			6,952,454	
TRIO_Talent Search	84.044			3,901,297	
TRIO_Upward Bound	84.047			6,496,652	
TRIO_Educational Opportunity Centers	84.066			1,981,730	
TRIO_McNair Post-Baccalaureate Achievement	84.217			455,833	
U.S. Department of Education Total				19,787,966	
TRIO Cluster Total				19,787,966	
Aging Cluster					
U.S. Department of Health and Human Services					
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044			3,968,993	3,812,576
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045			6,212,561	6,077,948
Nutrition Services Incentive Program	93.053			2,705,343	2,705,342
U.S. Department of Health and Human Services Total				12,886,897	12,595,866
Aging Cluster Total				12,886,897	12,595,866
Maternal, Infant, and Early Childhood Home Visiting Cluster					
U.S. Department of Health and Human Services					
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505			4,354,583	
Pass-Through from Arkansas Children's Hospital	93.505		D809MC23141-02	357,914	
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870			3,054,197	
U.S. Department of Health and Human Services Total				7,766,694	
Maternal, Infant, and Early Childhood Home Visiting Cluster Total				7,766,694	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
TANF Cluster					
U.S. Department of Health and Human Services					
Temporary Assistance for Needy Families	93.558			$ 48,352,347	$ 8,100,499
U.S. Department of Health and Human Services Total				48,352,347	8,100,499
TANF Cluster Total				48,352,347	8,100,499
CCDF Cluster					
U.S. Department of Health and Human Services					
Child Care and Development Block Grant	93.575			28,863,202	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			14,601,342	
U.S. Department of Health and Human Services Total				43,464,544	
CCDF Cluster Total				43,464,544	
Medicaid Cluster					
U.S. Department of Health and Human Services					
State Medicaid Fraud Control Units	93.775			1,735,970	
State Survey and Certification of Health Care Providers and Suppliers	93.777			11,387,741	
Medical Assistance Program	93.778			5,142,888,039	
U.S. Department of Health and Human Services Total				5,156,011,750	
Medicaid Cluster Total				5,156,011,750	
Foster Grandparent/Senior Companion Cluster					
Corporation for National and Community Service					
Foster Grandparent Program	94.011			204,732	
Corporation for National and Community Service Total				204,732	
Foster Grandparent/Senior Companion Cluster Total				204,732	
Disability Insurance/SSI Cluster					
Social Security Administration					
Social Security_Disability Insurance	96.001			44,594,094	
Social Security Administration Total				44,594,094	
Disability Insurance/SSI Cluster Total				44,594,094	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Research and Development Cluster					
U.S. Department of Agriculture					
Agricultural Research_Basic and Applied Research	10.001			$ 2,076,807	$ 400,056
Plant and Animal Disease, Pest Control, and Animal Care	10.025			417,896	
Specialty Crop Block Grant Program - Farm Bill	10.170			191,952	
Local Food Promotion Program	10.172			5,346	3,802
Grants for Agricultural Research, Special Research Grants					
Pass-Through from University of Florida	10.200		1600411194	3,460	
Pass-Through from University of Florida	10.200		1600474746	4,106	
Pass-Through from University of Florida	10.200		1800574479	1,202	
Cooperative Forestry Research	10.202			1,099,466	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			4,292,335	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			2,281,034	
Animal Health and Disease Research	10.207			76,675	
Sustainable Agriculture Research and Education	10.215			11,089	
Pass-Through from Texas A&M AgriLife Extension Service	10.215		RD309-129/S001035	24,697	
Pass-Through from University of Georgia	10.215		RD309-134/S001164	7,227	
Pass-Through from University of Georgia	10.215		RD309-134/S001225	171	
Pass-Through from University of Georgia	10.215		RD309-137/S001415	60,861	14,641
Pass-Through from University of Georgia	10.215		RD309-137/S001445	44,712	
1890 Institution Capacity Building Grants	10.216			400,075	31,833
Higher Education - Institution Challenge Grants Program	10.217			297,406	89,999
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250			41,817	
Consumer Data and Nutrition Research	10.253			46,518	
Agricultural and Food Policy Research Centers					
Pass-Through from University of Missouri	10.291		C00056780-1	75,000	
Integrated Programs	10.303			386,560	65,213
Organic Agriculture Research and Extension Initiative	10.307			37,071	
Pass-Through from Texas A&M AgriLife Extension Service	10.307		06-S160648	26,133	
Pass-Through from University of Georgia	10.307		RC293-636/S000869	6,279	
Pass-Through from University of Georgia	10.307		SUB00000869	9,863	
Specialty Crop Research Initiative	10.309			488,450	60,739
Pass-Through from Michigan State University	10.309		RC104285E	5,144	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
U.S. Department of Agriculture (Continued)					
Agriculture and Food Research Initiative (AFRI)	10.310			$ 1,047,436	$ 286,555
Pass-Through from Kansas State University	10.310		S13168	60,378	
Pass-Through from Louisiana State University	10.310		N/A	1,253	
Pass-Through from Purdue University	10.310		8000053330-AG	110,038	
Pass-Through from Texas A&M AgriLife Extension Service	10.310		06-S160693	39,061	
Pass-Through from University of California Davis	10.310		201603566-01	67,954	
Pass-Through from University of Delaware	10.310		49553	14,262	
Pass-Through from University of Florida	10.310		UFDSP00011815	201,450	
Pass-Through from University of Missouri	10.310		C00051167-01	7,155	
Pass-Through from University of Wisconsin	10.310		466K734	113,470	
Beginning Farmer and Rancher Development Program	10.311			354,833	110,122
Pass-Through from University of Vermont	10.311		20157001723898	9,687	
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326			250,147	80,420
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328			15,462	
Pass-Through from Virginia Polytechnic Institute	10.328		545954-19102	53,486	
Crop Protection and Pest Management Competitive Grants program					
Pass-Through from North Carolina State University	10.329		2005-0085-37	10,502	
Child and Adult Care Food Program	10.558			34,464	
Team Nutrition Grants	10.574			176,676	
Forestry Research	10.652			449,042	
Wood Utilization Assistance	10.674			117,310	
Forest Health Protection	10.680			135,283	
Soil and Water Conservation	10.902			267,503	
Environmental Quality Incentives Program	10.912			281,861	9,409
Pass-Through from Maus Farms	10.912		Maus Farms	7,335	
Pass-Through from The Conservation Fund	10.912		69-3A75-17-275	24,847	
Conservation Stewardship Program	10.924			51,455	
Agricultural Conservation Easement Program	10.931			38,244	
Miscellaneous U.S. Department of Agriculture Programs	10.RD	15-JV-11330129-032		16,574	
Miscellaneous U.S. Department of Agriculture Programs	10.RD	17-CS-11081000-010		50,197	

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Research and Development Cluster (Continued)					
U.S. Department of Agriculture (Continued)					
Miscellaneous U.S. Department of Agriculture Programs	10.RD	CA19		$ 5,459	
Pass-Through from Arkansas Research Alliance	10.RD		HHSF223201610111C	56,322	
Pass-Through from Gordon Miller Farms Partnership	10.RD		GMFP	16,035	
Pass-Through from Poinsett County	10.RD		Poinsett Co	11,882	
Pass-Through from Proton Energy Systems	10.RD		EC-015996-02	48,765	
Pass-Through from S & R Farms	10.RD		S & R Farms	17,469	
Pass-Through from Wildy Farms	10.RD		MOA #25019-01	14,016	
U.S. Department of Agriculture Total				16,596,665	$ 1,152,789
U.S. Department of Commerce					
Economic Development_Technical Assistance	11.303			100,234	
Sea Grant Support	11.417			7,636	
Measurement and Engineering Research and Standards	11.609			98,875	
Science, Technology, Business, and/or Education Outreach					
Pass-Through from AxNano LLC	11.620		2/UARK	35,700	
U.S. Department of Commerce Total				242,445	
U.S. Department of Defense					
Issue of Department of Defense excess equipment	12.000			32,967	
Pass-Through from Arktonics	12.000		FA9650-16-C-0016	54,223	
Pass-Through from Battelle Memorial Institute	12.000		W911NF-11-D-0001	(3,645)	
Pass-Through from Battelle Memorial Institute	12.000		US001-0000573091	205,122	
Pass-Through from Orsa Technology	12.000		SOT-UARK-RCARG-16-05	71,945	
Basic and Applied Scientific Research	12.300			842,640	78,128
Pass-Through from Carnegie Mellon University	12.300		1141302-387586	23,503	
Scientific Research - Combating Weapons of Mass Destruction	12.351			47,554	
Military Medical Research and Development	12.420			2,275,430	539,313
Pass-Through from Armed Forces Radiobiology Research Institute	12.420		W81XWH-15-C-0117	170,469	
Pass-Through from Rutgers University	12.420		0419	13,678	
Pass-Through from University of Washington	12.420		W81XWH-16-2-004	17,238	
Pass-Through from Vivonics, Inc.	12.420		2129-S001	44,944	
Basic Scientific Research	12.431			296,887	
Pass-Through from Intelligent Automation, Inc.	12.431		2287-1	104,861	

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Research and Development Cluster (Continued)					
U.S. Department of Defense (Continued)					
Basic, Applied, and Advanced Research in Science and Engineering	12.630			$ 67,870	
Pass-Through from Academy of Applied Science	12.630		W911SR-15-2-0001	10,399	
Pass-Through from Davidson College	12.630		OGC 2013-37	7,945	
Air Force Defense Research Sciences Program	12.800			446,260	
Research and Technology Development	12.910			481,869	$ 6,105
Pass-Through from Dartmouth College	12.910		R8870	73,108	
U.S. Department of Defense Total				5,285,267	623,546
U.S. Department of the Interior					
Wildlife Restoration and Basic Hunter Education	15.611			31,943	
Cooperative Endangered Species Conservation Fund	15.615			17,306	
State Wildlife Grants	15.634			165,775	19,722
Research Grants (Generic)	15.650			45,298	
Fish and Wildlife Coordination and Assistance	15.664			691	
Assistance to State Water Resources Research Institutes	15.805			62,813	
U.S. Geological Survey_ Research and Data Collection	15.808			34,549	
Pass-Through from American View	15.808		AV13-AR01MOD 007	7,500	
Cooperative Research Units	15.812			15,305	
Native American Graves Protection and Repatriation Act	15.922			9,308	
National Center for Preservation Technology and Training	15.923			10,064	
Preservation of Japanese American Confinement Sites	15.933			40,959	
Cooperative Research and Training Programs Resources of the National Park System	15.945			185,946	
US Department of the Interior Total				627,457	19,722
U.S. Department of Justice					
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			480,516	166,107
Drug Court Discretionary Grant Program					
Pass-Through from Washington/Madison County Drug Court	16.585		2015-W-BX-0018	27,308	
Miscellaneous U.S. Department of Justice Programs	16.RD	6L-CIV02-0850		52,657	
U.S. Department of Justice Total				560,481	166,107

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Research and Development Cluster (Continued)					
U.S. Department of Transportation					
Highway Planning and Construction	20.205			$ 586,808	$ 12,000
Highway Training and Education	20.215			73,008	
State and Community Highway Safety	20.600			42,827	
University Transportation Centers Program	20.701			1,445,115	781,361
Pass-Through from University of Oklahoma	20.701		2014-29	63,218	
Pass-Through from University of Oklahoma	20.701		2014-29/SPTC 15.1-20	231	
Pass-Through from University of Oklahoma	20.701		2014-29/SPTC 15.1-25	11,775	
Pass-Through from University of Oklahoma	20.701		2014-29/SPTC 15.1-33	10,148	
Transportation Planning, Research, and Education	20.931			28,323	28,323
U.S. Department of Transportation Total				2,261,453	821,684
National Aeronautics and Space Administration					
Science	43.001			714,130	147,590
Pass-Through from Massachusetts Institute of Technology	43.001		5710003043904	68,769	
Pass-Through from Smithsonian Astrophysical Observatory	43.001		G04-15090D	7,846	
Pass-Through from University of Central Florida	43.001		NNX11AD87G	740	
Pass-Through from University Space Research Association	43.001		02284-02	7,348	
Aeronautics	43.002			(1,170)	
Exploration	43.003			51,320	16,868
Space Operations	43.007			45,472	
Education	43.008			748,290	72,695
Cross Agency Support	43.009			8,322	
Miscellaneous National Aeronautics and Space Administration Programs					
Pass-Through from University Space Research Association	43.RD		06816-01	21,323	
National Aeronautics and Space Administration Total				1,672,390	237,153
National Endowment for the Arts					
Promotion of the Arts_Grants to Organizations and Individuals	45.024			81,053	
Promotion of the Arts_Partnership Agreements	45.025			13,576	
National Endowment for the Arts Total				94,629	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
National Endowment for the Humanities					
Promotion of the Humanities_Federal/State Partnership	45.129			$ 881	
Promotion of the Humanities_Fellowships and Stipends	45.160			3,033	
Promotion of the Humanities_Professional Development	45.163			95,946	
National Endowment for the Humanities Total				99,860	
National Science Foundation					
Engineering Grants	47.041			2,635,565	$ 182,430
Pass-Through from Binghamton University	47.041		73033	99,041	
Pass-Through from Nano 3D Systems LLC	47.041		1719530-1	40,130	
Pass-Through from University of Colorado	47.041		IIP-1432952	414	
Pass-Through from University of Illinois Urbana	47.041		073708-16520 RET	49,092	
Pass-Through from University of Illinois Urbana	47.041		073708-16521 REU	24,565	
Pass-Through from University of Illinois Urbana	47.041		EEC-1449548	1,031,456	
Mathematical and Physical Sciences	47.049			1,021,420	7,364
Pass-Through from University of Akron	47.049		02177-UALR	9,636	
Geosciences	47.050			559,309	
Pass-Through from University of Minnesota	47.050		A003176719	45,804	
Computer and Information Science and Engineering	47.070			1,400,399	23,086
Pass-Through from Emory University	47.070		T674802	10,175	
Pass-Through from University of Illinois Urbana	47.070		083842-16114	62,013	
Biological Sciences	47.074			1,839,932	
Pass-Through from Mississippi State University	47.074		191400.362648.01	12,407	
Pass-Through from University of Illinois	47.074		2015-01980-01	210	
Social, Behavioral, and Economic Sciences	47.075			956,934	18,250
Pass-Through from San Diego State University	47.075		SA0000405	29,151	
Pass-Through from University of Colorado	47.075		1554392	105,921	
Education and Human Resources	47.076			1,952,082	87,044
Pass-Through from Arizona State University	47.076		17-232	53,058	
Pass-Through from Council of Graduate Schools	47.076		DN62443	14,213	
Pass-Through from Florida International University	47.076		800005284-01UG	1,149	
Pass-Through from University of Tulsa	47.076		14-2-1203452-94802	64,727	
Office of International Science and Engineering	47.079			785,001	

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Research and Development Cluster (Continued)					
National Science Foundation (Continued)					
Office of Integrative Activities	47.083			$ 2,840,973	
Pass-Through from Louisiana Tech University	47.083		OIA-1632891	233,402	
Pass-Through from University of Alaska	47.083		PO523241	1,593	
Miscellaneous National Science Foundation Programs	47.RD	DEB-1644349		89,883	
National Science Foundation Total				15,969,655	$ 318,174
Environmental Protection Agency					
Nonpoint Source Implementation Grants	66.460			627,497	
Miscellaneous Environmental Protection Agency Programs	66.RD	17-500		8,716	
Environmental Protection Agency Total				636,213	
U.S. Department of Energy					
Office of Science Financial Assistance Program	81.049			940,638	130,442
Pass-Through from Giner, Inc.	81.049		DE-SC0017763	39,353	
Renewable Energy Research and Development					
Pass-Through from SURFTec, LLC	81.087		DOE0001	98,129	
Pass-Through from United Technologies Research Center	81.087		1229257	131,808	
Pass-Through from University of Central Florida	81.087		DE-EE0006340	48,832	
Nuclear Energy Research, Development and Demonstration	81.121			104,276	92,322
Electricity Delivery and Energy Reliability, Research, Development, and Analysis	81.122			2,716,785	2,014,696
Advanced Research and Projects Agency- Energy	81.135			89,152	
Miscellaneous U.S. Department of Energy Programs					
Pass-Through from Honeywell	81.RD		PO N000189678	126,361	
Pass-Through from Oak Ridge National Laboratories	81.RD		4000150782	470,975	
U.S. Department of Energy Total				4,766,309	2,237,460
U.S. Department of Education					
Special Education_Grants to States	84.027			488,627	
Career and Technical Education -- Basic Grants to States	84.048			4,815	
English Language Acquisition State Grants	84.365			221,933	
Mathematics and Science Partnerships	84.366			34,168	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
U.S. Department of Education (Continued)					
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367			$ 12,663	
U.S. Department of Education Total				762,206	
U.S. Department of Health and Human Services					
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			17,936	
Family Smoking Prevention and Tobacco Control Act Regulatory Research					
Pass-Through from Virginia Commonwealth University	93.077		4 P50 DA036105-0	90,333	
Food and Drug Administration_Research	93.103			779,550	$ 92,902
Maternal and Child Health Federal Consolidated Programs	93.110			65,543	
Environmental Health	93.113			227,287	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135			673,763	
Human Genome Research	93.172			1,136	
Research Related to Deafness and Communication Disorders	93.173			1,295	
Telehealth Programs	93.211			9,256	
Research and Training in Complementary and Integrative Health					
Pass-Through from Northern California Institute for Research	93.213		SEAL2078.06	26,921	
Research on Healthcare Costs, Quality, and Outcomes					
Pass-Through from University of Alabama - Birmingham	93.226		1R01HS023345-0/00504400-001	4,777	
Mental Health Research Grants	93.242			(1,049)	
Pass-Through from Actualize Therapy, LLC	93.242		R44 MH114725	120,143	
Pass-Through from Brown University	93.242		5 R34 MH106349-0	25,013	
Pass-Through from Electrical Geodesics, Inc.	93.242		R44 MH106421	40,726	
Pass-Through from University of California - Riverside	93.242		R21 MH110814	49,417	
Pass-Through from University of Massachusetts	93.242		1 R01 MH106726-0	35,142	
Pass-Through from University of Wisconsin - Madison	93.242		7 R21 MH108753	63,990	
Pass-Through from Washington/Madison County Drug Court	93.242		1 H79 TI080136	32,580	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243			45,769	
Pass-Through from Benton County Drug Court	93.243		1H9TI080172-01	87,447	
Occupational Safety and Health Program	93.262			20,015	

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Research and Development Cluster (Continued)					
U.S. Department of Health and Human Services (Continued)					
Alcohol Research Programs	93.273			$ 445,745	
Pass-Through from Palo Alto Institute for Research & Education	93.273		R01 AA024136-01A	210,785	
Pass-Through from University of Oklahoma Health Science Center	93.273		7 R01 AA012207-1	171,311	
Drug Abuse and Addiction Research Programs	93.279			3,029,198	$ 52,912
Pass-Through from Intervexion	93.279		40665/41779/52164	315,678	
Pass-Through from RTI	93.279		R01 DA034627/888-14-16-45	36,363	
Pass-Through from University of Kentucky Research Foundation	93.279		4 U01 DA013519-1	43,905	
Pass-Through from University of Texas Health Science Center - San Antonio	93.279		4 R01 DA033997-0	27,492	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			575,424	
Minority Health and Health Disparities Research	93.307			1,787,315	182,336
Trans-NIH Research Support					
Pass-Through from Brown University	93.310		U24AA022000/740	424	
Pass-Through from Emory University	93.310		U01 NS038455/T088976	2,758	
National Center for Advancing Translational Sciences	93.350			1,701,437	8,364
Pass-Through from University of California - Irvine	93.350		UL1TR001414	17,545	
Pass-Through from University of Pittsburgh	93.350		UL1TR001857	114,035	
Nursing Research					
Pass-Through from FaceView Mask, LLC	93.361		17124	65,535	
Pass-Through from University of Alabama	93.361		UA15-059	2,284	
Cancer Cause and Prevention Research	93.393			1,267,075	28,407
Pass-Through from University of California Lawrence Berkeley National Laboratory	93.393		7337851	67,493	
Cancer Detection and Diagnosis Research	93.394			2,964,274	1,435,927
Pass-Through from Radiation Monitoring Devices, Inc.	93.394		R43CA168100	38,228	
Cancer Treatment Research	93.395			2,134,409	250,242
Pass-Through from Arkansas Research Alliance	93.395		HHSF223201510172C	(644)	
Pass-Through from North Carolina State University	93.395		2017-1240-01	134,175	
Pass-Through from Oregon Health & Science University	93.395		5UG1CA189974	14,640	
Pass-Through from University of California - Los Angeles	93.395		1568 G TA614	432,792	
Pass-Through from University of Texas - MD Anderson Cancer Center	93.395		3000943061	132,559	
Cancer Biology Research	93.396			98,564	
Pass-Through from Yale University	93.396		U01CA16067/M15A11872(A09908)	5,160	

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Research and Development Cluster (Continued)					
U.S. Department of Health and Human Services (Continued)					
Cancer Centers Support Grants					
Pass-Through from Mayo Clinic	93.397		UNI-208331	$ 48,519	
Pass-Through from Washington University	93.397		5U54CA199092	43,798	
Cancer Research Manpower	93.398			108,845	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program					
Pass-Through from Arkansas Children's Hospital	93.505		018287-3	772	
Cardiovascular Diseases Research	93.837			219,442	
Pass-Through from University of Alabama - Birmingham	93.837		5U01HL120338	555	
Lung Diseases Research	93.838			27,080	
Blood Diseases and Resources Research	93.839			39,551	$ 2,697
Pass-Through from University of Iowa	93.839		W000732411	706	
Pass-Through from University of Kentucky Research Foundation	93.839		1R01HL138179	73,564	
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846			1,121,509	
Pass-Through from University of Memphis	93.846		5-40387	80,724	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			1,926,047	267,494
Pass-Through from Mount Sinai Medical Center	93.847		0255-8161-4609	36,938	
Pass-Through from University of Pennsylvania	93.847		572042	50,205	
Pass-Through from Vanderbilt University	93.847		U2 DK076169	2,117	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			494,147	
Allergy and Infectious Diseases Research	93.855			2,548,511	356,808
Pass-Through from Boston University	93.855		4500001387/4500001889	11,450	
Pass-Through from Columbia University	93.855		03(GG011896-34)	131,157	
Pass-Through from Indiana University	93.855		1 R01 AI099278/IN-4689724-UA	105,955	
Pass-Through from University of Alabama - Birmingham	93.855		U011AI08509/000504111-001	102,875	
Pass-Through from University of Alabama - Birmingham	93.855		U48DP005037/0005014191-005	3,094	
Pass-Through from University of California San Diego	93.855		53451909	150,187	
Pass-Through from Washington University	93.855		1 R01 AI29992	77,646	

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Research and Development Cluster (Continued)					
U.S. Department of Health and Human Services (Continued)					
Biomedical Research and Research Training	93.859			$ 12,264,820	$ 1,110,883
Pass-Through from Arkansas Children's Hospital	93.859		034485	552,055	
Pass-Through from Arkansas Children's Hospital	93.859		034972	122,122	
Pass-Through from Arkansas Children's Hospital	93.859		034973	171,554	
Pass-Through from Arkansas Children's Research Institute	93.859		034973	23,095	
Pass-Through from Johns Hopkins University	93.859		2002965188/2003311362	164,779	
Pass-Through from University of Florida	93.859		R01 GM109645	(683)	
Pass-Through from University of Illinois Urbana	93.859		077432-16438	7,045	
Pass-Through from University of North Carolina - Charlotte	93.859		1 R01 GZM123251-	6,847	
Child Health and Human Development Extramural Research	93.865			5,917,591	520,514
Pass-Through from AMES Technology	93.865		UAMS-SBIR-01	36,267	
Pass-Through from University of Alabama - Birmingham	93.865		1R01HD0824124	91,519	
Aging Research	93.866			3,526,869	145,343
Pass-Through from Essential Blends	93.866		R41AG050375	115,360	
Pass-Through from Invotek	93.866		1 R43 AG051303-0	58,157	
Pass-Through from Medical University of South Carolina	93.866		R01AG046543/MUSC14-076	142,479	
Pass-Through from Oregon Health & Science University	93.866		1011170_UAMS	15,509	
Vision Research	93.867			71,994	52,278
Medical Library Assistance	93.879			523,939	122,866
Pass-Through from University of Pittsburgh	93.879		0040478 124095	14,270	
Pass-Through from University of Washington	93.879		R01LM012222	104,942	
Miscellaneous U.S. Department of Health and Human Services Programs	93.RD	34972		839,557	276,309
Pass-Through from Arkansas Children's Research Institute	93.RD		034972	65,268	
Pass-Through from Arkansas Research Alliance	93.RD		HHSF223201400079	68,018	
Pass-Through from Arkansas Research Alliance	93.RD		HHSF223201610011	295,605	
Pass-Through from Arkansas Research Alliance	93.RD		HHSF223201610111C	50,873	
Miscellaneous U.S. Department of Health and Human Services Programs					
Pass-Through from Arkansas Research Alliance	93.RD		RG1128	3,787	
Pass-Through from Arkansas Research Alliance	93.RD		RSSP18026	7,183	
Pass-Through from Case Western Reserve University	93.RD		CDC 200-2009-325	5,485	
Pass-Through from CELLPHIRE	93.RD		HHSO100201300021	7,836	
Pass-Through from CYTO Wave Technology, LLC	93.RD		Advance Account	5,626	
Pass-Through from Ohio State University	93.RD		4U29CA157345-05	7,648	
Pass-Through from Southwest Oncology Group	93.RD		SWOG1404	30	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
U.S. Department of Health and Human Services (Continued)					
Miscellaneous U.S. Department of Health and Human Services Programs					
Pass-Through from Stanford University	93.RD		61865505-125439	$ 2,725	
Pass-Through from University of Alabama - Birmingham	93.RD		HHSN272201300012	39,990	
Pass-Through from Washington University	93.RD		200-2011-40732	34,085	
U.S. Department of Health and Human Services Total				51,022,589	$ 4,906,282
Corporation for National and Community Service					
Miscellaneous Corporation for National and Community Service Programs	94.RD	1 U1QHP28723-02-01		19,821	
Corporation for National and Community Service Total				19,821	
Department of Homeland Security					
Centers for Homeland Security					
Pass-Through from University of Maryland	97.061		000107-00001	5,616	3,000
Pass-Through from University of Maryland	97.061		38470-Z9058101	6,024	
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077			64,232	
Miscellaneous Department of Homeland Security Programs	97.RD	11459		51,874	
Department of Homeland Security Total				127,746	3,000
Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001			54,425	35,000
Agency for International Development Total				54,425	35,000
Research and Development Cluster Total				100,799,611	10,520,917
Student Financial Assistance Cluster					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			4,267,669	
Federal Work-Study Program	84.033			5,707,784	
Federal Perkins Loan Program_Federal Capital Contributions	84.038			32,175,151	
Federal Pell Grant Program	84.063			229,916,898	
Federal Direct Student Loans	84.268			526,937,111	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			1,602,788	
U.S. Department of Education Total				800,607,401	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Student Financial Assistance Cluster (Continued)					
U.S. Department of Health and Human Services					
Nurse Faculty Loan Program (NFLP)	93.264			$ 111,270	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			4,610,571	
Nursing Student Loans	93.364			353,769	
U.S. Department of Health and Human Services Total				5,075,610	
Student Financial Assistance Cluster Total				805,683,011	
U.S. Department of Agriculture					
Agricultural Research_Basic and Applied Research	10.001			48,736	
Plant and Animal Disease, Pest Control, and Animal Care	10.025			1,092,681	
Wildlife Services	10.028			13,593	
Wetlands Reserve Program	10.072			14,498	
Agriculture Risk Coverage Program	10.113			16,398	
Market News	10.153			1,357	
Federal-State Marketing Improvement Program	10.156			13,476	$ 13,476
Market Protection and Promotion	10.163			41,200	
Pass-Through from American Sheep Industry Association, Inc.	10.163		N/A	(4)	
Wholesale Farmers and Alternative Market Development	10.164			30,286	23,282
Farmers Market Promotion Program	10.168			9,267	
Specialty Crop Block Grant Program - Farm Bill	10.170			287,377	12,402
Organic Certification Cost Share Programs	10.171			11,019	10,606
Sustainable Agriculture Research and Education					
Pass-Through from University of Georgia	10.215		RD309-137/S001419	14,963	
Pass-Through from University of Georgia	10.215		SUB00001104 -RD309-134/S001104	57,706	3,000
1890 Institution Capacity Building Grants	10.216			93,355	7,424
Higher Education - Institution Challenge Grants Program	10.217			1,292	
Homeland Security_Agricultural					
Pass-Through from University of Florida	10.304		UFDSP00011544	32,609	
Agriculture and Food Research Initiative (AFRI)	10.310			256	
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326			22,839	
Crop Protection and Pest Management Competitive Grants program	10.329			168,917	
Pass-Through from North Carolina State University	10.329		2014-70006-22485	3,650	
Pass-Through from Oklahoma State University	10.329		2-562180-UAEX	5,207	

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U.S. Department of Agriculture (Continued)					
Value-Added Producer Grants					
Pass-Through from Iowa State University	10.352		412-30-46B	$ 2,908	
Rural Rental Housing Loans	10.415			2,661,212	$ 39,425
State Mediation Grants	10.435			61,148	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443			218,935	
Rural Community Development Initiative					
Pass-Through from Winrock International	10.446		6703-16-AM-01	381	
Cooperative Extension Service	10.500			8,375,132	716,998
Pass-Through from Pennsylvania State University	10.500		5360-UACES-USDA-4341	427	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			60,889,032	
Child and Adult Care Food Program	10.558			55,140,864	
State Administrative Expenses for Child Nutrition	10.560			4,271,871	
WIC Farmers' Market Nutrition Program (FMNP)	10.572			93,722	
Farm to School Grant Program	10.575			8,016	8,016
Senior Farmers Market Nutrition Program	10.576			83,364	81,028
WIC Grants To States (WGS)	10.578			269,105	
Child Nutrition Discretionary Grants Limited Availability	10.579			293,464	288,935
Fresh Fruit and Vegetable Program	10.582			2,438,500	2,365,400
Child Nutrition Direct Certification Performance Awards	10.589			25,414	
Forestry Research	10.652			16,985	
Cooperative Forestry Assistance	10.664			2,659,582	171,655
Forest Legacy Program	10.676			30,257	
Forest Stewardship Program	10.678			176,930	
Forest Health Protection	10.680			147,134	
Partnership Agreements	10.699			6,922	2,441
Delta Health Care Services Grant Program	10.874			28,957	
Rural Development Cooperative Agreement Program	10.890			95,105	
Soil and Water Conservation	10.902			1,181,880	466,376
Environmental Quality Incentives Program	10.912			385,939	210,406
Conservation Stewardship Program	10.924			81,642	
Cochran Fellowship Program-International Training-Foreign Participant	10.962			82,254	
U.S. Department of Agriculture Total				141,707,760	4,420,870

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Commerce					
Band 14 Incumbent Spectrum Relocation	11.014			$ 1,873,888	
Cluster Grants	11.020			140,827	
Economic Development_Technical Assistance	11.303			123,225	
Pass-Through from Northwest Arkansas Economic Development District	11.303		EDA18-001	1,501	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes					
Pass-Through from Mississippi State University	11.432		018000.340677.05	23,186	
State and Local Implementation Grant Program	11.549			149,405	
Manufacturing Extension Partnership	11.611			660,572	$ 68,340
U.S. Department of Commerce Total				2,972,604	68,340
U.S. Department of Defense					
Issue of Department of Defense excess equipment	12.000			5,979,882	
Procurement Technical Assistance For Business Firms	12.002			398,881	
Payments to States in Lieu of Real Estate Taxes	12.112			1,046,038	1,046,038
Basic and Applied Research	12.300			29,279	
Military Construction, National Guard	12.400			4,950	
National Guard Military Operations and Maintenance (O&M) Projects	12.401			46,318,943	
National Guard ChalleNGe Program	12.404			2,604,663	
Basic, Applied, and Advanced Research in Science and Engineering	12.630			419,766	
CyberSecurity Core Curriculum	12.905			84,517	
U.S. Department of Defense Total				56,886,919	1,046,038
U.S. Department of Housing and Urban Development					
Manufactured Home Dispute Resolution	14.171			95,293	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			32,065,621	18,868,480
Emergency Solutions Grant Program	14.231			1,664,726	1,548,354
Home Investment Partnerships Program	14.239			3,488,083	3,040,263
Housing Opportunities for Persons with AIDS	14.241			504,245	486,296
Housing Trust Fund	14.275			9,517	
Fair Housing Assistance Program_State and Local	14.401			448,258	
U.S. Department of Housing and Urban Development Total				38,275,743	23,943,393

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of the Interior					
Indian Education_Higher Education Grant	15.114			$ 222,378	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			102,161	
Abandoned Mine Land Reclamation (AMLR) Program	15.252			705,526	
Flood Control Act Lands	15.433			128,517	$ 128,517
Minerals Leasing Act	15.437			636,938	275,129
National Forest Acquired Lands	15.438			322,840	322,840
Fish and Wildlife Management Assistance	15.608			26,385	
Cooperative Endangered Species Conservation Fund	15.615			131,645	72,843
Clean Vessel Act	15.616			948,074	804,114
Sportfishing and Boating Safety Act	15.622			53,551	53,551
Enhanced Hunter Education and Safety	15.626			508,249	
State Wildlife Grants	15.634			529,564	154,915
Federal Junior Duck Stamp Conservation and Design	15.644			7,974	
Endangered Species Conservation Recovery Implementation Funds	15.657			30,001	
U.S. Geological Survey_ Research and Data Collection	15.808			1,400	
National Cooperative Geologic Mapping	15.810			58,059	
National Geological and Geophysical Data Preservation	15.814			1,231	
Energy Cooperatives to Support the National Coal Resources Data System	15.819			11,314	
Historic Preservation Fund Grants-In-Aid	15.904			891,383	110,908
Outdoor Recreation_Acquisition, Development and Planning	15.916			458,749	325,000
Native American Graves Protection and Repatriation Act	15.922			22,460	
Civil War Battlefield Land Acquisition Grants	15.928			725,437	
U.S. Department of the Interior Total				6,523,836	2,247,817
U.S. Department of Justice					
Sexual Assault Services Formula Program	16.017			419,489	419,489
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525			80,063	
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540			92,022	14,120
Missing Children's Assistance	16.543			251,787	17,531
Crime Victim Assistance	16.575			9,785,936	9,043,090
Crime Victim Compensation	16.576			861,460	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Justice (Continued)					
Crime Victim Assistance/Discretionary Grants	16.582			$ 102,003	
Drug Court Discretionary Grant Program	16.585			150,674	
Violence Against Women Formula Grants	16.588			1,476,948	$ 1,074,790
Residential Substance Abuse Treatment for State Prisoners	16.593			212,805	49,898
Juvenile Mentoring Program	16.726			67,051	
Pass-Through from National 4-H Council	16.726		2016-JU-FX-0022	52,995	
Pass-Through from National 4-H Council	16.726		2017-JU-FX-0016	6,664	
Edward Byrne Memorial Justice Assistance Grant Program	16.738			305,727	154,940
DNA Backlog Reduction Program	16.741			777,871	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			77,772	
Edward Byrne Memorial Competitive Grant Program	16.751			148,435	
Harold Rogers Prescription Drug Monitoring Program	16.754			270,102	
John R. Justice Prosecutors and Defenders Incentive Act	16.816			71,509	
Justice Reinvestment Initiative	16.827			306,448	
Body Worn Camera Policy and Implementation	16.835			9,769	
Equitable Sharing Program	16.922			580,532	
Miscellaneous U.S. Department of Justice Programs	16.U01	N/A		20,174	
Pass-Through from Women & Children First	16.U02		16168-15V	776	
U.S. Department of Justice Total				16,129,012	10,773,858
U.S. Department of Labor					
Labor Force Statistics	17.002			862,170	
Compensation and Working Conditions	17.005			106,420	
Registered Apprenticeship	17.201			543,379	486,735
Unemployment Insurance	17.225			151,620,277	
Senior Community Service Employment Program	17.235			1,274,724	1,207,418
Trade Adjustment Assistance	17.245			4,886,173	
WIOA Pilots, Demonstrations, and Research Projects	17.261			619,388	
H-1B Job Training Grants	17.268			944,122	448,535
Work Opportunity Tax Credit Program (WOTC)	17.271			192,214	
Temporary Labor Certification for Foreign Workers	17.273			77,301	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			2,339,644	1,791,764
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282			2,168,981	1,203,384

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U.S. Department of Labor (Continued)					
Apprenticeship USA Grants	17.285			$ 111,788	
Occupational Safety and Health_Susan Harwood Training Grants	17.502			62,077	
Consultation Agreements	17.504			1,022,828	
Mine Health and Safety Grants	17.600			99,552	
U.S. Department of Labor Total				166,931,038	$ 5,137,836
U.S. Department of State					
Investing in People in the Middle East and North Africa	19.021			177,542	149,648
Public Diplomacy Programs	19.040			70,552	
Academic Exchange Programs - Scholars					
Pass-Through from Institute of International Education	19.401		S-ECAGD-16-CA-1003	114,791	103,856
U.S. Department of State Total				362,885	253,504
U.S. Department of Transportation					
Airport Improvement Program	20.106			34,787	34,787
Highway Research and Development Program	20.200			8,921	
Highway Training and Education	20.215			4,902	
Motor Carrier Safety Assistance	20.218			3,662,728	
Performance and Registration Information Systems Management	20.231			375,509	
Commercial Driver's License Program Implementation Grant	20.232			529,612	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			388,729	
Railroad Development	20.314			62,915	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			1,844,529	1,769,192
Formula Grants for Rural Areas	20.509			15,014,155	13,609,657
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528			162,495	
Alcohol Open Container Requirements	20.607			520,201	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			330	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			122,148	
Pipeline Safety Program State Base Grant	20.700			563,068	

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Transportation (Continued)					
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			$ 328,969	$ 85,250
National Infrastructure Investments	20.933			293,518	
U.S. Department of Transportation Total				23,917,516	15,498,886
U.S. Department of the Treasury					
Low-Income Taxpayer Clinics	21.008			99,978	
Miscellaneous U.S. Department of the Treasury Programs	21.U01	N/A		2,249	
U.S. Department of the Treasury Total				102,227	
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			4,842,620	
General Services Administration Total				4,842,620	
Library of Congress					
Miscellaneous Library of Congress Programs					
Pass-Through from Illinois State University	42.U01		A08-0002-S028	1,403	
Library of Congress Total				1,403	
National Aeronautics and Space Administration					
Education	43.008			30,996	
Miscellaneous National Aeronautics and Space Administration Programs	43.U01	N/A		13,373	
National Aeronautics and Space Administration Total				44,369	
Institute of Museum and Library Services					
Museums for America	45.301			732	
Grants to States	45.310			2,024,019	
Institute of Museum and Library Services Total				2,024,751	
National Endowment for the Arts					
Promotion of the Arts_Grants to Organizations and Individuals	45.024			1,000	
Pass-Through from Arts Midwest	45.024		19900	4,596	
Pass-Through from City of Freeman	45.024		14-4292-7064	16,272	
Promotion of the Arts_Partnership Agreements	45.025			739,398	544,555
National Endowment for the Arts Total				761,266	544,555

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
National Endowment for the Humanities					
Promotion of the Humanities_Federal/State Partnership	45.129			$ 17,743	
Pass-Through from Arkansas Humanities Council	45.129		AHC-17-022	2,000	
Pass-Through from Arkansas Humanities Council	45.129		AHC-18-003	1,622	
Pass-Through from Arkansas Humanities Council	45.129		AHC-18-010	1,868	
Promotion of the Humanities_Challenge Grants	45.130			19,035	
Promotion of the Humanities_Division of Preservation and Access	45.149			36,879	
Promotion of the Humanities_Public Programs	45.164			2,076	
Miscellaneous National Endowment for the Humanities	45.U01	12168		14,100	
National Endowment for the Humanities Total				95,323	
National Science Foundation					
Computer and Information Science and Engineering	47.070			7,300	
Education and Human Resources	47.076			1,345,857	
Office of International Science and Engineering	47.079			22,860	
Office of Integrative Activities	47.083			553,009	$ 171,987
National Science Foundation Total				1,929,026	171,987
Small Business Administration					
Small Business Development Centers	59.037			1,490,144	
Federal and State Technology Partnership Program	59.058			204,128	
Small Business Administration Total				1,694,272	
U.S. Department of Veterans Affairs					
Veterans State Nursing Home Care	64.015			8,428,482	
Post-9/11 Veterans Educational Assistance	64.027			216,765	
Burial Expenses Allowance for Veterans	64.101			418,633	
Vocational Rehabilitation for Disabled Veterans	64.116			16,321	
Survivors and Dependents Educational Assistance	64.117			174,074	
All-Volunteer Force Educational Assistance	64.124			301,401	
Miscellaneous U.S. Department of Veterans Affairs Programs	64.U01	N/A		112,677	
U.S. Department of Veterans Affairs Total				9,668,353	

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Environmental Protection Agency					
Air Pollution Control Program Support	66.001			$ 1,109,027	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			285,935	
State Clean Diesel Grant Program	66.040			195,487	$ 187,966
Multipurpose Grants to States and Tribes	66.204			112,896	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			2,414,391	
State Public Water System Supervision	66.432			915,778	
State Underground Water Source Protection	66.433			41,010	
Surveys, Studies, Investigations, Demonstrations, and Special Purpose Grants - Section 1442 of the Clean Water Act					
Pass-Through from University of Wisconsin - Extension	66.436		PO# 0000001176	11,979	
Water Quality Management Planning	66.454			100,000	
Nonpoint Source Implementation Grants	66.460			2,280,176	1,537,641
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			239,448	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			197,311	
Pollution Prevention Grants Program	66.708			40,227	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies					
Pass-Through from Extension Foundation	66.716		SA-2017-74	12,151	
Hazardous Waste Management State Program Support	66.801			820,871	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			248,801	
Underground Storage Tank Prevention, Detection, and Compliance Program	66.804			277,198	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			307,039	
State and Tribal Response Program Grants	66.817			336,754	
Pass-Through from Santee Sioux Nation	66.817		ESA-UAR2013-0003	13,521	
Environmental Protection Agency Total				9,960,000	1,725,607

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Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Energy					
State Energy Program	81.041			$ 107,122	$ 17,682
Weatherization Assistance for Low-Income Persons	81.042			1,422,698	1,206,877
Conservation Research and Development	81.086			3,637	
Environmental Remediation and Waste Processing and Disposal	81.104			13,224,210	
State Energy Program Special Projects	81.119			156,687	12,104
U.S. Department of Energy Total				14,914,354	1,236,663
U.S. Department of Education					
Adult Education - Basic Grants to States	84.002			5,106,183	2,120,861
Title I Grants to Local Educational Agencies	84.010			157,937,026	157,029,914
Migrant Education_State Grant Program	84.011			5,625,540	5,356,450
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			333,007	49,667
Undergraduate International Studies and Foreign Language Programs	84.016			47,238	
Higher Education_Institutional Aid	84.031			5,607,477	
Federal Family Education Loans	84.032			213,668,951	
Career and Technical Education - Basic Grants to States	84.048			12,443,924	8,484,138
Pass-Through from Arkansas STEM Coalition	84.048		V048A14004	4,750	
Pass-Through from Jonesboro Public School System	84.048		V048A170004	61,921	
Pass-Through from Arkansas STEM Coalition	84.048		18131	9,500	
Minority Science and Engineering Improvement	84.120			160,760	
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126			46,283,701	
Rehabilitation Long-Term Training	84.129			695,882	
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177			437,849	436,500
Special Education-Grants for Infants and Families	84.181			3,165,093	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			323,806	
Education for Homeless Children and Youth	84.196			362,887	250,868
Javits Gifted and Talented Students Education	84.206A			429,624	
Even Start_State Educational Agencies	84.213			(4,037)	(4,037)
Rehabilitation Training_Continuing Education					
Pass-Through from San Diego State University	84.264		SA0000490	300,027	
Pass-Through from University of Massachusetts	84.264		52015-29486-001	81,928	
Pass-Through from University of Massachusetts	84.264		B000271347	93,922	
Pass-Through from University of Massachusetts	84.264		B000443932	78,553	

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U.S. Department of Education (Continued)					
Charter Schools	84.282			$ 514,717	$ 473,122
Twenty-First Century Community Learning Centers	84.287			9,365,337	8,849,870
Education Research, Development, and Dissemination	84.305			194,926	116,817
Educational Technology State Grants	84.318			(3,087)	(3,089)
Special Education - State Personnel Development	84.323			1,391,046	1,108,045
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			283,291	
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			137,692	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330			(678)	(678)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334			858,721	
Child Care Access Means Parents in School	84.335			14,960	
Transition to Teaching	84.350			78,223	
Rural Education	84.358			3,230,138	3,230,103
English Language Acquisition State Grants	84.365			3,868,728	3,232,275
Mathematics and Science Partnerships	84.366			541,226	129,159
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367			21,188,153	20,273,015
Pass-Through from National Writing Project	84.367		97-AR02-SEED2017-ILI	3,321	
Pass-Through from National Writing Project	84.367		97-AR03-SEED2017-CRWPAI	11,987	
Pass-Through from National Writing Project	84.367		97-AR03-SEED2018-C3WPPD	10,788	
Pass-Through from National Writing Project	84.367		U367D150004	16,396	
Grants for State Assessments and Related Activities	84.369			4,541,951	
School Improvement Grants	84.377			3,713,437	3,405,276
College Access Challenge Grant Program	84.378			159,098	
Strengthening Minority-Serving Institutions	84.382			1,285,808	
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)					
Pass-Through from Jacksonville State University	84.411		U411B130037	8,655	
Promoting Readiness of Minors in Supplemental Security Income	84.418			9,962,485	
Preschool Development Grants	84.419			744,451	
Race to the Top - Preschool Development Grants	84.419B			14,515,829	14,354,401
Student Support and Academic Enrichment Program	84.424			2,931,193	2,931,191
American Printing House for the Blind	84.906			38,202	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Education (Continued)					
Hurricane Education Recovery	84.938			$ (15,237)	$ (15,237)
Miscellaneous U.S. Department of Education Programs	84.U01	P408A151088		62,000	
U.S. Department of Education Total				532,909,269	231,808,631
National Archives and Records Administration					
National Historical Publications and Records Grants					
Pass-Through from National History Publications and Records Commission	89.003		NAR16-RH-50188-16	9,822	
National Archives and Records Administration Total				9,822	
Delta Regional Authority					
Delta Regional Development	90.200			64,952	
Delta Area Economic Development	90.201			41,694	
Delta Regional Authority Total				106,646	
U.S. Department of Health and Human Services					
Special Programs for the Aging_Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			115,491	
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042			134,418	131,051
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043			190,642	190,642
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048			231,005	29,234
National Family Caregiver Support, Title III, Part E	93.052			1,371,089	1,259,103
Public Health Emergency Preparedness	93.069			7,081,538	
Medicare Enrollment Assistance Program	93.071			371,144	168,229
Lifespan Respite Care Program	93.072			68,513	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			473,370	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			36,812	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			321,328	88,474
Sodium Reduction in Communities	93.082			395,803	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			384,831	270,021

State of Arkansas
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For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)					
Food and Drug Administration_Research	93.103			$ 589,578	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			511,582	$ 57,895
Area Health Education Centers	93.107			753,756	
Maternal and Child Health Federal Consolidated Programs	93.110			1,170,288	277,716
Environmental Health	93.113			54,443	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			544,623	
Emergency Medical Services for Children	93.127			63,915	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			190,656	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135			17,858	
Injury Prevention and Control Research and State and Community-Based Programs	93.136			754,393	
Projects for Assistance in Transition from Homelessness (PATH)	93.150			226,802	226,801
Nursing Workforce Diversity	93.178			70,690	
Disabilities Prevention	93.184			429,296	
Graduate Psychology Education	93.191			202,363	
Telehealth Programs	93.211			610,395	16,499
Research and Training in Complementary and Integrative Health	93.213			7,330	
Family Planning_Services	93.217			4,157,225	
Affordable Care Act (ACA) Abstinence Education Program	93.235			1,039,697	965,658
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238			(1,897)	(1,900)
State Capacity Building	93.240			288,079	
State Rural Hospital Flexibility Program	93.241			357,094	36,411
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243			4,721,103	922,846
Pass-Through from Arkansas Collegiate Drug Education Committee	93.243		N/A	2,411	
Pass-Through from City of Phoenix Prosecutor's Office	93.243		1H79T108165-01	15,914	
Advanced Nursing Education Workforce Grant Program	93.247			1,413,991	
Universal Newborn Hearing Screening	93.251			259,125	59,752
Poison Center Support and Enhancement Grant Program	93.253			157,619	
Children's Hospitals Graduate Medical Education Payment Program	93.255			10,085	
Immunization Cooperative Agreements	93.268			41,678,818	

State of Arkansas
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For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)					
Viral Hepatitis Prevention and Control	93.270			$ 60,246	
Drug-Free Communities Support Program Grants	93.276			119,323	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283			212,344	$ 23,675
State Partnership Grant Program to Improve Minority Health	93.296			202,023	
Small Rural Hospital Improvement Grant Program	93.301			252,409	228,478
National State Based Tobacco Control Programs	93.305			902,468	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314			141,629	
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319			750,683	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			2,168,419	
State Health Insurance Assistance Program	93.324			460,850	
ACL Independent Living State Grants	93.369			298,312	
Cancer Treatment Research					
Pass-Through from Oregon Health & Science University	93.395		9009627_UARMS	14,664	
Non-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424			5,616	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research					
Pass-Through from Memorial Hermann Health Center	93.433		1625-17	25,798	
Pass-Through from Memorial Hermann Health Center	93.433		17-1625	47,532	
Pass-Through from Memorial Hermann Health Center	93.433		90DP0022	33,484	
Food Safety and Security Monitoring Project	93.448			310,094	
ACL Assistive Technology	93.464			479,393	
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511			763,138	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521			544,391	
Teaching Health Center Graduate Medical Education Payment	93.530			329,162	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539			2,064,815	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)					
Promoting Safe and Stable Families	93.556			$ 3,392,689	
Child Support Enforcement	93.563			27,128,110	
Refugee and Entrant Assistance_State Administered Programs	93.566			8,376	
Low-Income Home Energy Assistance	93.568			28,482,918	$ 27,938,102
Community Services Block Grant	93.569			9,451,115	9,107,435
Refugee and Entrant Assistance_Discretionary Grants	93.576			7,528	
State Court Improvement Program	93.586			451,222	
Community-Based Child Abuse Prevention Grants	93.590			89,176	
Grants to States for Access and Visitation Programs	93.597			99,060	
Chafee Education and Training Vouchers Program (ETV)	93.599			150,648	
Head Start	93.600			12,207,047	823,325
Adoption and Legal Guardianship Incentive Payments	93.603			312,968	
Developmental Disabilities Basic Support and Advocacy Grants	93.630			822,885	240,354
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			490,101	
Children's Justice Grants to States	93.643			200,709	
Stephanie Tubbs Jones Child Welfare Services Program	93.645			3,783,768	
Adoption Opportunities	93.652			520,857	
Foster Care_Title IV-E	93.658			36,644,861	
Adoption Assistance	93.659			25,309,122	
Social Services Block Grant	93.667			11,310,582	7,240,998
Child Abuse and Neglect State Grants	93.669			91,608	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			1,110,328	1,047,656
Chafee Foster Care Independence Program	93.674			404,058	
Advance Interoperable Health Information Technology Services to Support Health Information Exchange	93.719			391,883	
Mental and Behavioral Health Education and Training Grants	93.732			411,350	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by the Prevention and Public Health Fund (PPHF)	93.733			146,463	
State Public Health Approaches for Ensuring Quitline Capacity Funded in part by Prevention and Public Health Funds (PPHF)	93.735			178,500	
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738			805,364	81,501

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)					
PPHF: Health Care Surveillance/Health Statistics Surveillance Program Announcement: Behavioral Risk Factor Surveillance System financed in part by Prevention and Public Health Fund	93.745			$ 194,922	
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity, and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)	93.757			114,935	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758			1,306,184	$ 239,458
Children's Health Insurance Program	93.767			169,722,837	
Pass-Through from Arkansas Children's Hospital	93.767		D89MC23141-02-00	194,583	
Opioid STR	93.788			726,611	
Money Follows the Person Rebalancing Demonstration	93.791			4,871,901	
Organized Approaches to Increase Colorectal Cancer Screening	93.800			307,766	72,151
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).	93.815			748,201	167,515
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817			132,802	97,108
Biomedical Research and Training	93.859			461,582	
Medical Library Assistance					
Pass-Through from University of North Texas Health Center	93.879		2017-1155	33,532	
Standards Exploration Award	93.883			168,104	
National Bioterrorism Hospital Preparedness Program	93.889			1,702,591	1,213,420
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898			2,364,144	134,518
Rural Health Care Services Outreach, Rural Health Network Development, and Small Health Care Provider Quality Improvement Program					
Pass-Through from Greater Delta Alliance for Health, Inc.	93.912		51453	99,894	
Grants to States for Operation of State Offices of Rural Health	93.913			163,073	
HIV Care Formula Grants	93.917			7,304,467	2,242,903
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938			(59,644)	(59,644)
HIV Prevention Activities_Health Department Based	93.940			1,640,929	151,755
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			192,453	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
U.S. Department of Health and Human Services (Continued)					
Assistance Programs for Chronic Disease Prevention and Control	93.945			$ 1,952,759	$ 122,595
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			132,482	
Block Grants for Community Mental Health Services	93.958			4,374,217	4,364,529
Block Grants for Prevention and Treatment of Substance Abuse	93.959			16,564,696	13,384,885
PPHF Geriatric Education Centers	93.969			771,587	51,200
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			990,385	
Preventive Health and Health Services Block Grant	93.991			70,304	
Maternal and Child Health Services Block Grant to the States	93.994			8,441,264	35,776
Miscellaneous U.S. Department of Health and Human Services Programs	93.U01	HHSF223201710147C		545,665	
Miscellaneous U.S. Department of Health and Human Services Programs	93.U02	N/A		4,748,024	
Pass-Through from Global Health	93.U03		U2GGH001873	42,306	
Pass-Through from Leidos Biomedical Research, Inc.	93.U04		16X011-#1 thru #4/HHSN261200800001	671,948	69,593
Pass-Through from University of North Texas Health Center	93.U05		UG54LM012345	156	
U.S. Department of Health and Human Services Total				477,760,965	73,717,718
Corporation for National and Community Service					
State Commissions	94.003			360,398	
AmeriCorps	94.006			1,618,115	697,617
Training and Technical Assistance	94.009			29,260	
Volunteers in Service to America	94.013			8,095	
Corporation for National and Community Service Total				2,015,868	697,617
Department of Homeland Security					
State and Local Homeland Security National Training Program	97.005			1,196,658	685,192
Pass-Through from Norwich University	97.005		SA-2015-013	51,452	
Pass-Through from Norwich University	97.005		SA-2018-009	3,816	
Pass-Through from University of Texas at San Antonio	97.005		10000001513	140,334	
Homeland Security Preparedness Technical Assistance Program	97.007			34,322	
Boating Safety Financial Assistance	97.012			1,031,965	
Community Assistance Program_State Support Services Element (CAP-SSSE)	97.023			84,809	5,000
Flood Mitigation Assistance	97.029			134,540	115,883
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			16,309,654	16,020,442
Hazard Mitigation Grant	97.039			2,719,480	2,507,876

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Department of Homeland Security (Continued)					
National Dam Safety Program	97.041			$ 66,848	
Emergency Management Performance Grants	97.042			4,259,639	$ 1,801,306
State Fire Training Systems Grants	97.043			16,121	
Cooperating Technical Partners	97.045			672,552	
Pre-Disaster Mitigation	97.047			229,625	106,387
Homeland Security Grant Program	97.067			3,709,367	3,019,496
Miscellaneous Department of Homeland Security Programs	97.U01	8259		7,049	
Department of Homeland Security Total				30,668,231	24,261,582
Total Expenditures of Federal Awards				$ 9,483,618,354	$ 788,582,629

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

State of Arkansas
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2018

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all federal award programs administered by the State of Arkansas. Arkansas Legislative Audit did not audit the entities, their federal financial assistance, or major federal programs listed below. This report, insofar as it relates to these entities, is based solely on the report of other auditors.

State/Educational Agency and Program Name	CFDA Number(s)	Expenditures
Arkansas Development Finance Authority:		
HOME Investment Partnership Program	14.239	$3,488,083
Federal Family Education Loans	84.032	$213,668,951
State of Arkansas Construction Assistance Revolving Loan Fund:		
Clean Water State Revolving Fund Cluster	66.458	$766,427
State of Arkansas Drinking Water Revolving Loan Fund:		
Drinking Water State Revolving Fund Cluster	66.468	$9,728,707
University of Arkansas for Medical Sciences:		
Research and Development Cluster	various	$49,781,763
Head Start	93.600	$8,698,101

Federal award programs include expenditures, pass-throughs to non-state agencies (i.e., payments to subrecipients), non-monetary assistance, and loan programs.

(1) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation

The Schedule presents total federal awards expended for each individual federal program in accordance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA).

The Schedule presents both Type A and Type B federal assistance programs administered by the State of Arkansas. Uniform Guidance establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and Type B federal financial assistance programs. For the State of Arkansas, Type A programs are those that exceed $28,450,855 in disbursements, expenditures, or distributions. Major and nonmajor programs are determined using the risk-based approach outlined in Uniform Guidance.

(c) Basis of Accounting

Most expenditures presented in the Schedule are reported on the cash basis of accounting, while some are presented on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Those federal programs presenting negative amounts on the Schedule are the result of prior-year expenditures being overstated and/or reimbursements due back to the grantor.

(d) Indirect Cost Rate

The State has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(2) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the basis explained in Note 1(c).

(3) Federally Funded Loan Programs

The expenditures reported in the Schedule include previous year loan balances, for which the federal government imposes continuing compliance requirements, and current year disbursements. The outstanding loan balances as of June 30, 2018, for these loans are as follows:

CFDA Number	Program Name	Amount
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	$25,312,379
84.038	Federal Perkins Loan Program_Federal Capital Contributions	25,073,350
93.264	Nurse Faculty Loan Program (NFLP)	111,270
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	2,635,097
93.364	Nursing Student Loans	353,769
	Total	$53,485,865

(3) Federally Funded Loan Programs (Continued)

The State also participates in the Federal Direct Loans (Direct Loan) Program, CFDA 84.268, and the Federal Family Education Loans Program (FFEL), CFDA 84.032, which includes the Federal Stafford Loan Program and the Federal Parents' Loans for Undergraduate Students Program. The programs do not require the universities to disburse the funds. The proceeds are disbursed by the federal government for direct loans and by lending institutions for FFEL. Loan guarantees are issued by the Arkansas Guaranteed Student Loan Corporation and other for-profit and not-for-profit guarantee agencies. The federal government reinsures these guarantee agencies. During the year ended June 30, 2018, Direct Loans totaling $526,937,111 and FFEL loans totaling $0 were made to students enrolled at higher educational agencies in the State. These loans are included in the Schedule.

Education loans made or purchased by the Arkansas Student Loan Authority, a division of the Arkansas Development Finance Authority, are guaranteed by the Great Lakes Higher Education Guaranty Corporation (Great Lakes), United Student Aid Fund (USAF), or the U.S. Department of Education (USDE). Student loans guaranteed by the USDE are considered noncash awards and amounted to $212,283,013 at July 1, 2017. The Great Lakes, USAF, and USDE guarantees are contingent upon the loans being serviced within the due diligence requirements of the guarantors and loan services.[1]

Expenditures reflected in CFDA 10.415, Preservation Revolving Loan Fund, include loans to contractors for development of multifamily housing. The funding sources for these loans are two $2,125,000 promissory notes executed between the Arkansas Development Finance Authority and the U.S. Department of Agriculture Rural Development during fiscal years 2013 and 2016. When received, these funds will be used to make new loans for program activities. The outstanding loan receivable balance from subrecipients was $2,416,479 for the year ended June 30, 2018. Total disbursements for loans made to subrecipients totaled $39,425 during the year ended June 30, 2018.[1]

Expenditures reflected in CFDA 14.218, Community Development Block Grant, include loans to contractors for development or redevelopment of affordable rental housing. The funding source for these loans is federal grant funds. The funds are disbursed to the subrecipients after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable from subrecipients was $7,700,000 for the year ended June 30, 2018. No disbursements were made for new loans during the year ended June 30, 2018. [1]

Expenditures reflected in CFDA 14.239, HOME Investment Partnerships Program, include loans to contractors and borrowers for development of single-family and multi-family housing. The funding source for these loans includes federal grant funds and revolving program funds. The funds are disbursed to the subrecipients after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable balance from subrecipients was $106,639,370 for the year ended June 30, 2018. Total disbursements of federal funds for repayable loans made to subrecipients totaled $1,926,363 during the year ended June 30, 2018. [1]

Expenditures reflected in CFDA 66.458, Capitalization Grants for Clean Water State Revolving Funds, include loans to municipalities or other public entities for constructing water treatment facilities. The funding source for these loans includes federal grant funds, state match funds and revolving Program funds. The funds are disbursed to the subrecipients after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable balance for the year ended June 30, 2018, was $254,830,095. Total federal loan disbursements made during fiscal year, 2018, totaled $468,849. For the year ended June 30, 2018 the Program received $297,578 in federal funds for administrative costs. [1]

(3) Federally Funded Loan Programs (Continued)

Expenditures reflected in CFDA 66.468, Capitalization Grants for Drinking Water State Revolving Funds, include loans to counties, municipalities, and other tax-exempt water system entities for construction of new water systems, expansion or repair of existing water systems, and/or the consolidation of new or existing water systems. The funding source for these loans includes federal grant funds, state match funds, and revolving Program funds. The funds are disbursed to the subrecipients after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2018, was $156,630,609. Total federal loan disbursements made during fiscal year 2018 totaled $5,809,170. Total loans forgiven during fiscal year 2018 totaled $5,672,000. For the year ended June 30, 2018, the Program received $3,919,537 in federal funds for administrative costs. [1]

The U.S. Department of Energy allowed the State of Arkansas to use ARRA-State Energy Program (CFDA 81.041) funds to create the Energy Revolving Loan Program. The loan program was created to encourage the development, implementation, and deployment of cost-effective energy efficiency and renewable energy projects in the State and to support the creation of additional employment opportunities and other economic development benefits. Of the total amount of program funds expended and reported on the accompanying SEFA for fiscal years 2011 and 2012, $11,370,000 was transferred to the Revolving Loan Fund and made available for future loans. There were no program funds transferred to the Revolving Loan Fund for fiscal year 2018. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2018, totaled $7,133,338. Total disbursements for new loans made during fiscal year 2018 totaled $1,494,889.

(4) Non-Monetary Assistance

The State is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements. Non-cash awards received by the State are included in the Schedule as follows:

10.555	National School Lunch Program	$ 18,148,315
10.558	Child and Adult Care Food Program	19,680
10.565	Commodity Supplemental Food Program	1,256,573
10.569	Emergency Food Assistance Program (Food Commodities)	6,440,303
12.000	Issue of Department of Defense excess equipment	6,344,139
39.003	Donation of Federal Surplus Personal Property	4,842,620
84.906	American Printing House for the Blind	38,202
93.268	Immunization Grants	40,706,042
	Total	$77,795,874

(5) Rebates from the Special Supplemental Food Program for Women, Infants, and Children (WIC)

During fiscal year 2018, the State received cash rebates totaling $23,275,137 from infant formula manufacturers on sales of formula to participants in the WIC program (CFDA 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by 7 CFR § 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to 342,268 more persons than could be served this fiscal year in the absence of the rebate contract.

(6) Disability Determination for Social Security

Reported expenditures for benefits under the Social Security Disability Insurance program are not audited by Arkansas Legislative Audit but by a private firm. That audit is based on the federal fiscal year, which ends September 30. For the period ended September 30, 2017, the audit firm was Stan Parks, CPA, which issued an audit report for October 1, 2016 through September 30, 2017.

(7) Unemployment Insurance

State unemployment tax revenues and the government and nonprofit contributions in lieu of state taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds as well as federal funds are reported on the SEFA under CFDA #17.225. The $151,620,277 in expenditures reported on the SEFA is comprised of $27,095,609 in federal funds and $124,524,668 in State UI funds.

(8) Notes Payable

The federal loans listed subsequently are administered by the Arkansas Development Finance Authority (the Authority), and balances and transactions relating to the programs are included in the Authority's basic combined financial statements. Notes payable outstanding at the beginning of the year and federal expenditures during the year are included in the federal expenditures presented in the Schedule. The balance of the notes payable outstanding at June 30, 2018, consisted of the following: [1]

CFDA Number	Program Name	Outstanding Balance at June 30, 2018
10.415	Preservation Revolving Loan Fund	$ 2,702,079

[1] This note is based solely on the Single Audit Reports issued by other external auditors. See entities listed in Note (1)(a).

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2018

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

In accordance with 2 CFR § 200.511 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as ***Uniform Guidance***, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The schedule must report the status of all audit findings included in the prior audit that are not listed as corrected or no longer valid or warranting further action.

The schedule for the year ended June 30, 2018, is located on **page 117** and includes all findings from the prior audit, dated June 30, 2017, and certain findings from previous audits, including the years ended June 30, 2016, 2015, and 2014.

Federal Program Name	Page Number(s)
Various Federal Programs	118 - 120
Child and Adult Care Food Program	121 - 128; 179
Title I Grants to Local Educational Agencies	129 - 130
Rehabilitation Services_Vocational Rehabilitation Grants to States	131 - 136; 180 - 181; 212
Foster Care_Title IV-E	137 - 140; 184 - 185; 213
Medicaid Cluster	141 - 151; 159 - 178; 182 - 183; 186 - 211; 214 - 234
Children's Health Insurance Program	141 - 158; 186 -192; 214 - 216; 229
Student Financial Assistance Cluster	235 - 237

STATE OF ARKANSAS

Department of Finance and Administration

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July 26, 2018

Roger A. Norman
Legislative Auditor
Arkansas Legislative Audit
500 Woodlane St., Suite 172
Little Rock, AR 72201-1099

Dear Mr. Norman,

As required by OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F, Section 200.511(b), the auditee must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs as well as the status of those findings in the prior audit's summary schedule of prior audit findings that were not reported as corrected.

Please find attached the Summary Schedule of Prior Audit Findings for fiscal year ended June 30, 2017, which was prepared in accordance with Uniform Guidance, based on the responses provided by the State/Educational Agency indicated within each finding.

Sincerely,

Larry W. Walther
Director

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2017 Prior Year Finding Number:	**2017-001**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**Various**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Internal Control - Preparation of the Schedule of Expenditures of Federal Awards**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302, a state's financial management system must be sufficient to permit the preparation of reports required by general and program specific terms and conditions. The financial management system must provide for the identification of all federal awards received and expended; accurate, current, and complete disclosure of financial results; and records that identify adequately the source and application of funds for federally-funded activities.

In addition, 2 CFR § 200.303 states a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

2 CFR § 200.62 defines internal control over compliance requirements to federal awards as a process implemented by a non-federal entity designed to provide reasonable assurance that specific objectives are met, including preparation of reliable financial statements and federal reports.

Additionally, in accordance with 2 CFR § 200.510, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements.

Condition/Context:
The Department of Finance and Administration (DFA) is responsible for preparation of the SEFA. To ensure timely and accurate reporting of the Statewide Single Audit, each state/educational agency is required to prepare and submit a Federal Award Data Collection Workbook (workbook) to DFA in accordance with a schedule established by DFA. DFA obtains workbooks from approximately 90 state entities. All but six of these workbooks are required to be submitted to DFA by July 31. The remaining six (i.e., University of Arkansas for Medical Sciences, Arkansas Department of Transportation, Department of Health, Arkansas Game and Fish Commission, Department of Workforce Services, and Department of Human Services) are due in August because of greater federal award activity. Upon receipt of the workbooks, DFA reviews the information to ensure accuracy and completeness. The workbooks are then forwarded to ALA for audit purposes, which includes planning the audit, determining major programs, performing required compliance procedures for major programs, and determining if the SEFA is presented fairly.

ALA review of the DFA process revealed adequate controls have been developed and implemented over the preparation of the SEFA.

The Department of Human Services (DHS) 2017 workbook was required to be submitted to DFA by August 28, 2017. However, the workbook was not submitted until October 18, 2017, 51 days late, and was not complete, as it excluded the Medicaid program and the Children's Health Insurance Program (CHIP), two of the largest programs administered by the State. In addition, the workbook contained multiple errors and was not in the format required by DFA. The errors were not addressed timely by DHS, causing further delay in audit procedures for the major programs being reviewed at DHS. This portion of the workbook was not finalized until November 21, 2017.

The Medicaid and CHIP portion of the workbook was finally submitted on October 31, 2017, 64 days late; however, like the first portion of the workbook, it contained multiple errors and was not finalized until November 14, 2017.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-001 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**Various**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Internal Control - Preparation of the Schedule of Expenditures of Federal Awards**
Type of Finding:	**Material Weakness**

Condition/Context (Continued):
Additionally, DHS provided no documentation to DFA supporting the amounts reported in the workbook. DHS federal expenditures represent approximately 65% of total federal expenditures for the State.

Failure by DHS to submit the workbook timely led to delays for DFA in the preparation of the statewide SEFA, and as a result, DFA was unable to submit the SEFA to ALA by the agreed-upon dates as outlined in the engagement letter between the State and ALA. The engagement letter identifies due dates for certain information to ensure audit procedures can be performed and the reporting package submitted to the federal audit clearinghouse by the timeline established in federal regulations. Also affected was ALA's ability to finalize major program determination and perform some compliance procedures, including reconciling major programs expenditures reported on SEFA to accounting records necessary to ensure accuracy of reported expenditures.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
DHS does not prioritize the timely preparation of the SEFA and does not have adequate processes or procedures in place to ensure accurate and complete reporting.

Effect:
Preparation of the Statewide SEFA was delayed, which affected audit planning and timely completion of the direct and material compliance requirements of the major programs selected at DHS (i.e., SNAP Cluster, Child and Adult Care Food Program, Vocational Rehabilitation_Grants to States, Foster Care, CHIP, and Medicaid.)

The delay also jeopardized completion of the Statewide Single Audit by the established deadline outlined in 2 CFR § 200.512.

Recommendation:
ALA staff recommend DHS develop, document, and implement internal control procedures over the compilation and submission of federal award information, using the required workbook, to DFA to ensure timely, accurate, and complete reporting as required.

Views of Responsible Officials and Planned Corrective Action:
The Agency concurs with the recommendations made in this finding. The Agency will examine the controls in place and ensure written procedures are followed to ensure timely, accurate, reporting. Written procedures state a single coordinator is needed for this report; the Agency will ensure a responsible coordinator will be assigned to oversee the correct submission of the SEFA.

Anticipated Completion Date: June 30, 2018

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-001 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**Various**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Internal Control - Preparation of the Schedule of Expenditures of Federal Awards**
Type of Finding:	**Material Weakness**

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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-002**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-001**.

Criteria:
In accordance with 2 CFR § 200.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

2 CFR § 200.62 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Finally, according to 7 CFR § 226.14, state agencies shall disallow any portion of a claim for reimbursement and recover any payment to an institution not properly payable under this part. State agencies must maintain searchable records of funds recovery activities. In addition, state agencies shall notify the institution of the reasons for any disallowance or demand for repayment and allow the institution full opportunity to submit evidence on appeal, as provided for in 7 CFR § 226.6(k). At minimum, state agency collection procedures for unearned payments shall include the following:

1) Written demand to the institution for the return of improper payments.
2) A second written demand for the return of improper payments sent by certified mail, return receipt requested, if, after 30 calendar days, the institution fails to remit full payment or agree to a satisfactory repayment schedule.
3) Referral of the claim against the institution by the state agency to appropriate state or federal authorities for pursuit of legal remedies, if, after 60 calendar days, the institution fails to remit full payment or agree to a satisfactory repayment schedule.

Condition and Context:
ALA staff examined 25 provider compliance reviews performed by Division of Child Care and Early Childhood Education (DCCECE) staff and the contracted vendor to determine if the reimbursed claims were allowable in accordance with program payment requirements. If money is owed back to the program, the provider is declared seriously deficient and repayment is requested. Recoupment begins after the provider's Corrective Action Plan (CAP) is received and approved and an appeal of the amount owed is not requested.

***2017 Prior Year Finding Number*:**	**2017-002 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
ALA examination revealed the following:

- Adequate records were not maintained by DCCECE.
- The request for repayment from a provider to the program was understated by $645.
- Proper procedures were not followed to ensure timely recoupment of funds from the providers.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$645

Cause:
The Agency has not maintained adequate documentation or developed adequate communication policies to providers, resulting in lack of notification for refunds due back to the program.

Effect:
Failure to develop, document, and implement procedures for internal control over compliance increases risk for the Agency and limits its ability to manage federal awards effectively. Additionally, failure of communication between providers and divisions could cause proper recoupment of federal funds to be delayed or not collected at all.

Recommendation:
ALA staff recommend the Agency promptly develop and implement policies to specifically address the calculation of monies owed and the process of refund notification and collection for its providers.

Views of Responsible Officials and Planned Corrective Action:
DCCECE Health and Nutrition has completed a recoupment procedure and has trained on this procedure with the appropriate staff.

Anticipated Completion Date: Completed. Procedure was implemented December 18, 2017. Training was provided February 2, 2018.

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-003**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

2 CFR § 200.62 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

7 CFR § 226.6(b)(1) states that for new private nonprofit and proprietary child care institutions, such procedures must also include a pre-approval visit by the state agency to confirm the information in the institution's application and to further assess its ability to manage the program.

In addition, 7 CFR § 226.11(a) indicates that a state agency may develop a policy under which centers are reimbursed for meals served in accordance with provisions of the program in the calendar month preceding the calendar month in which the agreement is executed, or the state agency may develop a policy under which centers receive reimbursement only for meals served in approved centers on and after the effective date of the program agreement. If the state agency's policy permits centers to earn reimbursement for meals served prior to the execution of a program agreement, program reimbursement must not be received by the center until the agreement is executed.

Finally, 7 CFR § 226.19(b)(6) requires outside-school-hours care centers' key operational staff, as defined by the Agency, to attend program training prior to the center's participation in the program, and at least annually thereafter, on content areas established by the state agency.

Condition and Context:
ALA discussion with Division of Child Care and Early Childhood Education (DCCECE) staff indicated that applications for new and renewing applicants are completed online through the Special Nutrition Program (SNP) database. Supporting documentation is uploaded by the providers and reviewed by staff. The Agency does not allow retroactive reimbursements for new applicants.

***2017 Prior Year Finding Number*:**	**2017-003 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
ALA review of 26 new applicants to determine compliance with eligibility requirements revealed the following:

- One provider did not attend training prior to application approval.
- Preapproval visits for four providers were not completed prior to application approval.
- Three providers were reimbursed a combined total of $13,977 in retroactive claims.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$13,977

Cause:
The Agency approved new providers' applications prior to ensuring that all eligibility requirements were met. Additionally, unallowed claims were reimbursed to new providers.

Effect:
Federal funds were used for unallowable claim reimbursements.

Recommendation:
ALA staff recommend the Agency promptly develop, document, and implement procedures for internal control over compliance to ensure the participation and reimbursement for only eligible program participants.

Views of Responsible Officials and Planned Corrective Action:
DCCECE Health and Nutrition has completed an application procedure, which includes a check list for the Program Coordinators and Program Managers to ensure quality control. Training will be completed with appropriate staff.

Anticipated Completion Date: April 1, 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-004**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-001**.

Criteria:
In accordance with 2 CFR § 200.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

2 CFR § 200.62 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Finally, 2 CFR § 200.302(b)(6) and (b)(7) state a non-federal entity must establish written procedures to implement the requirements of cash management and to determine the allowability of costs in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements, as well as the terms and conditions of the federal award.

Condition and Context:
ALA discussion with the Agency's Division of Child Care and Early Childhood Education (DCCECE) staff revealed that it failed to develop and document procedures for internal control over compliance during the 2017 fiscal year.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Although the Agency was notified in July 2015 to develop and document procedures for internal control over compliance, it failed to prioritize this task during the previous audit cycle and, again, during this current audit cycle.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-004 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Failure to develop, document, and implement procedures for internal control over compliance increases risk for the Agency and limits its ability to manage federal awards effectively.

Recommendation:
ALA staff recommend the Agency promptly develop, document, and implement procedures for internal control over compliance to minimize the risk pertaining to the handling and disbursing of federal awards.

Views of Responsible Officials and Planned Corrective Action:
DCCECE Health and Nutrition has completed and implemented several procedures and has trained on these procedures with the appropriate staff. We are in the process of writing new procedures. Training will be conducted on a regular basis.

Anticipated Completion Date: Trained on current procedure February 2, 2018. This will be an on-going task as new issues arise.

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-005**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-001**.

Criteria:
In accordance with 7 CFR § 226.6(m)(6), the state agency must annually review at least 33.3% of all institutions with at least 15% of the total number reviews being unannounced. A state agency must review institutions according to the following schedule:

- Independent centers and sponsoring organizations with 1 – 100 facilities (10% of total facilities) must be reviewed at least once every three years.
- Sponsoring organizations with more than 100 facilities (5% of first 1,000 facilities and 2.5% of facilities in excess of 1,000) must be reviewed at least once every two years.
- New institutions that are sponsoring organizations with five or more facilities must be reviewed within the first 90 days of program operations.

Condition and Context:
ALA discussion with the Agency's Division of Child Care and Early Childhood Education (DCCECE) revealed that the staff's efforts were placed on the completion of Summer Food Service Program (SFSP) reviews during July – December 2016, resulting in a significantly lower number of program reviews during fiscal year 2017. All reviews are unannounced, with the exception of the reviews of sponsoring organizations of three or more facilities.

During fiscal year 2017, a contractor was hired to assist the Agency with performing compliance reviews.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not adhere to the monitoring schedule set forth in the regulations because the required annual percentage of compliance reviews were not completed and new sponsoring organizations of five or more facilities were not reviewed within the first 90 days of program operations.

Effect:
Failure to complete compliance reviews could cause instances of noncompliance to remain undetected.

Recommendation:
ALA staff recommend the Agency continue to hire additional reviewers and utilize contractors and other staff within other divisions to complete compliance reviews in accordance with the monitoring schedule set forth in the regulations.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-005 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

Excel spreadsheets have been created to ensure that the required number and types of reviews are being conducted. Procedures are being written to explain how these spreadsheets are developed and utilized.

Anticipated Completion Date: April 1, 2018

Contact Person:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-006**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.010 – Title I Grants to Local Education Agencies**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S010A140004, S010A150004, and S010A160004**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2018:

Partially Corrected

The ADE Federal programs staff has developed a risk-based multi-tiered monitoring protocol for all subrecipients. The new monitoring protocol requires ADE to monitor programs using a risk-based approach, in accordance with 2 CFR 200.331(b). Subrecipient monitoring tools used by ADE include on-site monitoring, desk audits, budget and expenditure reviews, and training for subrecipients. The risk assessment process, which includes the training of ADE Federal programs monitoring staff and subrecipients, has begun and will be ongoing. ADE anticipates full implementation of the monitoring protocol, which will identify risks for all subrecipients, to be complete by June 30, 2019.

Repeat Finding:

Not applicable

Criteria:
2 CFR § 200.302(b)(7) requires "written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and the terms and conditions of the federal award." Subrecipient monitoring is a mechanism used to ensure the costs are allowable with the terms and conditions of the federal award.

In addition, 2 CFR § 200.331(b) requires that all pass-through entities "evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring."

Condition and Context:
Title I staff conducted desk audits of Title I budgets and year-to-date expenditures to review for allowable expenses, required set asides, correct rank order of buildings, and various provisions to ensure compliance with federal regulations. However, there was no written subrecipient monitoring plan in place consistent with the new Uniform Grant Guidance during fiscal year 2017.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency is in the process of developing new policies and procedures for subrecipient monitoring consistent with the new Uniform Grant Guidance.

Effect:
The absence of a written subrecipient monitoring plan in accordance with the new Uniform Guidance could cause the Agency to not fulfill all of its pass-through entity's responsibilities.

Recommendation:
ALA staff recommend that the Agency finalize policies and procedures for monitoring subrecipients who receive Title I funds.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-006 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.010 – Title I Grants to Local Education Agencies**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S010A140004, S010A150004, and S010A160004**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:

The Arkansas Department of Education (ADE) has reviewed the finding related to the 84.010 – Title I grants, which will be included in the Federal Portion of the Statewide Single Audit. As a result of this finding, ADE Federal programs staff are developing a risk-based multi-tiered monitoring protocol that will be implemented for all subrecipients by July 1, 2018. The new monitoring protocol will require ADE to monitor programs using a risk-based approach, in accordance with 2 CFR 200.331(b). Subrecipient monitoring tools used by ADE will include on-site monitoring, desk audits, budget and expenditure reviews, and training for subrecipients.

Anticipated Completion Date: July 1, 2018

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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-007**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services** **Department of Human Services – Division of Services for the Blind**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A160003; H126A160004**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected: The period of performance for the FY2016 VR grant has expired. The agency has continued to bring on additional vendors and services to address the Workforce Innovation and Opportunity Act, Pre-Employment Transition Services requirement. Current expenditures for the FY2017 VR grant are $4,139,400.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-006**.

Criteria:
Sections 110(d)(1) and 113(a) of the Rehabilitation Act of 1973, effective July 22, 2014, require a state to reserve and expend, at a minimum, 15% of its allotment under the grant for the provision of pre-employment transition services.

Condition and Context:
The minimum allotment for pre-employment transition services (pre-ETS) for the final 2016 grant awards was calculated to be $7,049,757 for the State. The 2016 grant award period is October 1, 2015 to September 30, 2016, and allowable costs for the grant must be obligated during the grant period. In addition, the agency must draw the federal funds representing the allowable costs within 15 months from the end of the grant award period (December 31, 2017).

As reported on the final SF-425 reports for the 2016 grant awards, pre-ETS expenses were $3,438,349 for Arkansas Rehabilitation Services (ARS) and $510,718 for the Department of Human Services – Division of Services for the Blind (DHS-DSB), totaling $3,949,067.

As a result of the projected deficit of $3,100,690, ($7,049,757 - $3,949,067), the Agencies stopped spending from these grants as they determined they could not meet the minimum requirement. However, the 15% earmarking requirement calculated on total *expensed* grant funds would be $6,590,318, which resulted in a deficit for pre-ETS totaling **$2,641,251** ($6,590,318 - $3,949,067).

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$2,641,251

Cause:
The Agencies did not have adequate procedures in place to ensure that the earmarking requirements were properly met and reported.

Effect:
Failure to meet earmarking requirements could jeopardize future awards.

Recommendation:
ALA staff recommend the Agencies strengthen procedures to ensure that earmarking requirements are properly met and reported.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services** **Department of Human Services – Division of Services for the Blind**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A160003; H126A160004**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

ARS/DHS-DSB Discussion

The subject grant award covered expenditures from October 1, 2015 to September 30, 2016. However, related federal regulations were not issued as final until August 19, 2016, after an extensive nationwide appeal process seeking definition as to what was an allowable cost for pre-ETS and what was not. Federal administrative interpretation of the pre-ETS rules under WIOA is still on-going in light of the President's charge to federal agencies to eliminate regulations that create a barrier to employment and increase administrative burdens.

ARS/DHS-DSB Action Taken

ARS and DHS-DSB began full implementation of this requirement in August 2016 when the regulation requiring the Designated State Unit (DSU) to provide these services in collaboration with the local educational agencies was issued. At the federal level, Rehabilitation Services Administration (RSA) continues to working closely with both Arkansas Vocational Rehabilitation agencies (ARS and DHS-DSB) to ensure the state as a whole develops a mechanism to reserve and expend a minimum of 15% of the VR allotment for Pre-ETS. Both agencies have established expenditure coding mechanisms to track Pre-ETS costs, as well as a Pre-ETS forecasting tool that lists activities and tracks monthly expenditures to stay on target in meeting the 15% requirement.

To date the current initiatives include:

External vendor programs: 17 contracts were established throughout the State to provide the 5 core areas of Pre-Employment Transition Services. The Pre-ETS external vendors include, but are not limited to, community rehabilitation providers.

Pre-ETS school contracts: ARS is currently partnering with 18 school districts across the state (including Arkansas School for the Deaf) to implement work based learning programs (OWL) and paid work experiences.

Inclusion Film Camp: The Inclusion Film Camp is collaboration between Arkansas Rehabilitation Services, Arkansas Transition Services, and local school districts in an effort to provide high school juniors and seniors on an IEP or 504 plan with the opportunity to develop skills in the art of film making.

Youth Leadership Forum:

YLF is a unique career leadership training program for high school juniors and seniors with disabilities. Youth serve as delegates from their local communities in a curriculum that cultivates leadership, citizenship, and social skills on the campus of the University of Central Arkansas.

Transitional Employment Program:

TEP is summer program administered at the Arkansas Career Training Institute focused on career readiness and other key components of Pre-Employment Transition Services. The number of students served has increased yearly.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services** **Department of Human Services – Division of Services for the Blind**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A160003; H126A160004**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

Restore Hope Juvenile Facilities:
PREP-Pre-readiness Employment Program at Department of Youth Services State Facilities.

To enhance the capacity of the State of Arkansas to promote the long-term employment of individuals with disabilities who are in Department of Youth Services facilities, ARS has entered into an agreement with Goodwill Industries of Arkansas, the Arkansas Department of Youth Services and the facility operator, Rite of Passage for Pre-Employment Transition Services to be provided on the campus of the Arkansas Assessment and Treatment Center in the areas of workplace readiness training and work-based learning experiences. The program provides work readiness soft skills training in conflict management, communication skills in various situations, and how to handle authority, as well as engaging youth in teamwork activities and actual work situations on campus where they earn wages at $8.50 an hour. The wages are received once the youth exits the facility. The Dermott Facility is under development, with plans to start in the fall of 2018.

Partnering with Technical Assistance Teams:
ARS and DHS-DSB are also partnering with federally sponsored Technical Assistance Teams to enhance training for providers and ARS/DHS-DSB staff.

ARS and DHS-DSB staff meet monthly to discuss Pre-ETS scheduled events and explore new avenues in implementing Pre-Employment Transition Services to the Pre-ETS eligible consumers of Arkansas. Pre-ETS expenditures as of March 1, 2018, on the FFY17 VR grant were $2,457,777 as compared to $1,630,465 for the same time period a year ago. This reflects a 51% increase, and ARS/DHS-DSB's combined efforts are on track to meet the 15% requirement for the FFY17 VR grant. It is anticipated that the level of expenditures will continue to increase significantly for the FFY17 VR grant, as well as the FFY18 VR grant.

Anticipated Completion Date: September 30, 2018

Contact Person:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-007**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services** **Department of Human Services – Division of Services for the Blind**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A160003; H126A160004**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-006**.

Criteria:
Sections 110(d)(1) and 113(a) of the Rehabilitation Act of 1973, effective July 22, 2014, require a state to reserve and expend, at a minimum, 15% of its allotment under the grant for the provision of pre-employment transition services.

Condition and Context:
The minimum allotment for pre-employment transition services (pre-ETS) for the final 2016 grant awards was calculated to be $7,049,757 for the State. The 2016 grant award period is October 1, 2015 to September 30, 2016, and allowable costs for the grant must be obligated during the grant period. In addition, the agency must draw the federal funds representing the allowable costs within 15 months from the end of the grant award period (December 31, 2017).

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Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$2,641,251

Cause:
The Agencies did not have adequate procedures in place to ensure that the earmarking requirements were properly met and reported.

Effect:
Failure to meet earmarking requirements could jeopardize future awards.

Recommendation:
ALA staff recommend the Agencies strengthen procedures to ensure that earmarking requirements are properly met and reported.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services** **Department of Human Services – Division of Services for the Blind**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A160003; H126A160004**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

ARS/DHS-DSB Discussion

The subject grant award covered expenditures from October 1, 2015 to September 30, 2016. However, related federal regulations were not issued as final until August 19, 2016, after an extensive nationwide appeal process seeking definition as to what was an allowable cost for pre-ETS and what was not. Federal administrative interpretation of the pre-ETS rules under WIOA is still on-going in light of the President's charge to federal agencies to eliminate regulations that create a barrier to employment and increase administrative burdens.

ARS/DHS-DSB Action Taken

ARS and DHS-DSB began full implementation of this requirement in August 2016 when the regulation requiring the Designated State Unit (DSU) to provide these services in collaboration with the local educational agencies was issued. At the federal level, Rehabilitation Services Administration (RSA) continues to working closely with both Arkansas Vocational Rehabilitation agencies (ARS and DHS-DSB) to ensure the state as a whole develops a mechanism to reserve and expend a minimum of 15% of the VR allotment for Pre-ETS. Both agencies have established expenditure coding mechanisms to track Pre-ETS costs, as well as a Pre-ETS forecasting tool that lists activities and tracks monthly expenditures to stay on target in meeting the 15% requirement.

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Transitional Employment Program:

TEP is summer program administered at the Arkansas Career Training Institute focused on career readiness and other key components of Pre-Employment Transition Services. The number of students served has increased yearly.

***2017 Prior Year Finding Number*:**	**2017-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services** **Department of Human Services – Division of Services for the Blind**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A160003; H126A160004**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

Restore Hope Juvenile Facilities:
PREP-Pre-readiness Employment Program at Department of Youth Services State Facilities.

To enhance the capacity of the State of Arkansas to promote the long-term employment of individuals with disabilities who are in Department of Youth Services facilities, ARS has entered into an agreement with Goodwill Industries of Arkansas, the Arkansas Department of Youth Services and the facility operator, Rite of Passage for Pre-Employment Transition Services to be provided on the campus of the Arkansas Assessment and Treatment Center in the areas of workplace readiness training and work-based learning experiences. The program provides work readiness soft skills training in conflict management, communication skills in various situations, and how to handle authority, as well as engaging youth in teamwork activities and actual work situations on campus where they earn wages at $8.50 an hour. The wages are received once the youth exits the facility. The Dermott Facility is under development, with plans to start in the fall of 2018.

Partnering with Technical Assistance Teams:
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Anticipated Completion Date: September 30, 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-008**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care_Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1601ARFOST; 1701ARFOST**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Procurement and Suspension and Debarment; Reporting**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-009**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

In addition, 45 CFR § 75.302(b)(7) states that a non-federal entity must establish written procedures to determine the allowability of costs in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements and the terms and conditions of the federal award.

45 CFR § 75.2 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition and Context:
ALA staff discussions with Division of Children and Family Services (DCFS) and Office of Finance and Administration (OFA) managerial accounting staff revealed that procedures for internal control over compliance were not developed and documented during fiscal year 2017 for all types of transactions.

Adequately documented internal controls over compliance must address the following five components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-008 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care_Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1601ARFOST; 1701ARFOST**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Procurement and Suspension and Debarment; Reporting**
Type of Finding:	**Material Weakness**

Cause:
Although the Agency was notified in July 2015 to develop and document procedures for internal control over compliance, it failed to prioritize this task during the previous audit cycle and, again, during the current audit cycle.

Effect:
Failure to develop and document procedures for internal control over compliance limits the Agency's ability to manage federal awards effectively.

Recommendation:
ALA staff recommend the Agency promptly develop, document, and implement procedures for internal control over compliance to minimize the risk pertaining to handling and disbursing federal awards.

Views of Responsible Officials and Planned Corrective Action:
The division has developed internal controls to ensure compliance with federal awards. We will continue to monitor the control activities and update the controls as needed.

Anticipated Completion Date: February 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-009**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care_Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1601ARFOST and 1701ARFOST**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year findings **2016-012** and **2015-012**.

Criteria:
In accordance with 45 CFR § 75.303, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award. This includes establishing internal controls documenting supervisory reviews and approvals of reports prior to submission to the federal awarding agency and monitoring federal draws and expenditures.

Additionally, 45 CFR § 75.302(b)(2) requires the financial management system of each non-federal entity to provide accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements.

Finally, the terms and conditions of the award state that quarterly reports are to be submitted within 30 days after the end of each fiscal quarter.

Condition and Context
ALA staff reviewed the Agency's internal control procedures regarding the review and submission of the Quarterly CB-496 Foster Care financial reports. This review of all four quarters revealed that sufficient, appropriate evidence of a supervisory review (e.g., signature/email of the reviewer) could not be provided for any of the quarterly reports.

ALA staff also reviewed supporting documentation for each quarterly report. This review revealed that the Agency overstated total program expenditures for the quarter ended June 30, 2017, by $82,324 because it included expenditures associated with other federal programs: Adoption Opportunities (CFDA 93.652) and Promoting Safe and Stable Families (CFDA 93.556).

ALA review also included confirming that the quarterly financial reports were submitted timely. This review revealed the Agency had not submitted two of the four quarterly reports timely as follows:

- The September 30, 2016, report, due for submission on October 30, 2016, was submitted on February 7, 2017.
- The December 31, 2016, report, due for submission on January 31, 2017, was submitted on March 7, 2017.

Additionally, ALA reviewed the Agency's internal control procedures regarding the monitoring of federal draws to federal expenditures. This review revealed the Agency did not reconcile expenditures to draws to ensure draws did not exceed allowable expenditures as reported on the CB-496.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-009 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care_Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**1601ARFOST and 1701ARFOST**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
The Agency did not establish adequate internal controls to ensure documented evidence was maintained supporting the amounts reported on the quarterly report or the supervisory review of the CB-496 Quarterly Financial Reports. Additionally, the Agency did not establish adequate internal controls to ensure the quarterly reports were submitted timely. Finally, the Agency did not establish adequate internal controls to ensure a process was in place to track federal draws and allowable expenditures.

Effect:
A deficiency in the design of controls regarding inadequate documented reviews of reports could result in inaccurate reporting to the federal awarding agency. In addition, failure to submit reports timely could jeopardize future awards. Finally, failure to properly monitor federal draws with reported expenditures could result in draws in excess of allowable expenditures.

Recommendation:
ALA staff recommend the Agency review and strengthen control procedures to ensure that Agency personnel responsible for reviewing reports adequately document their review and reports are submitted timely.

Views of Responsible Officials and Planned Corrective Action:
The agency has developed internal controls to ensure compliance of federal awards. Controls include timely filing of reports and documentation of the reporting process. A review of supporting documentation and the completed report occurs prior to submission.

Anticipated Completion Date: February 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-010**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-023**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over a federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations and the term and conditions of the federal award.

45 CFR § 75.2 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes, and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition and Context:
The Agency assigns region code 22 to claims which are generated by the Medicaid Management Information System (MMIS) without being initiated by a provider. These claims include monthly capitation payments, non-emergency transportation (NET) payments, and Arkansas Works premiums. Payments are generated monthly based on recipient eligibility information included in MMIS.

ALA selected a sample of 60 NET payments and a sample of 60 Arkansas Works recipients to determine if the Agency had adequate internal controls over compliance ensuring claims were appropriately reviewed and processed in accordance with timely filing requirements. ALA staff identified 34,378 claims totaling $142,846 for NET payments and 17,926 claims totaling $6,248,292 for Arkansas Works premium payments that were generated outside the timely filing deadlines.

According to the Agency, the NET claims payments were made based on reconciliations between monthly NET claims payments and the recipients' beginning eligibility dates. However, the Agency failed to provide documentation supporting the reconciliation process and the actual reconciliations which initiated these payments; therefore, ALA was unable to determine if the NET payments were made in accordance with federal regulations resulting in questioned costs totaling $96,591 for the Medical Assistance Program and $4,246 for the Children's Health Insurance Program (CHIP).

***2017 Prior Year Finding Number*:**	**2017-010 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Regarding the Arkansas Works payments, the Agency provided a written explanation of the cause of each selected adjustment, but failed to provide adequate documentation to support these explanations. Therefore, ALA staff were unable to determine if the adjustments made were reasonable and necessary resulting in questioned costs totaling $6,100,035 for the Medical Assistance Program.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
93.778 – Medical Assistance Program: $6,196,626
93.767 – Children's Health Insurance Program: $4,246

Cause:
The Agency has not developed or implemented effective internal controls over data modifications in CURAM or MMIS to ensure consistency and accuracy for system generated claims. During state fiscal year 2017, the Agency turned off the timely filing edit check in MMIS to knowingly allow claims more than one year past the last date of service to be processed.

In addition, the Agency failed to maintain documentation supporting reconciliations for NET payments.

Effect:
Failure to develop and implement adequate internal controls limits the Agency's ability to manage grants effectively.

Recommendation:
ALA staff recommend the Agency promptly develop and implement internal controls over data modifications in CURAM and MMIS to ensure consistency and accuracy. The Agency should also establish a process to manually review system generated claim adjustments.

Views of Responsible Officials and Planned Corrective Action:
The timely filing edit was turned off from October 1, 2013 until June 30, 2016, as acknowledged in letter dated April 14, 2016, from CMS. The internal controls were effective. Claims were denied due to timely filing. The new CURAM system had implementation issues, and eligibility was not established timely. Newborns were not determined eligible until two years after the date of birth. As a result, providers were unable to bill timely and receive payment for services rendered.

Anticipated Completion Date: The timely filing edits were turned back on effective July 1, 2016.

Contact Person:
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-010 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Additional Comments from the Auditor:

The Agency's response regarding the time frame for the timely filing edit being turned off is inaccurate. The edit was actually turned off effective October 15, 2016 through June 30, 2017, to allow payments for claims with dates of service from October 1, 2013 through June 30, 2016, that had not been submitted within the one-year deadline. (The edits were reinstated beginning July 1, 2017.)

In addition, the Agency stated that internal controls were effective. However, the Agency actually circumvented controls when the timely filing edits were turned off without CMS approval. The Agency's response also implies that CMS approved the process. The following is an excerpt from the April 14, 2016 letter from CMS to the Agency:

> "The Centers for Medicare and Medicaid Services (CMS) has received and reviewed your State's request to waive the federal 365-day timely filing deadlines as stated in 42 Code of Federal Regulations (CFR) 447.45(d)(1), however, the regulation does not provide authority for a waiver of these deadlines.
>
> We understand that during the time period of October 1, 2013 to present, due to an administrative error, a timely eligibility determination was not rendered for many eligible newborns who received services during this period. The State of Arkansas has presented an action plan for how and when it is resolving those eligibility cases.
>
> In the case of administrative error, the State may permit variances in the processing of claims to effectuate a corrective action; see 42 CFR 431.221 regarding fair hearings, and 42 CFR 431.246, regarding corrective actions. These regulations provide for a decision in favor of the beneficiary before a hearing, and 42 CFR 431.250(c) provides for FFP for such corrective actions. Once the eligibility determination corrective action has been implemented, the State must follow all applicable regulations and policies regarding eligibility determinations and claims processing."

The Agency did not follow the protocol provided by CMS.

Finally, as previously stated in the condition and context, ALA staff were unable to determine if NET payments were made in accordance with federal regulations because the Agency failed to provide documentation to support the reconciliation process that initiated these claims. In addition, ALA staff were unable to determine the necessity and reasonableness of adjustments for the Arkansas Works premium payments because the Agency failed to provide documentation supporting changes to recipient dates of birth.

It should be noted that $6,100,035 of questioned costs affects the Arkansas Works program, for which newborns are not eligible.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-011**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1605AR5021; 05-1705AR0301;**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over a federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations and the term and conditions of the federal award.

45 CFR § 75.2 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes, and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Additionally, 42 CFR §447.45 (d) requires the Medicaid agency to require providers to submit all claims no later than 12 months from the date of service. For claims also paid under Medicare (crossover claims), the provider must submit the Medicaid claim for the same service within 6 months after the agency or the provider receives notice of the disposition of the Medicare claim. The agency may make payments at any time in accordance with a court order, to carry out hearing decisions or agency corrective actions taken to resolve a dispute, or to extend the benefits of a hearing decision, corrective action, or court order to others in the same situation as those directly affected by it.

Finally, section 302.400 of the Arkansas Medicaid provider manual states that retroactive eligibility does not constitute an exception to the timely filing requirement. If an administrative action delays an eligibility determination, the provider must submit the claims within the 12-month filing deadline. If the claim is denied for recipient ineligibility, the provider may resubmit the claim after eligibility is determined. The provider manual lists specific instructions for filing claims when recipient eligibility has not been determined.

Condition and Context:
During the prior audit, the Agency notified ALA that the Agency was temporarily removing the timely filing edit from the Medicaid Management Information System (MMIS) during state fiscal year 2017. Documentation provided to ALA revealed that CMS had denied the Agency's request for a waiver from the timely filing regulations.

***2017 Prior Year Finding Number*:**	**2017-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
ALA obtained claims data for all claims payments made during state fiscal year 2017 through a direct data download established with the Agency. From the data, ALA identified all claims that failed to meet the timely filing requirement. These claims were separated into three populations for review. To determine if claims were allowable, ALA requested documentation of previously filed claims in accordance with section 302.400 of the provider manual or documentation of a court order, hearing decision, or corrective action, in accordance with 42 CFR § 447.45, for the identified claims for each population.

Medicare Crossover Claims: ALA identified 4,526 Medicare crossover claims totaling $585,254 that did not meet the timely filing requirement. The Agency failed to provide documentation showing compliance with federal regulations or the provider manual. Questioned costs totaled $407,864 for the Medical Assistance Program.

Pharmacy Claims: ALA identified 10 pharmacy claims totaling $4,857 that did not meet the timely filing requirement. Further review revealed the Agency improperly approved a manual override of the timely filing edit in the pharmacy system to allow payment of these claims. Questioned costs totaled $2,615 for the Medical Assistance Program and $1,104 for the Children's Health Insurance Program (CHIP).

ALA also identified 205 pharmacy claims totaling $12,388 with a future claim submittal date embedded into the claim number, causing the claim number to be invalid. The Agency identified an additional 4,563 claims totaling $283,152 with invalid claim numbers due to a future claim submittal date. Questioned costs totaled $183,796 for the Medical Assistance Program and $31,807 for CHIP.

Other Claims: ALA identified 37,418 non-Medicare crossover claims totaling $10,902,877 that did not meet the timely filing requirement. The Agency provided documentation of claims that had been filed as required per section 302.400 for 6,808 claims; however, ALA was unable to trace this additional documentation to any specific claims included in the population. Questioned costs total $7,353,279 for the Medical Assistance Program and $357,244 for CHIP.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
CFDA 93.767 – Children's Health Insurance Program: $390,155
CFDA 93.778 – Medical Assistance Program: $7,947,554

Cause:
Eligibility determinations were delayed due to problems with the CURAM system that occurred from October 1, 2013 through December 31, 2016. As a result, there were instances in which providers failed to file claims for recipients because eligibility had not been determined. To remedy this situation, the Agency removed the timely filing requirement edit check in MMIS **without approval** from CMS and knowingly allowed claims with dates of service on or after October 1, 2013, to be paid.

Effect:
Failure to develop and implement internal controls places limits on the Agency's ability to manage grants and track expenditures effectively.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1605AR5021; 05-1705AR0301;**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency promptly develop and implement internal controls over claims payments in MMIS to ensure consistency and accuracy. The Agency should allow existing internal controls that are operating effectively to remain in place. The Agency should establish a process to manually review the claims that MMIS rejects due to timely filing requirements.

Views of Responsible Officials and Planned Corrective Action:
The timely filing edit was turned off from October 1, 2013 until June 30, 2016, as acknowledged in a letter dated April 14, 2016, from CMS. The internal controls were effective. Claims were denied due to timely filing. The new CURAM system had implementation issues, and eligibility was not established timely. Newborns were not determined eligible until two years after the date of birth. As a result, providers were unable to bill timely and receive payment for services rendered.

Anticipated Completion Date: The timely filing edits were turned back on effective July 1, 2016.

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***2017 Prior Year Finding Number*:**	**2017-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1605AR5021; 05-1705AR0301;**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Additional Comments from the Auditor:

The Agency's response regarding the time frame for the timely filing edit being turned off is inaccurate. The edit was actually turned off effective October 15, 2016 through June 30, 2017, to allow payments for claims with dates of service from October 1, 2013 through June 30, 2016, that had not been submitted within the one-year deadline. (The edits were reinstated beginning July 1, 2017.)

In addition, the Agency stated that internal controls were effective. However, the Agency actually circumvented controls when the timely filing edits were turned off without CMS approval. The Agency's response also implies that CMS approved the process. The following is an excerpt from the April 14, 2016, letter from CMS to the Agency:

> "The Centers for Medicare and Medicaid Services (CMS) has received and reviewed your State's request to waive the federal 365-day timely filing deadlines as stated in 42 Code of Federal Regulations (CFR) 447.45(d)(1), however, the regulation does not provide authority for a waiver of these deadlines.
>
> We understand that during the time period of October 1, 2013 to present, due to an administrative error, a timely eligibility determination was not rendered for many eligible newborns who received services during this period. The State of Arkansas has presented an action plan for how and when it is resolving those eligibility cases.
>
> In the case of administrative error, the State may permit variances in the processing of claims to effectuate a corrective action; see 42 CFR 431.221 regarding fair hearings, and 42 CFR 431.246, regarding corrective actions. These regulations provide for a decision in favor of the beneficiary before a hearing, and 42 CFR 431.250(c) provides for FFP for such corrective actions. Once the eligibility determination corrective action has been implemented, the State must follow all applicable regulations and policies regarding eligibility determinations and claims processing."

The Agency did not follow the protocol provided by CMS.

Finally, of the $8,337,709 questioned costs, only $3,162,287 affected newborn claims with dates of service within the time frame established by the Agency, October 1, 2013 through June 30, 2016. The remaining $5,175,422 was for claims for individuals with dates of birth prior to October 1, 2013.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-012**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301 (Children's Health Insurance Program)** **05-1705AR5MAP (Medicaid Custer)**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed a series of Customer Service Requests (CSR) for DXC, DHS's Medicaid fiscal agent, to make necessary system modifications to the MMIS supporting site visit tracking and fingerprint background checks. As of April 11, 2018, DHS resumed sending notices to providers and began re-validating providers. The agency anticipates completion of re-validating providers by October 31, 2018, including entry and tracking in the MMIS.

Repeat Finding:
Not applicable

Criteria:
According to section 140.00, Provider Participation, any provider of health services must be enrolled in the Arkansas Medicaid Program prior to reimbursement for any services provided to Arkansas Medicaid beneficiaries. Enrollment is considered complete when a provider has signed and submitted the following forms:

- Application.
- W-9 tax form.
- Medicaid provider contract.
- PCP agreement, if applicable.
- EPSDT agreement, if applicable.
- Change in ownership control or conviction of crime form.
- Disclosure of significant business transactions form.
- Specific license or certification based on provider type and specialty, if applicable.
- Participation in the Medicare program, if applicable.

Effective March 25, 2011, with an extended deadline of September 25, 2016, for full compliance, is 42 CFR § 455.414, which states that the State Medicaid Agency must revalidate the enrollment of all providers at least every five years. Revalidation includes a new application; satisfactory completion of screening activities; and if applicable, fee payment. Screening activities vary depending on the risk category of the provider as follows:

- The limited risk category includes database checks.
- The moderate risk category includes those required for limited risk plus site visits.
- The high risk category includes those required for limited and moderate risk plus fingerprint background checks.

Condition and Context:
The Agency provided ALA with a listing of providers that, according to the Agency, had NOT been revalidated. This listing was utilized by ALA to develop two populations for testing. To test the accuracy of the listing and ensure that all

***2017 Prior Year Finding Number*:**	**2017-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301 (Children's Health Insurance Program)** **05-1705AR5MAP (Medicaid Custer)**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context:

providers who had amounts paid during state fiscal year 2017 were subject to testing, samples from both populations were tested.

The first population represented providers that were not on the listing, which indicated they had been through the revalidation process and were properly enrolled as a provider. ALA review of 60 provider files revealed the following 29 deficiencies affecting both Medicaid and the Children's Health Insurance Program (CHIP):

- Seventeen high risk providers had new applications but did not comply with the screening requirements. *Questioned costs totaled $2,606,794 and $2,401 for Medicaid and CHIP, respectively*.
- Seven moderate risk providers had new applications but did not comply with the screening requirements. *Questioned costs totaled $2,396,218 and $66,441 for Medicaid and CHIP, respectively*.
- Three high risk providers did not have new applications on file and did not comply with the screening requirements. *Questioned costs totaled $8,582 for Medicaid*.
- One moderate risk provider did not have a new application on file and did not comply with the screening requirements. *Questioned costs totaled $204,923 for Medicaid*.
- One moderate risk provider did not have a new application on file, did not comply with the screening requirements, and did not have disclosure forms on file. *Questioned costs totaled $1,480,320 and $25,900 for Medicaid and CHIP, respectively*.

The second population represented providers the Agency had identified as NOT having been through the revalidation process. ALA review of the 60 provider files revealed the following 55 deficiencies affecting both Medicaid and CHIP:

- Two high risk providers had new applications but did not comply with the screening requirements. *Questioned costs totaled $658,117 for Medicaid*.
- One moderate risk provider did not have a new application on file and did not comply with the screening requirements. *Questioned costs totaled $22,181 and $3,177 for Medicaid and CHIP, respectively*.
- One moderate risk provider did not have a new application on file, did not comply with the screening requirements, and did not have disclosure forms on file. *Questioned costs totaled $6,882 and $2,990 for Medicaid and CHIP, respectively*.
- Twenty-three limited risk providers did not have a new application on file, did not comply with screening requirements, and did not have disclosure forms on file. *Questioned costs totaled $4,085,902 and $158,876 for Medicaid and CHIP, respectively*.
- Three limited risk providers did not have a new application on file, did not comply with the screening requirements, and did not have a W-9 or disclosure forms on file. *Questioned costs totaled $46,899 and $1,217, for Medicaid and CHIP, respectively*.
- One limited risk provider did not have a new application or a W-9 on file. *Questioned costs totaled $5,530 and $34 for Medicaid and CHIP, respectively*.
- Twenty-four limited risk providers did not have a new application on file. *Questioned costs totaled $787,263 and $214,582 for Medicaid and CHIP, respectively*.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
93.778 – Medical Assistance Program	
	(Medicaid Cluster)
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301 (Children's Health Insurance Program)**
	05-1705AR5MAP
	(Medicaid Custer)
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
State Fiscal Year 2017 – $12,309,611 (Medicaid)
State Fiscal Year 2017 – $475,618 (CHIP)

Cause:
Although the Agency has designed internal control procedures to review provider 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.

Specifically, the Agency should ensure that adequate procedures are in place to ensure compliance with the federal requirement related to the revalidation of providers. Based on testing results, most deficiencies were related to the additional screening requirements, which are due upon revalidation. There was no documentation provided of any site visits or fingerprint background checks performed. According to the Agency, the old Medicaid Management Information System (MMIS) did not have the capability to house the provider fingerprints, but the new MMIS system should have this capability.

Although the Agency had the option to utilize the Medicare Provider Enrollment, Chain, and Ownership System (PECOS) to comply with the revalidation requirement, for any provider that was reviewed by Medicare within the last year, the Agency did not utilize this resource for this purpose.

Effect:
Claims payments to ineligible providers were processed.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:
Site visit requirements and fingerprint-based background checks were not implemented by the State, which caused the findings listed above. The amount of work required to fully implement these processes into the legacy Medicaid Management Information System (MMIS) was considered too costly and untimely in that both could be incorporated into the new interchange MMIS that was being designed. A panel to capture fingerprint-based information was designed in interchange. DMS is currently working with CMS Program Integrity staff to schedule time with their FBI contact and the Arkansas Crime Information Center to automate this process. Work requirements to implement this process are being addressed with the Project Management Office (PMO) and our MMIS IT vendor as well. Forms to capture site-visit data have been developed, and DMS is identifying staff to conduct the visits.

Response: Approximately 80% of all enrolled providers have re-enrolled/revalidated. The remainder of re-enrollments/ revalidations of providers have been delayed as staff redesigned and implemented the new MMIS. Staff's plan is to go

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5021; 05-1705AR0301 (Children's Health Insurance Program)** **05-1705AR5MAP (Medicaid Custer)**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action (Continued):
through a stabilization period for the new MMIS and resume sending notices and revalidating providers by the end of March 2018.

Anticipated Completion Date: December 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-013**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
Not Applicable

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and other terms and conditions of the award.

45 CFR § 75.2 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

42 CFR § 457.630 states that form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medicaid Program) and form CMS-21 (Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI) must be submitted to CMS no later than 30 days after the end of the quarter.

Condition and Context:
ALA staff reviewed the CMS-64.21U report to determine if the expenditure information was accurate and complete. ALA review revealed that expenditures for the quarter ended March 31, 2017, totaled $24,096,422, but the Agency knowingly reported inaccurate expenditures totaling $13,668,581, resulting in an understatement totaling $10,427,841.

The understatement is the result of a breakdown in communication and flow of information between program staff within the Division of Medical Services (DMS), who are responsible for providing timely reportable expenditure information, and staff in managerial accounting, who are responsible for completing and submitting the report to the federal awarding agency. DMS does not provide information to managerial accounting timely, and managerial accounting does not adequately communicate concerns with the data received or the timeline in which the data are received. Because of this breakdown, managerial accounting purposely reported expenditures from the previous quarter (December 31, 2016) and would knowingly adjust the report at a later date.

***2017 Prior Year Finding Number*:**	**2017-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):
Contributing to this breakdown is the Agency's failure to develop documented internal control procedures for this reporting process. This failure was addressed in the 2016 Single Audit and is again addressed in current-year finding **2017-014.**

In addition, reports are required to be submitted to the federal awarding agency no later than 30 days after the end of each quarter unless an extension has been approved by the federal awarding agency. The Agency did not receive any extensions and failed to submit all four CMS 64.21U and CMS 21 reports for fiscal year 2017 timely as summarized below:

CMS 64.21U

- Quarter ended September 30, 2016 – certified on November 23, 2016, 24 days late.
- Quarter ended December 31, 2016 – certified on February 10, 2017, 11 days late.
- Quarter ended March 31, 2017 – certified on May 19, 2017, 19 days late.
- Quarter ended June 30, 2017 – certified on August 11, 2017, 12 days late.

(Note: The CMS 64.21U is a portion of the CMS 64 Report. Because of numerous errors, CMS rejected the CMS 64 Report for December 31, 2016, and June 30, 2017, reports so that the Agency could make necessary corrections, including prior period adjustments. Final certification of the December 31, 2016, report was on March 3, 2017, 62 days after the end of the quarter, and final certification of the June 30, 2017, report was on September 15, 2017, 77 days after the end of the quarter.)

CMS 21

- Quarter ended September 30, 2016 – certified on November 23, 2016, 24 days late.
- Quarter ended December 31, 2016 – certified on February 16, 2017, 16 days late.
- Quarter ended March 31, 2017 – certified on May 19, 2017, 19 days late.
- Quarter ended June 30, 2017 – certified on August 16, 2017, 17 days late.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$10,427,841

Cause:
The Agency has experienced tremendous staff turnover and, again, has not developed or documented internal control procedures over compliance for reporting, making it extremely difficult for new or re-assigned staff to perform required duties and remain in compliance with grant requirements.

Effect:
Failure to establish an adequate process ensuring expenditures are accurately reported negates the intended purpose of the reports submitted to the federal awarding agency.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency immediately establish and implement internal control procedures to ensure expenditure information submitted quarterly to the federal awarding agency is accurate and complete.

Views of Responsible Officials and Planned Corrective Action:
The Department is shifting to an automated Federal reporting system with the completion of the quarter ending March 31, 2018, CMS-64 and CMS-21. As part of this process, the Department is establishing internal controls and manuals for the completion of the Federal reports for Medicaid and CHIP. Additionally, the Department has been in communication with CMS concerning additional training for current staff. Other training sources are being explored to allow the staff to be able to complete the forms by the required deadline. The Department works with CMS on a quarterly basis to ensure that all cost is properly documented.

Anticipated Completion Date: April 30, 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-014**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-017**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

45 CFR § 75.2 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition and Context:
The Agency has again failed to develop and document internal control procedures over the reporting compliance requirement. As a result, Agency staff continue to struggle maintaining program compliance.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Although the Agency was notified in July 2015 to develop and document procedures for internal control over compliance, it failed to prioritize this task during the previous audit cycle and, again, during this current audit cycle.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Weakness**

Effect:
The Agency's inability to effectively manage the award and maintain compliance is severely impacted as evidenced by numerous audit findings.

Recommendation:
ALA staff again recommend the Agency immediately develop, document, and implement procedures for internal control over compliance for reporting to ensure compliance with applicable laws and regulations.

Views of Responsible Officials and Planned Corrective Action:
The Department is shifting to an automated Federal reporting system with the completion of the quarter ending March 31, 2018, CMS-64 and CMS-21. As part of this process, the Department is establishing internal controls and manuals for the completion of the Federal reports for Medicaid and CHIP. Additionally, the Department has been in communication with CMS concerning additional training for current staff. Other training sources are being explored to allow the staff to be able to complete the forms by the required deadline. The Department works with CMS on a quarterly basis to ensure that all cost is properly documented.

Anticipated Completion Date: April 30, 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-015**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. This includes a process ensuring federal expenditures recorded in the Agency's financial management system and federal expenditures reported to the federal awarding agency are accurate and complete.

Condition and Context:
ALA discussions with Agency staff revealed an adequate process is not in place to ensure expenditures reported are accurate and complete, as well as reflect expenditures recorded in the Agency's financial management system. The Agency has previously stated that it prepares quarterly reconciliations to ensure expenditures are reported correctly. On June 19, 2017, ALA requested the Children's Health Insurance Program (CHIP) reconciliations for the first three quarters of fiscal year 2017, which should have been readily available. However, Agency staff stated that due to time constraints, the reconciliations had not been completed. As a result, the Agency could not provide documentation to ensure the accuracy or completeness of the reported expenditures.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency has experienced tremendous staff turnover and, again, has not developed or documented internal control procedures over compliance for reporting, making it extremely difficult for new or re-assigned staff to perform required duties and remain in compliance with grant requirements.

Effect:
Failure to establish an adequate process ensuring expenditures are accurately reported negates the intended purpose of the reports submitted to the federal awarding agency.

Recommendation:
ALA staff recommend the Agency immediately establish and implement internal control procedures to ensure expenditure information submitted quarterly to the federal awarding agency is accurate and complete.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-015 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1505AR5021; 05-1505AR1081; 05-1605AR5021; 05-1705AR0301**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

The Department is shifting to an automated Federal reporting system with the completion of the quarter ending March 31, 2018, CMS-64 and CMS-21. As part of this process, the Department is establishing internal controls and manuals for the completion of the Federal reports for Medicaid and CHIP. Additionally, the Department has been in communication with CMS concerning additional training for current staff.

Other training sources are being explored to allow the staff to be able to complete the forms by the required deadline. The Department works with CMS on a quarterly basis to ensure that all cost is properly documented.

Anticipated Completion Date: April 30, 2018

Contact Person:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-016**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. Effective October 1, 2017, financial eligibility for the Long Term Services and Supports Program was transferred to the DCO. The Long Term Services and Supports staff are specialized to focus only on the program. Additional resources have been allocated to this unit to reduce and eliminate the backlog of overdue re-evaluations and increase the number of second party reviews completed on these cases to ensure that appropriate documentation is included the case files. The agency anticipates completion no later than October 31, 2018.

Repeat Finding:
A similar issue was reported in prior-year findings **2016-025**, **2015-023** and **2014-020**.

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. The MS manual is specific to Medicaid eligibility policies and procedures and is in addition to the approved State Plan required in accordance with 45 CFR § 75.206.

In addition, case documentation is governed by 42 CFR § 435.913, which states, "The Agency must include in each application record facts to support the Agency's decision...."

Guidance for timely eligibility determinations is outlined in 42 CFR § 435.912, which states that initial determinations should be made within 45 days unless the applicant is applying upon the basis of disability, and in that case, the initial determination should be made within 90 days. Also, 42 CFR § 435.916 governs eligibility redeterminations be performed at least once every 12 months.

Condition and Context:
ALA staff reviewed 60 traditional Medicaid recipient files in the ANSWER system to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. The review revealed deficiencies as summarized below:

- One client file, with 69 claims totaling $32,359, did not contain documentation supporting the resources or income criteria, affecting all 69 claims. *Questioned costs totaled $22,577*.

  In addition, 114 claims paid in 2016 and 2015 were also affected. *Questioned costs totaled $21,102 and $5,878, respectively*.

  The annual reevaluations were also not completed timely. The 2015 reevaluation, due in March 2015, had not been completed at the conclusion of audit fieldwork, and there were no reevaluations for 2016 or 2017 (Aid to the Aged).
- One client file, with 140 claims totaling $5,838, did not contain documentation supporting the resources criteria, affecting 6 claims. *Questioned costs totaled $215*.

  Additionally, the annual reevaluation was not completed timely, as it was due in April 2017 but was not completed until May 16, 2017 (Aid to the Aged).
- One client file, with 94 claims totaling $57,398, did not contain documentation supporting the resources criteria, affecting 15 claims. *Questioned costs totaled $2,731*.

***2017 Prior Year Finding Number*:**	**2017-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

Additionally, the annual reevaluation was not completed timely, as it was due in July 2016 but was not completed until October 28, 2016 (Aid to the Aged).

- One client file, with 288 claims totaling $38,681, did not contain a DCO-704 signed by a registered nurse verifying medical necessity and did not contain documentation supporting the resources criteria, affecting 48 claims. *Questioned costs totaled $3,751*.

  Additionally, the annual reevaluation was not completed timely, as it was due in September 2016 but was not completed until November 7, 2017, after the recipient's file was selected for review (Aid to the Aged).

- One client file, with 20 claims totaling $33,903, did not contain documentation supporting the resources or income criteria, affecting all 20 claims. *Questioned costs totaled $23,682*.

  In addition, 29 claims paid in 2016 were also affected. *Questioned costs totaled $19,935*.

  The annual reevaluations were also not completed timely. The 2016 reevaluation, due in January 2016, had not been completed at the conclusion of audit fieldwork, and there was no reevaluation for 2017 (Aid to the Aged).

- One client file, with 202 claims totaling $38,365, did not contain documentation supporting the resources or income criteria, affecting all 202 claims. *Questioned costs totaled $26,766*.

  In addition, 1,100 claims paid in 2016, 2015, 2014, and 2013 were also affected. *Questioned costs totaled $31,791, $33,878, $31,585, and $9,589, respectively*.

  The annual reevaluations were also not completed timely. The 2013 reevaluation, due in March 2013, had not been completed at the conclusion of audit fieldwork, and there were no reevaluations for 2014, 2015, 2016, or 2017 (Aid to the Disabled).

- One client file, with 400 claims totaling $71,769, did not contain documentation supporting the income or resources criteria, affecting 374 claims. *Questioned costs totaled $46,406*.

  The annual reevaluation was also not completed timely. The 2017 reevaluation, due in July 2016, had not been completed at the conclusion of audit fieldwork (Aid to the Disabled).

- One client file, with 160 claims totaling $21,970, did not contain documentation supporting the income or resources criteria, affecting 57 claims. *Questioned costs totaled $6,885*.

  The annual reevaluation was also not completed timely. The 2017 reevaluation, due in November 2016, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).

- One client file, with 170 claims totaling $52,435, did not contain documentation supporting the resources or income criteria, affecting 86 claims. *Questioned costs totaled $35,813*.

  In addition, 9 claims paid in 2016 were also affected. *Questioned costs totaled $5,738*.

  The annual reevaluations were also not completed timely. The 2016 reevaluation, due in May 2016, had not been completed at the conclusion of audit fieldwork and there was no reevaluation for 2017 (Aid to the Aged).

***2017 Prior Year Finding Number*:**	**2017-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 26 claims totaling $35,397, did not contain documentation a DCO-662 Third Party Resource form verifying assignment of rights nor did it contain documentation supporting the resources or income criteria, affecting all 26 claims. *Questioned costs totaled $24,709*.

  In addition, 113 claims paid in 2016 and 2015 were also affected. *Questioned costs totaled $32,387 and $14,608, respectively*.

  The annual reevaluations were also not completed timely. The 2015 reevaluation, due in January 2015, had not been completed at the conclusion of audit fieldwork and there were no reevaluations for 2016 or 2017 (Aid to the Aged).
- One client file, with 104 claims totaling $57,660, did not contain a DCO-704 signed by a registered nurse verifying medical necessity and did not contain documentation supporting the resources or income criteria, affecting all 104 claims. *Questioned costs totaled $40,227*.

  In addition, 36 claims paid in 2016 were also affected. *Questioned costs totaled $15,644*.

  The annual reevaluations were also not completed timely. The 2016 reevaluation, due in February 2016, had not been completed at the conclusion of audit fieldwork and there was no reevaluation for 2017. (Aid to the Aged).
- One client file, with 208 claims totaling $17,762, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 118 claims. *Questioned costs totaled $8,363*.
  The annual reevaluation was also not completed timely. It was due in March 2017 but was not completed until May 26, 2017 (Aid to the Aged).
- One client file, with 3 claims totaling $36, did not contain a DCO-704 signed by a registered nurse verifying medical necessity but *Questioned costs totaled $0*.

  However, two claims paid in 2016 were affected. *Questioned costs totaled $17* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file, with 86 claims totaling $50,415, did not contain documentation supporting the resources criteria, affecting 8 claims. *Questioned costs totaled $4,940*.

  Additionally, the annual reevaluation was not completed timely, as it was due in May 2017 but was not completed until October 30, 2017, after the recipient's file was selected for review (Aid to the Aged).
- One client file, with 95 claims totaling $19,026, did not contain documentation supporting the resources criteria, affecting 14 claims. *Questioned costs totaled $1,993*.

  The annual reevaluation was also not completed timely. It was due in April 2017 but was not completed until July 13, 2017 (Aid to the Aged).
- One client file, with 86 claims totaling $50,497, did not contain documentation supporting the income or resources criteria, affecting 14 claims. *Questioned costs totaled $4,565*.

  The annual reevaluation was also not completed timely. The 2017 reevaluation, due in March 2017, had not been completed at the conclusion of audit fieldwork (Aid to the Aged).

***2017 Prior Year Finding Number*:**	**2017-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 17 claims totaling $772, did not contain documentation supporting the resources criteria, affecting all 17 claims. *Questioned costs totaled $538*.

  The initial eligibility determination was also not completed timely. The application was received on January 19, 2017, but was not approved until April 25, 2017, exceeding the 90-day limit for disability determinations (Aid to the Disabled).

Deficiencies related to eligible recipients with late initial determinations (no questioned costs) are provided below:

- One client file did not have a timely initial eligibility determination. The application was received on May 26, 2016, but was not approved until September 7, 2016, exceeding the 90-day limit for disability determinations (Aid to the Disabled).
- One client file did not have a timely initial eligibility determination. The application was received on July 11, 2016, but was not approved until September 29, 2016, exceeding the 45-day limit (Aid to the Aged)

Deficiencies related to eligible recipients with late redeterminations (no questioned costs) are listed below. Although there are no questioned costs associated with these recipients, the total amount of claims paid (state and federal) as of fieldwork date of December 5, 2017, for dates of services between the time the reevaluation was due and the day before it was performed is noted below in order to show what could have been paid in error if the recipient had ultimately been deemed ineligible:

- One client file did not have a timely reevaluation, as it was due in July 2016 but was not completed until September 23, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $3,943 in state fiscal year 2017 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in February 2017 but was not completed until March 23, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $6,018 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in March 2016 but the 2016 and 2017 reevaluations were not completed until November 2, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $21,707, $70,481, and $25,169 in state fiscal years 2016, 2017, and 2018, respectively (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in October 2014 but the 2015, 2016, and 2017 reevaluations were not completed until November 3, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $10,112, $13,717, $15,169, and $5,784 in state fiscal years 2015, 2016, 2017, and 2018, respectively (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in May 2017 but was not completed until October 23, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $9,002 in state fiscal year 2017 and $21,601 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in December 2016 but was not completed until January 18, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $3,523 in state fiscal year 2017 (Aid to the Disabled).

***2017 Prior Year Finding Number*:**	**2017-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file did not have a timely reevaluation, as it was due in April 2017 but was not completed until November 1, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $11,859 in state fiscal year 2017 and $20,081 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in February 2016 but the 2016 and 2017 reevaluations were not completed until November 1, 2017, after the recipient's file was selected for review. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $24,923, $52,371, and $28,275 in state fiscal years 2016, 2017, and 2018, respectively (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in February 2016 but the 2016 and 2017 reevaluations were not completed until November 2, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $18,519, $43,223, and $15,933 in state fiscal years 2016, 2017, and 2018, respectively (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in April 2017 but was not completed until October 23, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $31,899 in state fiscal year 2017 and $27,154 in state fiscal year 2018 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in November 2016 but was not completed until April 10, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $30,131 in state fiscal year 2017. (Aid to the Aged)
- One client file did not have a timely reevaluation, as it was due in September 2016 but was not completed until November 14, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $13,417 in state fiscal year 2017 and ($2) in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in December 2016 but was not completed until October 16, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $35,919 in state fiscal year 2017 and $21,281 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in March 2017 but was not completed until November 3, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $13,924 in state fiscal year 2017 and $17,146 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in June 2017 but was not completed until October 19, 2017, *after the recipient's file was selected for review*. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $2,666 in state fiscal year 2017 and $15,761 in state fiscal year 2018 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in August 2016 but was not completed until September 12, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $2,492 in state fiscal year 2017 (Aid to the Disabled).

***2017 Prior Year Finding Number*:**	**2017-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file did not have a timely reevaluation, as it was due in October 2016 but was not completed until May 3, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed was $17,008 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in April 2017 but was not completed until June 2, 2017. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $5,888 in state fiscal year 2017 (Aid to the Aged).

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
State Fiscal Year 2013 – $9,589
State Fiscal Year 2014 – $31,585
State Fiscal Year 2015 – $54,364
State Fiscal Year 2016 – $126,614
State Fiscal Year 2017 – $254,161

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.

Based on testing results, specific areas related to resource and income criteria require continued communication and training. Additionally, the Agency should review its procedures related to making determinations timely to ensure that both the initial determinations as well as the redeterminations are made in accordance with federal regulations.

Of the 17 ineligible recipients noted above, nine of them did not have state fiscal year 2017 reevaluations performed by the end of fieldwork. Additionally, some reevaluations, due in prior years and as far back as 2013, had not been performed.

Effect:
Payments to providers were made on behalf of ineligible recipients.

Recommendation:
ALA staff 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 Division of County Operations concurs with the findings. Effective October 1, 2017, financial eligibility for the Long Term Services and Supports Program was transferred to the Division of County Operations. The Long Term Services and Supports staff are specialized to focus only on this program.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1305AR5MAP; 05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1305ARBIPP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2013, 2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

Additional resources have been allocated to this unit to reduce and eliminate the backlog of overdue re-evaluations and increase the number of second party reviews completed on these cases to ensure that appropriate documentation is included in the case files. The reallocation of staff is complete as of March 2018. Progress has been made to reduce the backlog of overdue re-evaluations since October 2017.

Anticipated Completion Date: March 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-017**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. In addition, DHS has put in place a coordinator to oversee the SEFA and that employee has a back-up in place. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-016**.

Criteria:
42 CFR §§ 433.10 and 433.15 established rates to be used to calculate non-administrative and administrative state match and require that the State pay part of the costs for providing and administering the Medical Assistance Program (Medicaid).

Also, 42 CFR § 433.32 states that the State Medicaid Agency administering the program must maintain an accounting system and supporting fiscal records to assure that claims for federal funds are in accordance with applicable federal requirements.

Condition and Context:
ALA staff reviewed monthly funding reports maintained by the Agency to determine if state match was adequate for the quarters ended March 31, 2017, and June 30, 2017. ALA review revealed that the match reported to the federal awarding agency (CMS) on the CMS-64 reports did not agree with the match recorded in the Agency's financial management system. The CMS-64 report for March 31, 2017, overstated match totaling $67,753,404, and the CMS-64 report for June 30, 2017, overstated match totaling $20,910,864. ALA staff requested documentation that would support the variances between the match reported to CMS and the actual matching expenditures in the financial records, but the Agency was unable to provide any information to ALA by the end of fieldwork. As a result, it appears the Agency did not meet the match requirement for both quarters.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$88,664,268

Cause:
The Agency did not perform a reconciliation between the monthly federal/state match funding reports and the CMS-64 to ensure source of variances are identified timely.

Effect:
Failure to implement appropriate controls over expenditure reporting could result in an over/under match of Federal and State funds.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-017 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency establish and implement procedures to ensure amounts reported on monthly state/federal match funding reports agree to totals computed and reported to the federal awarding agency. This will ensure variances are properly researched and resolved timely.

Views of Responsible Officials and Planned Corrective Action:
The Department is shifting to an automated Federal reporting system with the completion of the quarter ending March 31, 2018, CMS-64 and CMS-21. As part of this process the Department is establishing internal controls and manuals for the completion of the Federal reports for Medicaid and CHIP. Additionally, the Department has been in communication with CMS concerning additional training for current staff. Other training sources are being explored to allow the staff to be able to complete the forms by the required deadline. The Department works with CMS on a quarterly basis to ensure that all cost is properly documented.

Anticipated Completion Date: April 30, 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-018**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
A similar issue was reported in prior-year finding **2016-015**.

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

45 CFR § 75.2 defines internal control over compliance as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition and Context:
ALA staff discussions with Agency personnel revealed that procedures for internal control over compliance were not developed and documented during fiscal year 2017.

According to the Agency, reports were prepared for the quarters ended March 31, 2017, and June 30, 2017, as a monitoring tool to ensure the required state match was met. ALA requested a copy of these reports in order to verify management was providing adequate monitoring of the required match, but the Agency never provided the reports to us. As a result, ALA concluded that the Agency does not have adequate controls in place over this compliance requirement.

In addition, because the Agency did not prioritize developing and documenting internal controls or maintain copies of the reports it claims to have used to monitor match, the Agency failed to comply with match requirements as noted in current-year finding **2017-017**.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
Although the Agency was notified in July 2015 to develop and document procedures for internal control over compliance, it failed to prioritize this task during the previous audit cycle and, again, during this current audit cycle. ALA was informed that due to staff turnover and workloads, program staff did not have time to prepare documented written internal controls.

Also, ALA was informed that comparison reports were created in preparation of its 2017 Schedule of Expenditures of Federal Awards (SEFA). However, Agency staff could not provide copies of these reports to ALA.

Effect:
Failure to develop and document procedures for internal control over compliance limits the Agency's ability to manage federal awards effectively.

Recommendation:
ALA staff recommend the Agency promptly develop, document, and implement procedures for internal control over compliance to minimize the risk pertaining to managing federal awards.

Views of Responsible Officials and Planned Corrective Action:
The Department is shifting to an automated Federal reporting system with the completion of the quarter ending March 31, 2018, CMS-64 and CMS-21. As part of this process the Department is establishing internal controls and manuals for the completion of the Federal reports for Medicaid and CHIP. Additionally, the Department has been in communication with CMS concerning additional training for current staff. Other training sources are being explored to allow the staff to be able to complete the forms by the required deadline. The Department works with CMS on a quarterly basis to ensure that all cost is properly documented.

Anticipated Completion Date: April 30, 2018

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-019**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605ARINCT; 05-1705ARINCT; 05-1505ARBIPP**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year findings **2016-027** and **2015-024**.

Criteria:
In accordance with 45 CFR § 75.303, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award. This includes establishing internal controls to document the Agency's reviews to ensure compliance with program regulations.

In addition, 42 CFR § 455.436 (c)(2) requires the State Medicaid Agency to check the List of Excluded Individuals and Entities (LEIE), maintained by the U.S. Office of Inspector General, and Excluded Parties List System (EPLS), maintained by the General Services Administration (GSA), no less frequently than monthly because, as stated in 2 CFR § 180.415(a), if a participant in the Medicaid Program is excluded by a federal agency after entering into covered transactions, the Agency should make a decision about whether to terminate and the type of termination action, if any, only after a thorough review to ensure that the action is proper.

Condition and Context:
According to Division of Medical Services (DMS) staff, DXC is contracted to ensure that enrolled providers in the Medicaid Program are not suspended or debarred or otherwise excluded from participating in the Medicaid Program. The contractor accomplishes this verification process by working with LexisNexis to perform monthly checks against various federal databases, such as the EPLS and the LEIE. Each month, DXC is contracted to provide an electronic copy of the reports generated by LexisNexis to the Agency. These reports identify providers who have been flagged by one of the exclusion databases. Once the Agency receives the reports, DMS staff are responsible for determining whether an identified provider remains eligible to participate in the Medicaid Program.

ALA staff requested Agency documentation for the monthly suspension and debarment reviews performed by DMS staff to determine if the Agency was reviewing the monthly LexisNexis suspension and debarment reports to ensure the status of enrolled providers flagged by one of the exclusion databases is adequately researched. ALA review revealed that the Agency failed to perform monthly reviews from July 2016 through December 2016, as well as in June 2017, and that DXC failed to provide DMS with four monthly reports during the fiscal year.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
DMS failed to ensure the transition of duties for monitoring monthly LexisNexis reports from the Program Integrity Unit when it was moved from DMS to the Office of Medicaid Inspector General. The Agency then failed to establish and implement proper controls to ensure LexisNexis reviews were completed in accordance with the contract.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-019 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605ARINCT; 05-1705ARINCT; 05-1505ARBIPP**
Federal Award Year(s):	**2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Effect:
Failure to review the monthly could result in continued enrollment of providers who have been excluded from participation in the Medicaid Program.

Recommendation:
ALA staff recommend the Agency adhere to its established internal control procedures regarding suspension and debarment to ensure that enrolled providers in the Arkansas Medicaid Program are not excluded from participation.

Views of Responsible Officials and Planned Corrective Action:
Along with concerns mentioned above, a staff vacancy existed for a period of time during the dates cited. The new staff hired is processing and running these reports as required. An internal control document exists and is being followed to ensure key dates and deliverables are met as outlined in the document.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-020**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
A similar issue was reported in prior-year findings **2016-028**, **2015-025**, and **2014-021**.

Criteria:
In accordance with 45 CFR § 75.303, the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Additionally, 42 CFR § 430.30(c) requires submission of a quarterly statement of expenditures report (CMS-64) for the Medical Assistance Program (MAP) not later than 30 days after the end of each quarter. The Agency maintains policies and procedures for the preparation of the CMS-64 report. Specifically, the procedures state that the Agency will prepare quarterly reconciliations, as well as review, investigate, 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:
ALA staff performed follow-up procedures from a prior-year finding to determine if the Agency had updated its procedure document for preparing the CMS-64 report and found it still contained outdated information for reporting administrative expenditures and did not appear complete. Documentation provided included only instructions for pulling expenditure reports from the Agency's cost allocation system. The instructions included names of individuals who left the Agency up to three years ago.

ALA staff reviewed the Agency's workbooks to determine if reconciliations between expenditures recorded in its financial management system and expenditures reported to the federal awarding agency were adequately reviewed and approved to ensure accuracy and completeness. Review of the reconciliations for quarter ended March 31, 2017, revealed it was not reviewed prior to certification and submission to the federal awarding agency. The workbook for this quarter also contained an error representing a "hard keyed" expenditure amount that had been carried forward from the previous quarter.

ALA staff also performed testing of expenditures reported on the CMS-64 for the quarters ended March 31, 2017, and June 30, 2017, to confirm accuracy and completeness with the expenditures recorded in Agency's financial management system. ALA review revealed the following errors:

***2017 Prior Year Finding Number*:**	**2017-020 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

From the March 31, 2017, report:

- Twenty-nine report line items totaling $1,539,392,590 and representing 91% of MAP expenditures were selected. Because of errors in the reallocation of expenditures between the Children's Health Insurance Program (CHIP) and the Medical Assistance Program, ALA staff were unable to perform testing for 13 of
- the line items with expenditures totaling $416,152,201. The current-year finding regarding the reallocation for CHIP is **2017-013**.
- Twelve report line items totaling $97,924,677 and representing 96% of administrative expenditures were selected. Errors were identified in 4 of the line items, resulting in an understatement totaling $616,945.

From the June 30, 2017, report:

- Thirty report line items totaling $1,434,188,118 and representing 91% of MAP expenditures were selected. Errors were identified in 9 of the line items, resulting in an overstatement totaling $2,039,166.
- Thirteen report line items totaling $117,805,082 and representing 97% of administrative expenditures were selected. Errors were identified in 4 of the line items, resulting in an overstatement totaling $409,036.

It appears that although the Agency has developed and documented internal control policies and procedures over reporting, controls are not operating effectively to ensure accurate and complete reporting.

Finally, ALA staff performed procedures to determine if the CMS-64 reports were submitted within 30 days of the end of each quarter as required. ALA review revealed all CMS-64 reports for state fiscal year 2017 had not been submitted timely as follows:

- The September 30, 2016, report, due for submission on October 30, 2016, was submitted on November 23, 2016, 24 days late.
- The December 31, 2016, report, due for submission on January 30, 2017, was submitted on February 10, 2017, 11 days late.
- The March 31, 2017, report, due for submission on April 30, 2017, was submitted on May 19, 2017, 19 days late.
- The June 30, 2017, report, due for submission on July 30, 2017, was submitted on August 11, 2017, 12 days late.

(Note: Because of numerous errors, CMS rejected the December 31, 2016, and June 30, 2017, reports so that the Agency could make necessary corrections, including prior period adjustments. Final certification of the December 31, 2016, report was on March 3, 2017, 62 days after the end of the quarter, and final certification of the June 30, 2017, report was on September 15, 2017, 77 days after the end of the quarter.

Statistically Valid Sample:
Not a statistically valid sample

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***2017 Prior Year Finding Number*:**	**2017-020 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP; 05-1605AR5ADM; 05-1705AR5ADM; 05-1605ARINCT; 05-1705ARINCT; 05-1605ARIMPL; 05-1705ARIMPL**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Questioned Costs:
Unknown

Cause:
The Agency failed to prioritize timely and accurate completion of the federal expenditure reports. According to the Agency, individuals completing the quarterly expenditure reports are unable to review expenditure calculations, complete reconciliations, and investigate variances prior to submission of the reports due to limited staff and complexity of the reporting process.

In addition, the Agency chose to delay updates to procedures until new systems were implemented.

Effect:
Failure to implement appropriate controls over expenditure reporting could result in an overpayment or underpayment of federal funds.

Recommendation:
ALA staff recommend the Agency review reporting processes and update existing procedures for preparation of the CMS-64 report to ensure timely submission of accurate reports. In addition, the Agency should complete and review reconciliations of reported expenditures to the Agency's fiscal records prior to certification of the quarterly expenditure reports.

Views of Responsible Officials and Planned Corrective Action:
The Department is shifting to an automated Federal reporting system with the completion of the quarter ending March 31, 2018, CMS-64 and CMS-21. As part of this process, the Department is establishing internal controls and manuals for the completion of the Federal reports for Medicaid and CHIP. Additionally, the Department has been in communication with CMS concerning additional training for current staff. Other training sources are being explored to allow the staff to be able to complete the forms by the required deadline. The Department works with CMS on a quarterly basis to ensure that all cost is properly documented.

Anticipated Completion Date: April 30, 2018

Contact Person:
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Inpatient Hospital & Long-Term Care**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Repeat Finding:
Not applicable

Criteria:
Attachment 4.19-A of the Arkansas Medicaid State Plan states that each hospital participating in the Arkansas Medicaid Program shall submit an annual cost report. The cost reports are reviewed by outside contractors that must determine acceptability of the report within 30 days of receipt.

In addition, 45 CFR § 75.303(a) requires a non-federal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Furthermore, 45 CFR § 75.303(e) requires the non-federal entity to take reasonable measures to ensure information considered sensitive is safeguarded.

Condition and Context:
ALA reviewed 10 inpatient hospital cost reports to determine if the Agency's submission to the outside contractor was timely and confirm review by the contractor, ensuring per diem rates paid to providers are accurate. This review revealed that a cost report was lost when mailed to the outside contractor. The noncompliance resulting from the Agency's inadequate control procedures was discovered by the contractor after six months had passed. As of the end of field work on November 21, 2017, the original cost report had not been located, and the provider had not submitted a replacement report.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency failed to implement adequate control procedures to ensure that all cost reports submitted to the outside contractor were received and reviewed timely.

Effect:
The per diem rates paid to providers have not been properly reviewed and could result in an inappropriate payment to providers.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-021 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1605AR5MAP; 05-1705AR5MAP**
Federal Award Year(s):	**2016 and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Inpatient Hospital & Long-Term Care**
Type of Finding:	**Noncompliance and Significant Deficiency**

Recommendation:
ALA staff recommend the Agency implement adequate control procedures to ensure all provider cost reports are received by the contractor and are reviewed timely.

Views of Responsible Officials and Planned Corrective Action:
The Department will develop a plan for tracking cost report submissions, reviews, and cost settlements with its contractor to ensure proper oversight of the process.

Anticipated Completion Date: June 30, 2018

Contact Person:
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-022**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP**
Federal Award Year(s):	**2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Claims Paid Subsequent to Recipient Death**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
It is the State's responsibility to ensure that claims are only paid for eligible Medicaid recipients and that any changes to a recipient's eligibility be updated timely. According to Section I-600 of the Medical Service Policy Manual, the Arkansas Department of Human Services (DHS) is required to act on any change that may alter eligibility within 10 days of receiving the change. One of the changes listed that could affect eligibility is death of the recipient. Additionally, Section I-610 of the manual indicates that a recipient loses eligibility upon death.

Condition and Context:
The Arkansas Department of Health provided ALA with a listing of deceased individuals, which ALA used to identify individuals who had claims paid or adjusted in state fiscal year 2017 with dates of service after their date of death. The resulting claims population was split into those related to Arkansas Works premiums only and all others.

ALA staff reviewed 60 recipients who had Arkansas Works premiums paid for dates of service subsequent to the date of death. Testing results revealed the following:

- Nine recipients had premiums paid for dates of service after their date of death that were not subsequently recouped as of fieldwork date November 29, 2017. *Questioned costs totaled $31,245, $29,749, and $3,361 for state fiscal years 2017, 2016, and 2015, respectively.*
- Eleven recipients either did not have a date of death or did not have the correct date of death in the Medicaid Management Information System (MMIS).
- Twenty-two recipients had a period greater than six months from the time of death until the latest date of service of all premiums paid through June 30, 2017, for dates of service subsequent to the date of death.

ALA staff reviewed 60 recipients who had non-Arkansas Works claims paid for dates of service subsequent to the date of death. Testing results revealed the following:

- Eighteen recipients had claims paid for dates of service after their date of death that were not subsequently recouped as of fieldwork date November 29, 2017. *Questioned costs totaled $2,752, $473, and $57 for state fiscal years 2017, 2016, and 2015, respectively.*
- Twelve recipients either did not have a date of death or did not have a correct date of death in the MMIS system.
- Ten recipients had a period greater than six months from the time of death until the latest date of service of all claims paid through June 30, 2017, for dates of service subsequent to the date of death.

Statistically Valid Sample:
Not a statistically valid sample

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2017 Prior Year Finding Number*:**	**2017-022 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP**
Federal Award Year(s):	**2014, 2015, 2016, and 2017**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Claims Paid Subsequent to Recipient Death**
Type of Finding:	**Noncompliance and Significant Deficiency**

Questioned Costs:
State Fiscal Year 2015 – $3,418
State Fiscal Year 2016 – $30,222
State Fiscal Year 2017 – $33,997

Cause:
Although the Agency has designed internal control procedures to ensure recipient files are updated upon the death of a recipient, certain areas still require continued communication to and training of the appropriate Agency personnel.

The Agency should review procedures to ensure that the death information they are utilizing to update both recipient eligibility systems is complete. Additionally, procedures related to the closure of recipients' cases in the eligibility systems due to death should be reviewed as these closures are sometimes manual in nature and would, therefore, be subject to human error.

Effect:
Claims payments were made on behalf of deceased recipients.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure recipient files are updated when a recipient dies in a timely manner so that claims for dates of service subsequent to the date of death are not paid.

Views of Responsible Officials and Planned Corrective Action:
The Division of County Operations concurs with the finding. The Division of County Operations will provide refresher guidance to staff on the process of closing cases due to death. Supervisors will complete random second party reviews to ensure that cases have been properly closed due to death.

Anticipated Completion Date: March 5, 2018

Contact Person:
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-001**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**10.558 – Child and Adult Care Food Program**
Federal Award Number(s):	**6AR300322; 6AR300342**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Performance; Reporting; Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-002**, **2017-004**, and **2017-005**

Agency reported status as of May 22, 2017:
The two vendors have been approved by legislature and have begun their reviews for on and off site monitoring.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff's discussion with the Agency's Division of Child Care and Early Childhood Education (DCCECE) and Office of Finance and Administration (OFA) managerial accounting staff revealed that the Agency failed to develop and document procedures for internal control over compliance during the 2016 fiscal year.

ALA staff then examined 25 provider compliance reviews performed by DCCECE staff to determine if the reviews were completed according to the rotation schedule and were a timely and effective monitoring tool. The ALA examination revealed the following:

- Although the reviews were performed unannounced, the required percentages were not achieved because the Agency is currently behind in performing compliance reviews.
- Providers are not required to submit supporting documentation (receipts) to be reimbursed for a claim.
- Only the most current reimbursement claim is captured during a DCCECE compliance review.
- Procedures have not been established to notify the Agency's accounts receivable section of refunds due from providers.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-005**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A160003**
Federal Award Year(s):	**2016**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Although use of the particular vendor addressed in the finding has greatly diminished, it does not appear that the Agency's policy and procedures manual on transportation services has been updated to address the issues contained in the finding. In addition, a standard vendor service agreement process has not been established for fair rates regarding client transportation services.

Agency reported status as of May 22, 2017:
The vendor in this finding has reimbursed the agency $400.00 for duplicate invoices paid in error. He was also able to provide documentation supporting his assertion that agency staff were supplied quotes at the increased rate under dispute. Along with this support, he also presented documentation that established the fact that agency staff were presented service quotes for expenditures that were per trip based. This same documentation also established the fact that agency personnel gave the vendor approval to provide these services after receiving the quoted rates.

Based on this information and the fact that the agency did not have a standard vendor service agreement in place at the time of these expenditures, the agency determined that the vendor had supplied sufficient notice of rates and that agency personnel had approved those quoted rates. Copies of all support documentation have been retained and are available for review.

Vendor Service Agreements have been developed for transportation providers. Agency Field Service staff plan to implement these agreements no later than July 1, 2017.

Repeat Finding:
Not applicable

Condition and Context:
The Agency authorized payments for transportation costs for VR clients as an auxiliary service. ALA review revealed that the Chief of Field Services approved a new vendor that received payment for client transportation as of June 30, 2016, for the period May 1, 2015 through **October 20, 2016**. Although in conflict with its policy, the Agency allowed:

- **Prepayment** for services totaling $3,616 (as of October 20, 2016, services had occurred.)
- Payments for round-trip "deadhead" miles (miles driven by the vendor prior to pick-up and after drop-off of the client.)
- Payments for pickup and cancellation fees ranging from $8 to $40.
- Excess mileage totaling $2,103. The vendor was paid $0.85 per mile instead of the quoted rate of $0.65 per mile. The quote was received and approved by the Chief of Field Services.

In addition, case note justifications for the transportation services and the method of calculating the cost of services were not always documented.

Questioned Costs:
$5,719 ($3,616 + $2,103)

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-006**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A150003; H126A160003**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected: The periods of performance for the FY2015 and FY2016 VR grant have expired. The agency has continued to bring on additional vendors and services to address the Workforce Innovation and Opportunity Act, Pre-Employment Transition Services requirement. Current expenditures for the FY2017 VR grant are $4,139,400.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-007.**

Agency reported status as of May 22, 2017:
The agency has continued to bring on additional vendors and services to address the Workforce Innovation and Opportunity Act, Pre-Employment Transition Services requirement. Current expenditures for the FY2016 grant are $2,570,444.

Condition and Context:
The minimum allotment for pre-employment transition services for the 2015 grant was calculated to be $5,955,068 as of March 31, 2016. The 2015 grant award period is October 1, 2014 to September 30, 2015, and allowable costs for the grant must be obligated during the grant period. In addition, the Agency must draw the federal funds representing the allowable costs within 15 months from the end of the grant award period (December 31, 2016). As reported on the final SF-425 report for the 2015 grant award, pre-employment transition services expenses totaled $426,702, resulting in a deficit in the minimum allotment for pre-employment transition services totaling *$5,528,366* ($5,955,068 – $426,702).

In addition, although the 2016 grant award was still active at time of audit field work, the minimum allotment required for pre-employment transition services was $4,219,291 as of March 31, 2016. As reported on the semi-annual SF-425 report for the 2016 grant award, pre-employment transition services expenses totaled $95,469, indicating a potential deficit in the minimum allotment for pre-employment transition services totaling $4,123,822.

Questioned Costs:
$5,528,366

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-007**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.777 – State Survey and Certification of Healthcare Providers and Suppliers (Medicaid Cluster)**
Federal Award Number(s):	**05-1505-AR-5000; 05-1605-AR-5000 05-1505-AR-5001; 05-1605-AR-5001 05-1505-AR-5002; 05-1605-AR-5002 05-1605-AR-IMPACT**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Health and Safety Surveys**
Type of Finding:	**Significant Deficiency**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Our Health Facility Services section provided documentation to CMS Dallas Regional Office on March 20, 2018 which demonstrate policies, procedures and safeguards have been implemented to minimize risk pertaining to managing federal awards specifically as it applies to 1) Surveyor Training and Oversight and 2) Ensuring Quality Health and Safety Surveys. As of June 30, 2018 the Arkansas Department of Health has not received communication from the federal Department of Health and Human Services finalizing the finding and the corrective action plan implemented.
W. Steven Carter, CFO

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State provide documentation to demonstrate the new policies, procedures, and safeguards implemented to minimize risk pertaining to managing federal awards. To date, CMS has not received a response from the State.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
The planned corrective action, summarized below, is fully implemented and documentation is available upon request. Please advise if we can provide any additional information or answer any questions. Thank you,

W. Steven Carter
CFO

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.303, a non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the award.

45 CFR § 75.2 defines "internal control over compliance" as a process implemented by a non-federal entity designed to ensure achievement of the objectives of a federal award to include the following:

1) Transactions are properly recorded and accounted for to:
   a) Permit the preparation of reliable financial statements and reports.
   b) Maintain accountability over assets.
   c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award.

***2016 Prior Year Finding Number*:**	**2016-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.777 – State Survey and Certification of Healthcare Providers and Suppliers (Medicaid Cluster)**
Federal Award Number(s):	**05-1505-AR-5000; 05-1605-AR-5000 05-1505-AR-5001; 05-1605-AR-5001 05-1505-AR-5002; 05-1605-AR-5002 05-1605-AR-IMPACT**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Health and Safety Surveys**
Type of Finding:	**Significant Deficiency**

Condition and Context (Continued):

2) Transactions are executed in compliance with:
   a) Federal statutes, regulations, and the terms and conditions of the award.
   b) Federal statutes and regulations identified in the compliance supplement.
3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

ALA staff discussions with Agency personnel revealed that documented procedures for internal control over compliance have not been developed. Although the Agency provided an email that outlined training requirements and a training schedule, the email is not considered adequate for meeting documentation requirements.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-009**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care_Title IV-E**
Federal Award Number(s):	**1501ARFOST; 1601ARFOST**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, Earmarking; Period of Performance; Procurement and Suspension and Debarment; Reporting**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-008.**

Agency reported status as of May 22, 2017:
Ongoing. The Division is formalizing internal control procedures to more effectively manage federal awards.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff discussions with Division of Children and Family Services (DCFS) and Office of Finance and Administration (OFA) managerial accounting staff revealed that procedures for internal control over compliance were not developed and documented during fiscal year 2016.

Although the Agency provided ALA with the 2016 Department of Finance and Administration (DFA) risk assessment as its documented internal controls, ALA maintains that the DFA risk assessment is not designed to function as the documented internal controls over compliance of federal awards.

Adequately documented internal controls over compliance must address the following five components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The DFA risk assessment does not meet these criteria.

Because the Agency asserted that the DFA risk assessment documented its procedures for internal control over compliance, ALA designed a test based on one of the risks identified by the Agency: “conducting random audits of expenditures to ensure allowability.” ALA staff requested a copy of the Agency’s process for conducting the random audits and copies of random audits performed, but the Agency could not provide documentation of its selection process or any proof that random audits had been conducted.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-012**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.658 – Foster Care_Title IV-E**
Federal Award Number(s):	**1501ARFOST; 1601ARFOST**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-009.**

Agency reported status as of May 22, 2017:
Ongoing. The Division has documented the deadlines for submission of all required financial reporting activities. The procedures for compiling reports are currently being compiled to ensure consistency and timeliness of report submission

Repeat Finding:
A similar issue was reported in prior-year finding **2015-012.**

Condition and Context:
ALA staff reviewed the Agency's internal control procedures regarding the review and submission of the Quarterly CB-496 Foster Care financial reports. As previously noted in finding **2016-009** on **page 33**, the Agency did not develop and document procedures for internal control over compliance. However, discussions with Agency staff indicated that a supervisory review was being performed prior to submission. ALA review of all four quarters revealed sufficient, appropriate evidence of a supervisory review (e.g., signature/email of the reviewer) could not be provided for the quarter ended June 30, 2016.

Our review also included confirming that the Agency's Title IV-E program quarterly financial reports were submitted timely. Our review revealed the Agency had not submitted three of the four quarterly reports timely as follows:

- The September 30, 2015, report, due for submission on October 30, 2015, was submitted on November 6, 2015.
- The December 31, 2015, report, due for submission on January 31, 2016, was submitted on March 11, 2016.
- The June 30, 2016, report, due for submission on July 30, 2016, was submitted on August 29, 2016.

It should be noted that compliance testing performed on these reports indicated the data submitted agreed with the Agency's financial records.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-013**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1505AR021; 05-1505AR1081; 05-1605AR502105 (Children's Health Insurance Program)** **1505AR5MAP; 05-1605AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds will be returned on the July 31, 2018 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State return the funds in question in the amount of $64,204 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report. CMS also requested that the State provide documentation to support procedures and policies implemented to ensure payments are only made on behalf of eligible participants, eligibility is accurately determined, and payments are properly recorded.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
Overlapping segments corrections continue. Development to prevent future overlaps is underway and scheduled to be deployed in production to coincide with the new MMIS in the fall of 2017.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-014** and **2015-016**.

Condition and Context:
ALA staff selected 60 Children's Health Insurance Program (CHIP) recipients to determine if claims were allowable in accordance with the CHIP state plan. The Agency provided a list of claims, and ALA staff sorted the list by state aid category to ensure accuracy. The review revealed multiple discrepancies and instances of noncompliance as noted below:

1) Claims for 12 of the 60 recipients were paid outside program eligibility date ranges for the following:

   - For one recipient, Medicaid eligibility expired on July 31, 2015, but 25 Medicaid claims were paid for service dates from September 4, 2015 through February 8, 2016. *Questioned costs totaled $2,076*.

   - For one recipient, CHIP eligibility expired on February 29, 2016, but 1 CHIP claim was paid for a March 16, 2016, service date. *Questioned costs totaled $107*.

     In addition, Medicaid eligibility for this recipient began on March 1, 2016, but 5 Medicaid claims were paid for service dates from April 28, 2015 through October 16, 2015. *Questioned costs totaled $333*.

***2016 Prior Year Finding Number*:**	**2016-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1505AR021; 05-1505AR1081; 05-1605AR502105 (Children's Health Insurance Program)** **1505AR5MAP; 05-1605AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- For one recipient, CHIP eligibility began on September 1, 2015, but 18 CHIP claims were paid for service dates from March 27, 2015 through August 24, 2015. *Questioned costs totaled $2,296*.
- For one recipient, CHIP eligibility expired on June 30, 2015, but 50 CHIP claims were paid for service dates from July 21, 2015 through March 20, 2016. *Questioned costs totaled $47,394*.

  In addition, Medicaid eligibility for this recipient began on July 1, 2015, but 7 Medicaid claims were paid for service dates from June 18, 2015 through June 30, 2015. *Questioned costs totaled $912*.
- For one recipient, Medicaid eligibility began on August 1, 2016, but 10 Medicaid claims were paid for service dates from July 22, 2015 through December 17, 2015. *Questioned costs totaled $911*.
- For one recipient, Medicaid eligibility began on March 1, 2016, but 11 Medicaid claims were paid for service dates from June 22, 2015 through January 26, 2016. *Questioned costs totaled $1,116*.
- For one recipient, CHIP eligibility expired on August 31, 2014, but 14 CHIP claims were paid for service dates from July 10, 2015 through March 10, 2016. *Questioned costs totaled $2,133*.
- For one recipient, CHIP eligibility began on September 30, 2016, but 16 CHIP claims were paid for service dates from July 17, 2015 through March 31, 2016. *Questioned costs totaled $1,778*.
- For one recipient, Medicaid eligibility began on February 29, 2016, but 2 Medicaid claims were paid for service dates from June 29, 2015 through December 9, 2015. *Questioned costs totaled $219*.
- For one recipient, CHIP eligibility expired on October 5, 2015, but 7 CHIP claims were paid for service dates from October 15, 2015 through February 1, 2016. *Questioned costs totaled $261*.
- For one recipient, Medicaid eligibility expired on June 30, 2015, but 16 Medicaid claims were paid for service dates from September 4, 2015 through December 19, 2015. *Questioned costs totaled $835*.
- For one recipient, CHIP eligibility expired on July 16, 2015, but 2 CHIP claims were paid for service dates of October 15 – 16, 2015. *Questioned costs totaled $26*.

2) Regulations do not allow recipients to be eligible for CHIP and Medicaid simultaneously. However, during the review, two recipients were discovered in the "system" with identical eligibility date ranges as follows:

- 8 CHIP claims and 1 Medicaid claim, totaling *$541*, were paid on behalf of one recipient.
- 1 CHIP claim and 3 Medicaid claims, totaling *$60*, were paid on behalf of one recipient.

***2016 Prior Year Finding Number*:**	**2016-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1505AR021; 05-1505AR1081; 05-1605AR502105 (Children's Health Insurance Program)** **1505AR5MAP; 05-1605AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

3) Three recipients were discovered in the system with eligibility date ranges that intersected as follows:
   - 2 CHIP claims, totaling *$281*, were questioned.
   - 21 Medicaid claims, totaling *$1,805*, were questioned.
4) For one recipient, 14 CHIP claims totaling *$1,121* were coded to an incorrect CHIP aid category.

The Agency stated that due to the large number of CHIP and Medicaid recipients that were coded incorrectly in fiscal year 2015, the cleanup process is still in effect.

Questioned Costs:
$64,204

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-015**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1405AR5021; 05-1505AR5021; 05-1605AR5021; 05-1501AR1081 (Children's Health Insurance Program)** **05-1505AR5MAP; 05-1605AR5MAP; 05-1505AR5ADM; 05-1605AR5ADM; 05-1505ARINCT; 05-1605ARINCT; 05-1505ARIMPL; 05-1605ARIMPL; 05-1505ARBIPP (Medicaid Cluster)**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Matching. Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-0018.**

Agency reported status as of May 22, 2017:
New policies and procedures have been implemented to manage federal awards effectively. A new automated federal draw system was implemented on January 1, 2017. In addition, internal program review of federal awards occurs quarterly before the CMS-64 is filed. Also, end of the quarter review now occurs to determine is a supplemental grant award is needed.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff discussions with Agency personnel revealed that procedures for internal control over compliance were not developed and documented during fiscal year 2016.

Although the Agency provided ALA with the 2016 Department of Finance and Administration (DFA) risk assessment as its documented internal controls, ALA maintains that the DFA risk assessment is not designed to function as the documented internal controls over compliance of federal awards. Adequately documented internal controls over compliance must address the following five components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The DFA risk assessment does not meet these criteria.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-016**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1405AR5021; 05-1505AR5021; 05-1605AR5021; 05-1505AR1081 (Children's Health Insurance Program)** **05-1505AR5MAP; 05-1605AR5MAP; 05-1505AR5ADM; 05-1605AR5ADM; 05-1505ARINCT; 05-1605ARINCT; 05-1505ARIMPL; 05-1605ARIMPL (Medicaid Cluster)**
Federal Award Year(s):	**2014, 2015, and 2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. In addition, DHS has put in place a coordinator to oversee the SEFA and that employee has a back-up in place. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-017.**

Agency reported status as of May 22, 2017:
Procedures have been put into place to review the quarterly reports before being filed with CMS. In addition, close out reconciliations will begin for the quarter ending 6/30/17.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-015** and **2014-010**.

Condition and Context:
ALA staff reviewed the reporting reconciliations for two quarters to determine if the Agency was matching federal costs where appropriate.

The review of the reconciliation for the quarter ended September 30, 2015, revealed the following:

- MAP draws (revenue) exceeded expenditures totaling $19,551,093. The Agency only provided an explanation for a portion of the variance, leaving an unexplained variance totaling $9,911,672. Revenues exceeding expenditures could result in a refund to the federal awarding agency.
- CHIP draws (revenue) exceeded expenditures totaling $5,494,928. Again, the Agency only provided an explanation for a portion of the variance, leaving an unexplained variance totaling $1,258,247. Revenues exceeding expenditures could result in a refund to the federal awarding agency
- MAP administrative expenditures exceeded draws (revenues) totaling $20,152,085. Again, the Agency only addressed a portion of the variance, leaving $6,134,237 unexplained. In this instance, because expenditures exceeded federal draws (revenues), it is possible that state revenues absorbed the federal costs.

The review of the reconciliation for the quarter ended June 30, 2016, revealed the following:

- MAP draws (revenue) exceeded expenditures totaling $3,815,983. However, the Agency's explanation increased the unexplained variance to $19,569,830. Revenues exceeding expenditures could result in a refund to the federal awarding agency.

***2016 Prior Year Finding Number*:**	**2016-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1405AR5021; 05-1505AR5021; 05-1605AR5021; 05-1505AR1081 (Children's Health Insurance Program)** **05-1505AR5MAP; 05-1605AR5MAP; 05-1505AR5ADM; 05-1605AR5ADM; 05-1505ARINCT; 05-1605ARINCT; 05-1505ARIMPL; 05-1605ARIMPL**
(Medicaid Cluster)	
Federal Award Year(s):	**2014, 2015, and 2016**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Condition and Context (Continued):

- CHIP draws (revenue) exceeded expenditures totaling $30,837,792. The Agency only provided an explanation for a portion of the variance, leaving an unexplained variance totaling $5,609,700. Revenues exceeding expenditures could result in a refund to the federal awarding agency
- MAP administrative expenditures exceeded draws (revenues) totaling $11,906,199. The Agency's explanation resulted in a variance of revenues exceeding expenditures totaling $853,160 and could result in a refund to the federal awarding agency.

In addition, the reconciliations were reviewed to determine if they were completed timely. The September 30, 2015, reconciliation was not dated, and the June 30, 2016, reconciliation was dated 26 days after certification and submission of quarterly reports.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2016 Prior Year Finding Number*:**	**2016-017**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
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):	**05-1405AR5021; 05-1505AR5021; 05-1605AR5021; 05-1505AR1081 (Children's Health Insurance Program)** **05-1505AR5MAP; 05-1605AR5MAP; 05-1505AR5ADM; 05-1605AR5ADM; 05-1505ARINCT; 05-1605ARINCT; 05-1505ARIMPL; 05-1605ARIMPL (Medicaid Cluster)**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-014.**

Agency reported status as of May 22, 2017:
The program personnel are now reviewing the quarterly report CMS-64 before submission.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff discussions with Agency personnel revealed that internal control procedures over compliance were not developed and documented during fiscal year 2016.

Although the Agency provided ALA with the 2016 Department of Finance and Administration (DFA) risk assessment as its documented internal controls, ALA maintains that the DFA risk assessment is not designed to function as the documented internal controls over compliance of federal awards. Adequately documented internal controls over compliance must address the following five components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The DFA risk assessment does not meet these criteria.

ALA staff also reviewed documentation to determine if a supervisory-level review had been performed by grants management staff prior to the certification of the CMS-21 Base and CMS64.211U reports. ALA staff discussion with Division of Medical Services (DMS) staff revealed that the review process was informal, and as a result, documentation supporting a review could not be provided.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-018**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds will be returned on the July 31, 2018 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State repay questioned costs of $19,687 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report. CMS also requested that the State provide documentation to support procedures and policies implemented to ensure all required documentation is maintained in the beneficiary files.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
Ongoing. Office of Payment Integrity(OPI) has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-019**, **2014-014**, and **13-710-09**.

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 (MTP). The MTP 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 MTP.
- 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 service dates prior to December 1, 2012).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context:
ALA staff selected 60 beneficiary files from 24 providers throughout the State to determine if the providers maintained sufficient, appropriate documentation as required. The procedures used to obtain the claims supporting information allowed the providers three full days to produce the requested documentation in accordance with Provider Manual § 142.300(D). Even so, the review revealed a continued deficiency, with 19 providers not maintaining sufficient, appropriate evidence supporting claims as follows:

- Bost, Inc. – One recipient file with 50 claims totaling $2,816 did not contain an MTP, affecting 1 claim. *Questioned costs totaled $29*.
- Community Counseling Services, Inc. – One recipient file with 60 claims totaling $4,727 did not contain an MTP, affecting 11 claims. *Questioned costs totaled $610*.**
- Counseling Associates, Inc. – Three recipient files with 23 claims totaling $1,392 did not contain an MTP, affecting 6 claims. *Questioned costs totaled $388*.**
- Families Incorporated of Arkansas – One recipient file with 2 claims totaling $109 did not contain an MTP, affecting 2 claims. *Questioned costs totaled $77*.**
- Heber Springs Counseling Clinic – One recipient file with 12 claims totaling $574 did not contain an MTP, affecting 10 claims. *Questioned costs totaled $335*.
- Life Strategies of Arkansas, LLC – Two recipient files with 83 claims totaling $7,452 did not contain an MTP, affecting 33 claims. *Questioned costs totaled $1,781*.**
- Living Hope Southeast, LLC – One recipient file with 184 claims totaling $12,716 did not contain an MTP, affecting 131 claims. *Questioned costs totaled $6,422*.
- Mid South Health Systems, Inc. – One recipient file with 8 claims totaling $710 did not contain an MTP, affecting 4 claims. *Questioned costs totaled $259*.**
- Ozark Guidance Center, Inc. – One recipient file with 2 claims totaling $77 did not contain an MTP, affecting 2 claims. *Questioned costs totaled $55*.**
- Perspectives Behavioral Health Management, LLC – One recipient file with 8 claims totaling $597 did not contain an MTP, affecting 1 claim. *Questioned costs totaled $49*.**
- Preferred Family Healthcare, Inc. – One recipient file with 21 claims totaling $1,785 did not contain an MTP, affecting 15 claims. *Questioned costs totaled $854*.
- Professional Counseling Associates – One recipient file with 2 claims totaling $111 did not contain an MTP, affecting 1 claim. *Questioned costs totaled $58*.
- Riverview Behavioral Health – Two recipient files with 78 claims totaling $7,356 did not contain an MTP, affecting 60 claims. *Questioned costs totaled $3,123*. In addition, supporting documentation for two claims did not include the setting where the service was provided, and there was no supporting documentation for an additional 3 claims. *Questioned costs totaled $475*.
- South Arkansas Regional Health Center – Two recipient files with 42 claims totaling $2,940 did not contain an MTP, affecting 6 claims. *Questioned costs totaled $326*.**
- South Arkansas Youth Services, Inc. – One recipient file with 50 claims totaling $4,339, did not contain an MTP, affecting 5 claims. *Questioned costs totaled $412*.
- Southeast Arkansas Behavioral – Two recipient files with 278 claims totaling $11,996 did not contain an MTP, affecting 57 claims. *Questioned costs totaled $1,772*. In addition, documentation was not provided to support 1 claim. *Questioned costs totaled $18*.

***2016 Prior Year Finding Number*:**	**2016-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- The Pointe Outpatient Behavioral – One recipient file with 56 claims totaling $5,056 did not contain an MTP, affecting 5 claims. *Questioned costs totaled $345*. In addition, supporting documentation for 1 claim did not include the name and credentials of the person who performed the service or the physical location where the service was provided. There was no supporting documentation for 1 additional claim. *Questioned costs totaled $167*.
- Vantage Point of Northwest Arkansas – One recipient file with 11 claims totaling $1,251 did not contain documentation of the setting where the service was provided, affecting 4 claims. Additionally, no documentation was received for 2 claims. *Questioned costs totaled $558*.**
- Western Arkansas Counseling and Guidance – Five recipient files with 38 claims totaling $2,864 did not contain an MTP, affecting 30 claims. *Questioned costs totaled $1,574*.

*Note: Providers identified with asterisks (**) also had questioned costs noted in prior-year finding **2015-019**.*

Questioned Costs:
$19,687

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-019**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 - Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State provide documentation to support policies and procedures implemented to ensure adequate documentation is maintained to provide evidence of reviews performed. To date, CMS has not received a response from the State.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
Complete.

Repeat Finding:
Not applicable

Condition and Context:
To determine if adequate controls were in place and operating effectively, ALA staff obtained a list of reviews conducted by DMS QA and selected 60 recipient files to determine if sufficient, appropriate evidence supporting the review was maintained. According to the Agency, a Quality Management Monitoring (QMM) form is required to be maintained in the recipient file as evidence of the DMS QA review. The ALA review revealed that 13 of the 60 files did not contain a QMM as required; therefore, ALA staff could not determine if the DMS QA review had been performed for these 13 recipient files.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-020**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (DDS ACS Waiver)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. DHS and CMS remain in discussions regarding possible questioned costs.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State repay questioned costs of $787,683 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report. CMS also requested that the State provide documentation to support procedures and policies implemented to ensure case files contain all required documentation and are properly maintained.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
Ongoing. Office of Payment Integrity (OPI) has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-022**, **2014-017**, **13-710-11**, and **12-710-05**.

Condition and Context:
ALA staff selected 60 beneficiary files from 27 providers throughout the State to determine if the providers maintained sufficient, appropriate documentation as required. The procedures used to obtain the claims supporting information allowed the providers three full days to produce the requested documentation in accordance with Provider Manual § 142.300(D). Even so, the review revealed a continued deficiency, with 17 providers not maintaining sufficient, appropriate evidence supporting claims.

Of the 4,303 claims reviewed, the following discrepancies were noted:

- For 1,828 claims, the person-centered service plan was missing or incomplete.
- For 155 claims, documentation describing the goods or services provided was not included or was incomplete.
- For 18 claims, documentation did not include the date and/or time the goods or services were provided.
- For 76 claims, daily progress notes were missing or incomplete.

Questioned Costs:
$787,683

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Living Choices Assisted Living)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. DHS and CMS remain in discussions regarding possible questioned costs.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State repay questioned costs of $335,456 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report. CMS also requested that the State provide documentation to support that procedures and policies have been implemented to ensure required documentation is maintained in the beneficiary files.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017: Suzanne is looking to determine if these have been processed.
Ongoing. OPI has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-020**, **2014-015**, and **13-710-10**.

Condition and Context:
ALA staff selected 30 beneficiary files from 23 providers throughout the State to determine if the providers maintained sufficient, appropriate documentation as required. The procedures used to obtain the claims supporting information allowed the providers three full days to produce the requested documentation in accordance with Provider Manual § 142.300(D). Even so, the review revealed a continued deficiency, with 22 providers not maintaining sufficient, appropriate evidence supporting claims.

Of the 813 claims reviewed, the following discrepancies were noted:

- For 326 claims, a plan of care was not provided.
- For 11 claims, the beneficiary's attending or primary care physician's contact information was not documented.
- For 241 claims, written instructions to attendant care staff were not documented.
- For 112 claims, written instructions to attendant care staff did not agree with the plan of care.
- For 149 claims, attendant care staff did not document the services provided.
- For 299 claims, attendant care staff service documentation did not agree with the plan of care.
- For 2 claims, attendant care staff signature and/or date was missing.
- For 325 claims, quarterly monitoring forms were missing.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Living Choices Assisted Living)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- For 76 claims, quarterly nursing evaluations were not documented.
- For 51 claims, nursing documentation was incomplete.

Questioned Costs:
$335,456

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-022**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds will be returned on the July 31, 2018 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State repay questioned costs of $10,150 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report. CMS also requested that the State provide documentation to support procedures and policies implemented to ensure provider case files contain all required documentation and are adequately maintained.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017: Suzanne is looking to determine if these have been processed.
Ongoing. OPI has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-021**, **2014-016**, **13-710-11**, and **12-710-05**.

Condition and Context:
ALA staff selected 12 beneficiary files from 9 providers throughout the State to determine if the provider maintained sufficient, appropriate evidence to support services billed. The procedures used to obtain the claims supporting information allowed the providers three days to provide the requested documentation in accordance with Provider Manual § 142.300(D). Even so, the review revealed a continued deficiency, with two providers not maintaining sufficient, appropriate evidence supporting claims.

The following discrepancies were discovered regarding the two providers:

- Amcare Senior Life Partners, Inc. – No information was provided for one recipient file with 62 claims totaling $12,341. *Questioned costs totaled $8,713*.
- Hope School District – One recipient file with 3 claims totaling $2,053 did not contain an aid log, affecting all 3 claims. *Questioned costs totaled $1,437*.

Questioned Costs:
$10,150

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-023**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-010.**

Agency reported status as of May 22, 2017:
A manual process has been implemented to update eligibility for the proper category.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff reviewed 713 claims for 85 recipients to determine if the Agency had adequate internal controls over compliance, ensuring claims were appropriately reviewed and processed in accordance with timely filing requirements. The claims reviewed represented Private Option premium adjustments that were made one year or more from the claim paid date.

The review revealed that 520 claims representing 59 recipients were incorrect because the date of birth (DOB) for the recipients had been modified and the data were contaminated during the transfer process from CURAM to MMIS due to inconsistencies in both systems.

The review also noted the DOBs for some recipients were changed multiple times, and in numerous instances, the DOB modifications were substantial, as summarized below:

- In 4 instances, the DOB modifications were greater than 25 years.
- In 9 instances, the DOB modifications were 5 to 25 years.
- In 10 instances, the DOB modifications were 1 to 5 years.
- In 36 instances, the DOB modifications were less than 1 year.

In addition, the premium adjustments were system-generated and, as a result, do not require manual review by Agency personnel.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-024**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5ADM; 05-1605AR5ADM**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Cash Management; Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. DHS and CMS remain in discussions regarding possible questioned costs. DHS asserts there are no questioned costs.

Audit Status as of June 30, 2017:
Current-year testing revealed the Agency implemented a new funds management system effective January 1, 2017. As a result, it appeared that appropriate grant awards were used to pay Medicaid administrative draws. ALA staff conversations with Agency staff on January 3, 2018, also revealed that the Agency is waiting to certify the federal report for the quarter ended September 30, 2017, before making monetary corrections regarding prior audit findings.

In addition, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State repay questioned costs of $12,877,790 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report.

  CMS also requested that the State provide documentation to support procedures and policies implemented to ensure grant award draws are based on costs incurred during the appropriate time period.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
New policies and procedures have been implemented to manage federal awards effectively. A new automated federal draw system was implemented on January 1, 2017. In addition, internal program review of federal awards occurs quarterly before the CMS-64 is filed.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff reviewed draws representing five weeks of administrative costs to determine if supervisory review was documented. The review revealed that although supervisory review was documented, administrative costs for the month of September 2015 were drawn from a grant award prior to the effective date of October 1, 2015.

Questioned Costs:
$12,877,790

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-025**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP;05-1505ARBIPP**
Federal Award Year(s):	**2014, 2015 and 2016**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. Effective October 1, 2017, financial eligibility for the Long Term Services and Supports Program was transferred to the DCO. The Long Term Services and Supports staff are specialized to focus only on the program. Additional resources have been allocated to this unit to reduce and eliminate the backlog of overdue re-evaluations and increase the number of second party reviews completed on these cases to ensure that appropriate documentation is included the case files. The agency anticipates completion no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-016.**

Agency reported status as of May 22, 2017:
For Tefra claims, the corrective action plan was completed in April and staff have been trained.

In addition, Office of Payment Integrity has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year findings **2015-023** and **2014-020**.

Condition and Context:
ALA staff reviewed 60 traditional Medicaid recipient files in the ANSWER system to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. After the initial review of recipient files, Division of County Operations (DCO) and Division of Aging and Adult Services (DAAS) staff were provided with a list of deficiencies and given an additional three weeks to provide further evidence supporting eligibility. The list was provided to DCO and DAAS staff on Tuesday, October 25, 2016, with the understanding that ALA would accept additional evidence until the close of business on Wednesday, November 16, 2016. ALA staff provided a separate spreadsheet with all eligibility requirements listed for each Medicaid recipient included in the deficiency list. DCO and DAAS staff could indicate agreement or provide the information noted as missing or deficient. Additionally, DCO and DAAS were made aware that ALA staff would be available to clarify any questions. During the additional three-week time frame, DCO or DAAS staff did not contact ALA staff with questions. DCO provided its additional evidence on November 16, but DAAS did not provide its additional evidence until the following day, November 17, 2016. ALA review of the additional evidence noted that DAAS did not address all deficiencies on the list.

The review revealed deficiencies as summarized below:

- One client file, with 826 claims totaling $80,456, did not contain a DCO-109 MRT report verifying categorical relatedness, affecting 686 claims. *Questioned costs totaled $49,474* (Aid to the Disabled).
- One client file, with 54 claims totaling $194,726, did not contain a DCO-662 Third Party Resource form verifying assignment of rights, affecting 32 claims. *Questioned costs totaled $58,256*. Additionally, the annual reevaluation was not completed timely, as it was due in November 2015 but was not completed until December 28, 2015 (Aid to the Disabled).
- One client file, with 58 claims totaling $2,221, did not contain a DCO-109 MRT report verifying categorical relatedness, affecting 17 claims. *Questioned costs totaled $585* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).

One client file, with 70 claims totaling $38,276, did not contain documentation supporting the resource criteria, affecting 6 claims. *Questioned costs totaled $2,224*. Additionally, the annual reevaluation was

***2016 Prior Year Finding Number*:**	**2016-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP;05-1505ARBIPP**
Federal Award Year(s):	**2014, 2015 and 2016**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

not completed timely, as it was due in March 2016 but was not completed until June 15, 2016 (Aid to the Aged).

- One client file, with 67 claims totaling $18,798, did not contain documentation supporting the resources or income criteria, affecting 34 claims. *Questioned costs totaled $7,330*. Additionally, the annual reevaluation was not completed timely, as it was due in September 2015 and had not been completed at the conclusion of audit fieldwork (Aid to the Disabled).
-
- One client file, with 47 claims totaling $1,628, did not contain a DCO-704 signed by a registered nurse verifying medical necessity or a DCO-662 Third Party Resource form verifying assignment of rights, affecting 31 claims. *Questioned costs totaled $431*. Additionally, the annual reevaluation was not completed timely, as it was due in February 2016 but was not completed until April 6, 2016 (Aid to the Aged).
- One client file, with 78 claims totaling $32,640, did not contain documentation supporting the resources or income criteria, affecting 1 claim. *Questioned costs totaled $14*. Additionally, the annual reevaluation was not completed timely, as it was due in June 2016 and had not been completed at the conclusion of audit fieldwork (Aid to the Aged).
- One client file, with 179 claims totaling $13,574, did not contain a DCO-704 signed by a registered nurse verifying medical necessity or a DCO-662 Third Party Resource form verifying assignment of rights, affecting 41 claims. *Questioned costs totaled $3,093* (Aid to the Aged).
- One client file, with 75 claims totaling $35,856, did not contain documentation supporting the resources or income criteria, affecting 17 claims. *Questioned costs totaled $5,168*. Additionally, the annual reevaluation was not completed timely. It was due in April 2016 and had not been completed at the conclusion of audit fieldwork. The 2015 reevaluation was completed on November 3, 2016, after the recipient's file was selected for review (Aid to the Aged).
- One client file, with 367 claims totaling $30,145, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, a DCO-2602 verifying appropriateness of care, or a DCO-2603 verifying cost effectiveness. Additionally, the payment of TEFRA premiums, health insurance attribute, and resources and income were not verified, affecting all 367 claims. *Questioned costs totaled $21,249*. In addition, 169 claims paid in 2015 and 2014 were also affected. *Questioned costs totaled $10,458 and $897, respectively*. The annual reevaluation was also not completed timely. The 2014 reevaluation, due in April 2014, had not been completed at the conclusion of audit fieldwork, and there were no reevaluations for 2015 or 2016 (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file, with 204 claims totaling $52,227, did not contain a DCO-109 MRT report verifying categorical relatedness or a DCO-662 Third Party Resource form verifying assignment of rights, affecting 178 claims. *Questioned costs totaled $34,408* (Aid to the Disabled).
- One client file, with 127 claims totaling $61,088, did not contain documentation supporting the resource criteria, affecting 22 claims. *Questioned costs totaled $6,835*. Additionally, the annual reevaluation was not completed timely, as it was due in November 2015 but was not completed until March 22, 2016 (Aid to the Aged).
- One client filed, with 56 claims totaling $57,451, did not contain documentation supporting the resources or income criteria, affecting 46 claims. *Questioned costs totaled $31,554*. Additionally, the annual reevaluation was not completed timely, as it was due in August 2015 but had not been completed at the conclusion of audit fieldwork (Aid to the Aged).

***2016 Prior Year Finding Number*:**	**2016-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP;05-1505ARBIPP**
Federal Award Year(s):	**2014, 2015 and 2016**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 32 claims totaling $10,410, did not contain documentation supporting the resources or income criteria, affecting all 32 claims. *Questioned costs totaled $7,335*. In addition, 58 claims paid in 2015 were also affected. *Questioned costs totaled $22,265*. The annual reevaluation was also not completed timely. The 2015 reevaluation, due December 2014, had not been completed at the conclusion of audit fieldwork, and there was no reevaluation for 2016 (Aid to the Aged).
- One client file, with 145 claims totaling $51,099, did not contain documentation supporting the resources or income criteria, affecting 75 claims. *Questioned costs totaled $14,962*. The annual reevaluation was also not completed timely. It was due in January 2016 and had not been completed at the conclusion of audit fieldwork (Aid to the Aged).
- One client file, with 72 claims totaling $27,051, did not contain documentation supporting the resources or income criteria, affecting 17 claims. *Questioned costs totaled $5,014*. The annual reevaluation was also not completed timely, as it was due in December 2015 and had not been completed at the conclusion of audit fieldwork (Aid to the Disabled).
- One client file, with 221 claims totaling $33,807, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 213 claims. *Questioned costs totaled $23,253*. In addition, 62 claims paid in 2015 were also affected. *Questioned costs totaled $6,499*. The annual reevaluation was also not completed timely. The 2015 and 2016 reevaluations were not completed until November 8, 2016, after the recipient's file was selected for review (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file, with 44 claims totaling $3,325, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 5 claims. *Questioned costs totaled $364* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file, with 104 claims totaling $58,063, did not contain a DCO-662 Third Party Resource form verifying assignment of rights, affecting 17 claims. *Questioned costs totaled $9,270*. The annual reevaluation was also not completed timely, as it was due in April 2016 but was not completed until November 9, 2016, after the recipient's file was selected for review (Aid to the Aged).
- One client file, with 18 claims totaling $34,513, did not contain documentation supporting the income criteria, affecting all 18 claims. *Questioned costs totaled $24,159*. The initial eligibility determination was also not completed timely. The application, received on August 28, 2015, was not approved until February 4, 2016, exceeding the 45-day limit (Aid to the Aged).
- One client file, with 55 claims totaling $3,546, did not contain documentation supporting the resources or income criteria, affecting 23 claims. *Questioned costs totaled $993*. The annual reevaluation was also not completed timely, as it was due in December 2015 but had not been completed at the conclusion of audit fieldwork (Aid to the Aged).
- One client file, with 2 claims totaling $26, indicated the client had private health insurance, which made the client ineligible, affecting both claims. *Questioned costs totaled $18* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file, with 17 claims totaling $23,647, did not contain documentation supporting the resources criteria, affecting 5 claims. *Questioned costs totaled $3,026*. The initial eligibility determination was also not completed timely. The application, received on January 29, 2016, was not approved until April 4, 2016, exceeding the 45-day limit (Aid to the Aged).

***2016 Prior Year Finding Number*:**	**2016-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s): 05-1605AR5MAP;05-1505ARBIPP	**05-1405AR5MAP; 05-1505AR5MAP;**
Federal Award Year(s):	**2014, 2015 and 2016**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 4 claims totaling $2,252, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, a DCO-2603 verifying cost effectiveness, or a DCO-109 MRT report verifying disability, affecting all 4 claims. *Questioned costs totaled $1,577*. In addition, 22 claims paid in 2015 were also affected. *Questioned costs totaled $1,688* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child).
- One client file, with 38 claims totaling $185,940, did not contain a DCO-662 Third Party Resource form verifying assignment of rights, affecting 25 claims. *Questioned costs totaled $85,243*. The annual reevaluation was also not completed timely, as it was due in July 2015 but was not completed until August 18, 2015 (Aid to the Disabled).
- One client file, with 137 claims totaling $18,365, did not contain documentation supporting the resources or income criteria, affecting all 137 claims. *Questioned costs totaled $13,020*. In addition, 89 claims paid in 2015 were also affected. *Questioned costs totaled $8,150*. The annual reevaluation was also not completed timely, as it was due in January 2015 and had not been completed at the conclusion of audit fieldwork (Aid to the Aged).
- One client file, with 24 claims totaling $1,900, did not contain documentation supporting the resources criteria, affecting all 24 claims. *Questioned costs totaled $1,368*. In addition, 145 claims paid in 2015 were also affected. *Questioned costs totaled $16,310* (Aid to the Disabled).
- One client file, with 80 claims totaling $56,056, did not contain documentation supporting the resources criteria, affecting 6 claims. *Questioned costs totaled $2,557*. The annual reevaluation was also not completed timely, as it was due in June 2016 but was not completed until September 29, 2016 (Aid to the Aged).
- One client file, with 120 claims totaling $12,659, did not contain a DCO-662 Third Party Resource form verifying assignment of rights, affecting 3 claims. *Questioned costs totaled $405* (Aid to the Disabled).
- One client file, with 83 claims totaling $55,500, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 58 claims. *Questioned costs totaled $28,536* (Aid to the Aged).
- One client file, with 64 claims totaling $40,980, did not contain documentation supporting the resources criteria, affecting all 64 claims. *Questioned costs totaled $28,794*. In addition, 14 claims paid in 2015 were also affected. *Questioned costs totaled $6,944* (Aid to the Aged).
- One client file, with 36 claims totaling $118,238, did not contain a DCO-662 Third Party Resource form verifying assignment of rights, affecting 6 claims. *Questioned costs totaled $207*. The annual reevaluation was also not completed timely, as it was due in January 2016 but was not completed until February 11, 2016 (Aid to the Disabled).

Deficiencies related to eligible recipients with late initial determinations (no questioned costs):

- One client file did not have a timely initial eligibility determination. The application was received on December 10, 2015, but was not approved until February 2, 2016, exceeding the 45-day limit (Aid to the Aged).
- One client file did not have a timely initial eligibility determination. The application was received on May 11, 2015, but was not approved until October 27, 2015, exceeding the 90-day limit for disability determinations (Aid to the Disabled).
- One client file did not have a timely initial eligibility determination. The application was received on May 7, 2015, but was not approved until March 1, 2016, exceeding the 90-day limit for disability determinations (Aid to the Disabled).

***2016 Prior Year Finding Number*:**	**2016-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s): 05-1605AR5MAP;05-1505ARBIPP	**05-1405AR5MAP; 05-1505AR5MAP;**
Federal Award Year(s):	**2014, 2015 and 2016**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file did not have a timely initial eligibility determination. The application was received on April 23, 2014, but was not approved until October 21, 2014, exceeding the 45-day limit (Aid to the Aged).
- One client file did not have a timely initial eligibility determination. The application was received on January 15, 2016, but was not approved until May 12, 2016, exceeding the 45-day limit (Aid to the Aged).

Deficiencies related to eligible recipients with late redeterminations (no questioned costs). Although there are no questioned costs associated with these recipients, the total amount of claims paid (state and federal) as of fieldwork date of December 19, 2016, for dates of services between the time the reevaluation was due and the day before it was performed is noted below to show what could have been paid in error if the recipient had ultimately been deemed ineligible:

- One client file did not have a timely reevaluation, as it was due in March 2016 but was not completed until May 5, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $4,305 in state fiscal year 2016 and $7 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in April 2016 but was not completed until November 10, 2016, after the recipient's file was selected for review. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $885 in state fiscal year 2016 and $4,384 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in June 2016 but was not completed until July 6, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $45 in state fiscal year 2016 and $2,352 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in November 2015 but was not completed until January 19, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $186 in state fiscal year 2016 and $11,391 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in June 2016 but was not completed until August 18, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $2,928 in state fiscal year 2016 and $8,376 in state fiscal year 2017 (Aid to the Aged).
- One client file did not have a timely reevaluation, as it was due in October 2015 but was not completed until November 10, 2016, after the client was selected for testing. The claims paid for dates of service between when the reevaluation was due and the day before it was performed totaled $41,976 in state fiscal year 2016 and $56,383 in state fiscal year 2017 (Aid to the Disabled).
- One client file did not have a timely reevaluation, as it was due in January 2016 but was not completed until March 17, 2016. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $8,646 in state fiscal year 2016 (Aid to the Aged).

Questioned Costs:
SFY14 - $897
SFY15 - $72,314
SFY16 - $470,722

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-026**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505AR5ADM; 05-1605AR5ADM; 05-1505ARINCT; 05-1605ARINCT; 05-1505ARIMPL; 05-1605ARIMPL; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Period of Performance; Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State provide documentation to support procedures and policies implemented to ensure internal controls are in place to minimize the risk pertaining to handling and disbursing federal awards. To date, CMS has not received a response from the State.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
New policies and procedures have been implemented to manage federal draws. An automated draws general ledger began on January 1, 2017. Also, internal review of federal awards occurs before report submission.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff discussions with Division of Medical Services (DMS) personnel revealed that internal control procedures over compliance were not developed and documented during fiscal year 2016.

Although the Agency provided ALA with the 2016 Department of Finance and Administration (DFA) risk assessment as its documented internal controls, ALA maintains that the DFA risk assessment is not designed to function as the documented internal controls over compliance of federal awards. Adequately documented internal controls over compliance must address the following five components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The DFA risk assessment does not meet these criteria.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-027**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505ARINCT; 05-1605ARINCT; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-019.**

Agency reported status as of May 22, 2017:
Ongoing. Office of Payment Integrity has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year finding **2015-024**.

Condition and Context:
According to Division of Medical Services (DMS) staff, HP Enterprises is contracted to ensure that enrolled providers in the Medicaid Program are not suspended or debarred or otherwise excluded from participating in the Medicaid Program. The contractor accomplishes this verification process by working with LexisNexis to perform monthly checks against various federal databases, such as the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and the List of Excluded Individuals and Entities (LEIE) maintained by the U.S. Office of Inspector General. Each month, HP provides an electronic copy of the reports generated by LexisNexis to the Agency. These reports identify providers who have been flagged by one of the exclusion databases. Once the Agency receives the reports, DMS staff are responsible for determining whether an identified provider remains eligible to participate in the Medicaid Program.

ALA staff requested Agency documentation for the monthly suspension and debarment reviews performed by DMS staff to determine if the Agency was reviewing the monthly LexisNexis suspension and debarment reports to ensure the status of enrolled providers flagged by one of the exclusion databases is adequately researched in accordance with DHS policy 1088. The review revealed that the Agency failed to perform reviews of the LexisNexis search result reports provided by HP Enterprises during the entire 2016 fiscal year. As a result, Medicaid Program providers listed as potentially excluded parties were not adequately researched to determine if they should continue to be eligible to participate in the Medicaid Program.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-028**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1505ARBIPP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-020.**

Agency reported status as of May 22, 2017:
We have conducted an analysis. Updates are planned and will be completed in the fall of 2017 in association of the MMIS system being implemented.

Repeat Finding:
A similar finding was reported in prior-year findings **2015-025** and **2014-021**.

Condition and Context:
ALA staff performed follow-up procedures from a prior-year finding to determine if the Agency had updated its procedure document for preparing the CMS-64 report and found it still contained outdated information and did not appear complete. The example cited in prior-year finding 2015-025 remains relevant for 2016 and includes an observation by ALA staff that program changes specific to the Private Option were not reflected in the procedures, and program contacts still included individuals who have terminated employment.

ALA staff also reviewed the Agency's workbooks to determine if reconciliations between expenditures recorded in its financial management system and expenditures reported to the federal awarding agency were adequately reviewed and approved to ensure accuracy and completeness. Review of the quarter ended June 30, 2016, revealed that sufficient, appropriate evidence was not available to document adequate review and approval.

To determine if the Agency could separately identify "newly" and "oldly" enrolled individuals, ALA staff requested information regarding the assigned indicator that was designed by the Agency to separately identify "newly" and "oldly" enrolled individuals. The documentation provided revealed that the indicator was not used as designed until after June 30, 2016. As a result, "oldly" enrolled individuals were reimbursed at the 100% federal rate instead of the 70% federal rate for the entire 2016 fiscal year.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

***2016 Prior Year Finding Number*:**	**2016-029**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**93.778 - Medical Assistance Program (Medicaid Cluster)**
Federal Award Number(s):	**05-1505AR5MAP; 05-1605AR5MAP**
Federal Award Year(s):	**2015 and 2016**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- CMS contacted the State via letter on August 16, 2017, requesting that the State provide documentation to support that policies and procedures have been implemented to ensure compliance with provider eligibility requirements and that reviews of new enrolled providers are done timely. To date, CMS has not received a response from the State.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
Ongoing. Office of Payment Integrity has begun a quarterly process of sampling claims for compliance. The results will be sent to the respective program areas for use in strengthening the program requirements and minimizing errors.

Repeat Finding:
A similar issue was reported in prior-year finding **2015-027**.

Condition and Context:
ALA staff requested documentation for the quarterly reviews performed by DMS to determine if the Agency was providing adequate oversight in accordance with its monitoring policy. The DMS monitoring policy states that the Agency will perform quarterly reviews within 30 business days of receiving the HP list of newly enrolled providers. As of fieldwork date, August 29, 2016, the Agency had not performed any quarterly reviews in state fiscal year 2016.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-008**
State/Educational Agency(s):	**Arkansas Department of Career Education – Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A150003**
Federal Award Year(s):	**2015**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2018:

Partially Corrected: The period of performance for the FY2015 VR grant has expired. The agency has continued to bring on additional vendors and services to address the Workforce Innovation and Opportunity Act, Pre-Employment Transition Services requirement. Current expenditures for the FY2017 VR grant are $4,139,400.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-007.**

Agency reported status as of May 22, 2017:
The agency has continued to bring on additional vendors and services to address the Workforce Innovation and Opportunity Act, Pre-Employment Transition Services (PreETS) requirement. Final PreETS reported expenditures for the FY2015 VR grant were $426,702. The period of performance for this grant has expired.

Repeat Finding:
Not applicable

Condition and Context:
As of March 31, 2015, the pre-employment transition services requirement for the Agency was $1,939,081. ALA staff reviewed the Agency's SF-425 report for the 2015 grant, along with the documentation supporting the $2,878,376 reported for pre-employment transition services, to determine reasonableness. The review revealed the Agency did not maintain sufficient, appropriate evidence for the amount reported, and only $385,927 was for services that could reasonably meet the definition of pre-employment transition services. As a result, there is a potential deficit in pre-employment transition services totaling $1,553,154 ($1,939,081 – $385,927).

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-012**
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):	**1401AR1401; 1501ARFOST**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-009.**

Agency reported status as of May 22, 2017:
Please see response to 2016-012

Repeat Finding:
Not applicable

Condition and Context:
ALA staff reviewed the Agency's internal control procedures regarding the review and submission of the quarterly CB-496 Foster Care financial reports. Discussions with Agency staff indicated that a supervisory review was being performed prior to submission. ALA staff review of all four quarters revealed a lack of sufficient, appropriate evidence of a supervisory review (i.e., signature/email of the reviewer) for the quarters ended December 31, 2014, and March 31, 2015.

ALA staff review also included confirming that the Agency's Title IV-E program quarterly financial reports were submitted timely. ALA staff review revealed the Agency had not submitted any of the four quarterly reports timely as follows:

- The report for September 30, 2014, due for submission on October 30, 2014, was submitted on January 16, 2015.
- The report for December 31, 2014, due for submission on January 31, 2015, was submitted on March 17, 2015.
- The report for March 31, 2015, due for submission on April 30, 2015, was submitted on May 22, 2015.
- The report for June 30, 2015, due for submission on July 30, 2015, was submitted on September 15, 2015.

It should be noted that compliance testing performed on these reports indicated the data submitted agreed with the Agency's financial records.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-014**
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):	**05-1405AR5021; 05-1505AR5021 (Children's Health Insurance Program)** **05-1405AR5MAP; 05-1505AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed/ Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. DHS is still reviewing this finding with CMS.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS requested an update on the status of resolution of this finding. Because of personnel changes, an updated status could not be provided at the time. To date, CMS has not received any updates pertaining to this audit finding.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
See audit response 2016-013.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff selected 60 Children's Health Insurance Program (CHIP) recipients to determine if claims were allowable in accordance with the CHIP state plan. According to the Agency, CHIP claims are coded to state aid categories 01 (ARKIDS First) and 61 (Pregnant Women, Poverty Level CHILD). The claims listing was provided by the Agency, and ALA staff sorted the listing by state aid category to ensure accuracy. The review revealed multiple instances in which recipients were simultaneously enrolled in both CHIP and Medicaid state aid categories.

Of the 60 claims reviewed, 15 recipients had overlapping claim dates and claims paid for CHIP and Medicaid. ALA staff were able to determine that although these recipients had overlapping claim dates and claims paid, duplicate payments were not noted. The Agency was unable to explain how the system determined from which program the claims should be paid, and as a result, ALA staff could not determine allowability.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-015**
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):	**05-1405AR5021; 05-1505AR5021 (Children's Health Insurance Program)** **05-1405AR5MAP; 05-1505AR5MAP; 05-1405AR5ADM; 05-1505AR5ADM; 05-1405ARINCT; 05-1505ARINCT; 05-1405ARIMPL; 05-1505ARIMPL; 05-1405ARBIPP; 05-1505ARBIPP (Medicaid Cluster)**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-017.**

Agency reported status as of May 22, 2017:
See audit response 2016-016.

Repeat Finding:
A similar issue was reported in prior-year finding 2014-010.

Condition and Context:
ALA staff review of the reconciliations for the quarters ended December 31, 2014, and June 30, 2015, revealed errors in the comparisons, which caused a miscalculation of variances. Also, the variances identified by the Agency were not adequately addressed. In addition, the reconciliation for the quarter ended December 31, 2014, was completed 49 days after the report was originally submitted, and the reconciliation for the quarter ended June 30, 2015, was completed 13 days after the report was originally submitted.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-016**
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):	**05-1405AR5021; 05-1505AR5021 (Children's Health Insurance Program)** **05-1405AR5MAP; 05-1505AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS requested an update on the status of resolution of this finding. Because of personnel changes, an updated status could not be provided at the time. To date, CMS has not received any updates pertaining to this audit finding.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
See audit response 2016-013.

Repeat Finding:
Not applicable

Condition and Context:
The Affordable Care Act amended the Medicaid statute to extend Medicaid coverage for children aged 6 to 18 with incomes from 100 to 133 percent of the Federal Poverty Level. These children had formerly been enrolled under the CHIP ARKids B program, under which the covered services are more limited in scope. These new, mandatory Medicaid-covered children are referred to as M-CHIP cases. M-CHIP recipients in Arkansas receive the greater service coverage as allowed under the Medicaid program but are funded by CHIP funds at the enhanced CHIP FMAP rate.

Currently, the Agency identifies M-CHIP cases in the eligibility system with a "C" indicator. The Agency acknowledged that there were and still are deficiencies concerning the correct application of the "C" indicator to all M-CHIP cases. As of October 20, 2015, the Agency estimated that approximately 7,000 children should have been classified as an M-CHIP case but were not ("C" indicator not reflected), 68,000 children should not have been classified as an M-CHIP case but were ("C" indicator inappropriately reflected), and 4,000 cases were appropriately classified as an M-CHIP case ("C" indicator appropriately reflected). These estimates were provided by the Agency at the time and have not been verified by either Agency personnel or ALA staff.

ALA staff requested information regarding how the Agency is going to determine which cases should be classified as M-CHIP cases. The Agency indicated that classification would be systematically determined and that CURAM was currently running queries to obtain the information. However, as of December 17, 2015, information concerning these queries had not been provided to ALA staff.

Additionally, although possible reasons for the errors were provided by the Agency, no final determination of the cause of these errors has been provided to ALA staff.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-019**
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):	**05-1405AR5MAP; 05-1505AR5MAP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds were returned on the December 31, 2017 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017." Although finding 2015-019 was not listed within the document, a finding from the 2016 Single Audit (2016-018) that addressed the same issue was listed and revealed the following status:

- CMS contacted the State via letter on August 6, 2017, requesting that the State repay questioned costs of $19,687 on the Q4 FY 2017 CMS-64 expenditure report or provide documentation to show that the funds have been returned on a previous expenditure report.

  CMS also requested that the State provide documentation to support procedures and policies implemented to ensure all required documentation is maintained in the beneficiary files.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve this balance owed and will continue to monitor this finding.

Agency reported status as of May 22, 2017: Suzanne is looking to determine if these have been processed.
See Audit response 2016-018.

Repeat Finding:
A similar issue was reported in prior-year findings 2014-014 and 13-710-09.

Condition and Context:
ALA staff selected 60 beneficiary files from 25 providers throughout the State to determine if the provider maintained sufficient, appropriate evidence as required. The method used to collect the claim information was revised from prior years to allow the providers additional time to supply the required information and reduce deficiencies discovered. However, the review revealed a continued deficiency, with 17 providers not maintaining sufficient, appropriate evidence supporting claims as follows:

- Birch Tree Communities, Inc. – Two recipient files with 568 claims, totaling $46,754, did not contain an MTP, affecting 159 claims. In addition, 97 claims were not documented as approved by appropriate personnel. Questioned costs totaled $11,374.
- Community Counseling Services, Inc. – Three recipient files with 187 claims, totaling $11,005, did not contain an MTP, affecting 120 claims. Questioned costs totaled $4,842.
- Counseling Associates, Inc. – One recipient file with 83 claims, totaling $5,277, did not contain an MTP, affecting 26 claims. In addition, documentation was not provided supporting 1 claim. Questioned costs totaled $1,324.
- Dayspring Behavioral Health Service – Two recipient files with 217 claims, totaling $17,904, did not contain required updates of the patient's progress or a written description of the service provided, affecting 3 claims. Questioned costs totaled $168.
- Families Incorporated of Arkansas – Two recipient files with 23 claims, totaling $858, did not contain an MTP, affecting 20 claims. Questioned costs totaled $390.
- Health Resources of Arkansas, Inc. – Two recipient files with 2 claims, totaling $165, did not contain an MTP for any of the claims. Questioned costs totaled $117.

2015 Prior-Year Finding Number:	**2015-019 (Continued)**
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):	**05-1405AR5MAP; 05-1505AR5MAP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- Life Strategies of Arkansas, Inc. – One recipient file with 210 claims, totaling $10,374, did not contain an MTP, affecting 18 claims. In addition, the file did not contain documentation supporting 5 claims. An additional recipient file with 123 claims, totaling $7,781, had 4 claims that exceeded the amounts allowed in accordance with the MTP. Questioned costs totaled $757.
- Life Strategies Counseling, Inc. – Two recipient files with 106 claims, totaling $10,830, did not contain an MTP, affecting 70 claims. In addition, one of these files did not contain documentation supporting 2 claims. Questioned costs totaled $5,709.
- Maxus, Inc. – One recipient file with 7 claims, totaling $767, did not contain an MTP for any of the claims. Questioned costs totaled $542.
- Methodist Counseling Clinic – One recipient file with 31 claims, totaling $2,357, did not contain an MTP, affecting 21 claims. Questioned costs totaled $1,124.
- Mid South Health Systems, Inc. – Three recipient files with 67 claims, totaling $4,891, did not contain an MTP, affecting 15 claims. Questioned costs totaled $842.
- Ozark Guidance Center, Inc. – Four recipient files with 85 claims, totaling $6,982, did not contain an MTP, affecting 30 claims. An additional recipient file with 37 claims, totaling $3,494, did not contain documentation supporting 1 claim. Questioned costs totaled $1,693.
- Pathfinder, Inc. – One recipient file with 37 claims, totaling $5,896, did not contain an MTP for any of the claims. Questioned costs totaled $4,179.
- Perspectives Behavioral Health Management – Two recipient files with 211 claims, totaling $13,256, did not contain an MTP, affecting 115 claims. An additional recipient file with 10 claims, totaling $778, did not contain documentation supporting 2 claims. Questioned costs totaled $5,212.
- South Arkansas Regional Health Center – One recipient file with 12 claims, totaling $744, did not contain an MTP for any of the claims. Questioned costs totaled $527.
- University of Arkansas for Medical Sciences – One recipient file with 7 claims, totaling $550, did not contain an MTP for any of the claims. Questioned costs totaled $387.
- Vantage Point of Northwest Arkansas – One recipient file with 40 claims, totaling $1,600, did not contain an MTP for any of the claims. Questioned costs totaled $1,134.

Questioned Costs:
$40,321

State of Arkansas
Summary Schedule of Prior Audit Findings
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2015 Prior-Year Finding Number:	**2015-020**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Living Choices Assisted Living)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds were returned on the December 31, 2017 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS discussed return of funds with Agency financial staff, who advised that personnel and system changes were being implemented and funds should be returned on the next report certification.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve the balance owed.

Agency reported status as of May 22, 2017: Suzanne is looking to determine if these have been processed.
See Audit response 2016-021.

Repeat Finding:
A similar issue was reported in prior-year findings 2014-015 and 13-710-10.

Condition and Context:
ALA staff selected 30 beneficiary files from 18 providers throughout the State to determine if the provider maintained sufficient, appropriate evidence to support services billed. The method used to collect the claim information was revised from prior years to allow the providers additional time to supply the required information and reduce deficiencies discovered. However, the review revealed a continued deficiency, with 17 providers not maintaining sufficient, appropriate evidence supporting claims.

Of the 410 claims reviewed, the following discrepancies were noted:

- For 19 claims, a plan of care was not provided.
- For 92 claims, the plan of care was incomplete.
- For 27 claims, written instructions to attendant care staff were not documented.
- For 171 claims, written instructions to attendant care staff did not agree with the plan of care.
- For 23 claims, attendant care staff did not document the services provided.
- For 96 claims, attendant care staff service documented did not agree with the plan of care.
- For 42 claims, attendant care staff signature and/or date was missing.
- For 66 claims, quarterly monitoring forms were missing.
- For 20 claims, quarterly nursing evaluations were not documented.
- For 38 claims, nursing documentation was incomplete.

Questioned Costs:
$280,961

State of Arkansas
Summary Schedule of Prior Audit Findings
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2015 Prior-Year Finding Number:	**2015-021**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds were returned on the December 31, 2017 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS discussed return of funds with Agency financial staff, who advised that personnel and system changes were being implemented and funds should be returned on the next report certification.

  CMS is awaiting certification of Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve the balance owed.

Agency reported status as of May 22, 2017: Suzanne is looking to determine if these have been processed.
See audit response 2016-022.

Repeat Finding:
A similar issue was reported in prior-year findings 2014-016, 13-710-11, and 12-710-05.

Condition and Context:
ALA staff selected 11 beneficiary files from 10 providers throughout the State to determine if the provider maintained sufficient, appropriate evidence to support services billed. The method used to collect the claim information was revised from prior years to allow the providers additional time to supply the required information and reduce deficiencies discovered. However, the review revealed a continued deficiency with six providers not maintaining sufficient, appropriate evidence supporting claims.

A service plan was not included in the documentation provided by the following four providers. As a result, ALA staff were unable to determine if the services provided were authorized.

- Arkansas Department of Health – One recipient file with 52 claims, totaling $8,078, did not contain a service plan for any of the claims. Questioned costs totaled $5,871.
- Carelink – One recipient file with 55 claims, totaling $5,740, did not contain a service plan, affecting 12 claims. Questioned costs totaled $1,535.
- Absolute Care Management Corporation – One recipient file with 55 claims, totaling $11,824, did not contain a service plan, affecting 1 claim. Questioned costs totaled $159.
- Arkansas Support Network – One recipient file with 62 claims, totaling $11,570, did not contain a service plan for any of the claims. Questioned costs totaled $8,403.

The following discrepancies were discovered regarding two providers:

- Addus Homecare – No information was provided for one recipient file with 3 claims totaling $536. Questioned costs totaled $387.
- Elite Home Care, LLC – One recipient file with 53 claims totaling $11,916, did not contain an aid log, affecting 1 claim. Questioned costs totaled $171.

State of Arkansas
Summary Schedule of Prior Audit Findings
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2015 Prior-Year Finding Number:	**2015-021 (Continued)**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
$16,526

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-022**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (DDS ACS Waiver)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds were returned on the December 31, 2017 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS discussed return of funds with Agency financial staff, who advised that personnel and system changes were being implemented and funds should be returned on the next report certification.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve the balance owed.

Agency reported status as of May 22, 2017:
See audit response 2016-020.

Repeat Finding:
A similar issue was reported in prior-year findings 2014-017, 13-710-11, and 12-710-05.

Condition and Context:
ALA staff selected 60 beneficiary files from 26 providers throughout the State to determine if the files contained the required documentation to support services billed. The method used to collect the claim information was revised from prior years to allow the providers additional time to supply the required information and reduce deficiencies discovered. However, the review revealed a continued deficiency with 22 providers not maintaining sufficient, appropriate evidence supporting claims.

Of the 2,647 claims reviewed, the following discrepancies were noted:

- For 549 claims, the person-centered service plan was missing or incomplete.
- For 369 claims, documentation describing the goods or services provided was not included or was incomplete.
- For 30 claims, documentation did not include the date and/or time the goods or services were provided.
- For 448 claims, daily progress notes were missing or incomplete.
- For 12 claims, various DDS forms were missing or insufficient.
- For 37 claims, information requested was not provided.

Questioned Costs:
$735,543

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-023**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. Effective October 1, 2017, financial eligibility for the Long Term Services and Supports Program was transferred to the DCO. The Long Term Services and Supports staff are specialized to focus only on the program. Additional resources have been allocated to this unit to reduce and eliminate the backlog of overdue re-evaluations and increase the number of second party reviews completed on these cases to ensure that appropriate documentation is included the case files. The agency anticipates completion no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-016.**

Agency reported status as of May 22, 2017:
See audit response 2016-025.

Repeat Finding:
A similar issue was reported in prior-year finding 2014-020.

Condition and Context:
ALA staff reviewed 60 Medicaid recipient files to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. ALA staff review revealed the following:

- One client file, with 195 claims totaling $12,564, did not contain a DCO-704 signed by a Registered Nurse (RN) to verify medical necessity, affecting 31 claims. Questioned costs totaled $1,842. (Aid to the Aged)
- One client file, with 4 claims totaling $250, did not contain a DCO-704 signed by an RN to verify medical necessity, provide proof of institutional status, or assign rights to DHS, affecting all 4 claims. Questioned costs totaled $177. (Aid to the Aged)
- One client file, with 76 claims totaling $38,292, did not contain documentation verifying that resource and income eligibility criteria were met, supporting a timely reevaluation, or assigning rights to the Agency, affecting all 76 claims. Questioned costs totaled $27,005. (Aid to the Aged).
- One client file, with 4 claims totaling $702, did not contain a DCO-704 signed by an RN to verify medical necessity, provide proof of institutional status, support that resource and income eligibility criteria were met, or support a timely reevaluation, affecting all 4 claims. Questioned costs totaled $492. (Aid to the Disabled)
- One client file, with 137 claims totaling $27,937, did not contain documentation verifying that resource and income eligibility criteria were met or documentation supporting a timely reevaluation, affecting 113 claims. Questioned costs totaled $15,651. (Aid to the Disabled)
- One client file, with 28 claims totaling $8,945, did not contain a DCO-704 signed by an RN verifying medical necessity or a signed DMS-2603 verifying cost effectiveness, affecting 6 claims. Questioned costs totaled $1,160. (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child)
- One client file, with 118 claims totaling $14,143, did not contain a DCO-704 signed by an RN to verify medical necessity, affecting 56 claims. Questioned costs totaled $5,220. (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child)
- One client file, with 87 claims totaling $2,077, did not contain documentation verifying that resource eligibility criteria were met, affecting all 87 claims. Questioned costs totaled $1,471. (Aid to the Disabled)

2015 Prior-Year Finding Number:	**2015-023 (Continued)**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 40 claims totaling $21,162, did not contain documentation verifying that resource eligibility criteria were met or supporting a timely reevaluation, affecting 14 claims. Questioned costs totaled $3,760. (Aid to the Aged)
- One client file, with 148 claims totaling $29,722, did not contain documentation verifying that resource and income eligibility criteria were met or supporting a timely reevaluation, affecting 112 claims. Questioned costs totaled $16,105. (Aid to the Aged)

Questioned Costs:
$72,883

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-024**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405ARINCT; 05-1505ARINCT; 05-1405ARIMPL; 05-1505ARIMPL; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-019.**

Agency reported status as of May 22, 2017:
See audit response 2016-027.

Repeat Finding:
Not applicable

Condition and Context:
According to Division of Medical Services (DMS) staff, HP Enterprises is contracted to ensure that enrolled providers in the Medicaid Program are not suspended or debarred or otherwise excluded from participating in the Medicaid Program. The contractor accomplishes this verification process by working with Lexis Nexis to perform monthly checks against various federal databases such as the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and the LEIE excluded providers list maintained by the U.S. Office of Inspector General. Each month, HP provides an electronic copy of the reports generated by Lexis Nexis to the Agency. These reports identify providers who have been flagged by one of the exclusion databases. Once the Agency receives the reports, DMS staff are responsible for determining whether or not an identified provider remains eligible to participate in the Medicaid Program.

The Agency failed to review the LexisNexis search reports provided by HP Enterprises during the entire 2015 fiscal year. Providers listed as potentially excluded parties were not identified by the Agency, and as a result, their eligibility to participate in the Medicaid program was not researched.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-025**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405AR5ADM; 05-1505AR5ADM; 05-1405ARINCT; 05-1505ARINCT; 05-1405ARIMPL; 05-1505ARIMPL; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-020.**

Agency reported status as of May 22, 2017:
See audit response 2016-028.

Repeat Finding:
A similar issue was reported in prior-year finding 2014-021.

Condition and Context:
ALA staff reviewed the Agency's control procedures to determine if adequate policies and procedures were in place regarding reporting requirements. The review revealed that although the Agency had documented its policies and procedures, they contained outdated information and did not appear complete. For example, ALA staff noted program changes were not reflected in the written procedures and program contacts included individuals who had terminated employment.

ALA staff also reviewed the Agency's workbooks to determine if reconciliations between expenditures recorded in its financial management system and expenditures reported to the federal awarding agency were adequately reviewed and approved to ensure accuracy and completeness. Review of the two quarters ended March 31, 2015, and June 30, 2015, respectively, revealed sufficient, appropriate evidence was not available documenting adequate review and approval.

In addition to reviewing control procedures, ALA staff selected the two reports to determine if the Agency met federal awarding agency compliance requirements. ALA staff were unable to perform a review of the June 30, 2015, report because the report was decertified on September 9, 2015, as the Agency was unable to support its claimed expenditures. It was not known at that time when the June 30, 2015, report would be re-certified and if ALA staff would have adequate time to review it. Although the report was recertified on September 28, 2015, at the request of CMS, correspondence between the Agency and CMS indicated the Agency was still unable to support the enrollment information provided on the report. Because the enrollment information could not be relied upon, neither could the corresponding expenditures.

2015 Prior-Year Finding Number:	**2015-025 (Continued)**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1405AR5ADM; 05-1505AR5ADM; 05-1405ARINCT; 05-1505ARINCT; 05-1405ARIMPL; 05-1505ARIMPL; 05-1405ARBIPP; 05-1505ARBIPP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Additional inquiries revealed that enrollment information reported for the first three quarters of the state fiscal year was based on queries pulled from the CURAM system. According to Agency management, this information could not be obtained for the fourth quarter because the employee who had generated the queries for the first three quarters had left the Agency and his procedures were not documented. Agency attempts to duplicate the queries were unsuccessful; therefore, the Agency was unable to produce accurate and complete information for the fourth quarter.

In order to understand the process, ALA staff inquired with the Division of Medical Services (DMS). DMS indicated that only "newly" eligible individuals were placed in state aid category 06 "adult expansion." DMS used this category to separately track "newly" eligible individual expenditures because, under the Private Option, those expenditures are 100% federally funded. All funding requests regarding "newly" eligible individuals were based on data extracted from category 06.

ALA staff also inquired with the Division of County Operations (DCO). DCO indicated it had initiated the use of a "Y" indicator within category 06 to identify "newly" eligible individuals for the Private Option because "oldly" eligible individuals were also in category 06.

According to DMS, DCO did not inform them of this practice, and neither Hewlett Packard (HP) nor DMS was using the "Y" indicator to identify "newly" eligible individuals because they believed category 06 was strictly for "newly" eligible individuals.

ALA staff review did reveal "oldly" and "newly" eligible individuals in category 06, resulting in "oldly" eligible individuals being incorrectly 100% federally funded. The appropriate federal rate for these individuals would have been 70.17% for July through September 2014 and 70.88% for October 2014 through June 2015.

Additional inquiry concerning the "Y" indicator revealed it occupied a field in MMIS previously used to track expenditures for Hurricane Katrina evacuees. The Agency indicated that this field **could not be relied upon for Private Option purposes until July 1, 2015**. Therefore, ALA concluded that the data in this field as of June 30, 2015, cannot be relied upon for audit purposes.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2015 Prior-Year Finding Number:	**2015-027**
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):	**05-1405AR5MAP; 05-1505AR5MAP**
Federal Award Year(s):	**2014 and 2015**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS requested an update on the status of resolution of this finding. Because of personnel changes, an updated status could not be provided at the time. To date, CMS has not received any updates pertaining to this audit finding.

  CMS requested that the State provide documentation to support the resolution of this audit finding by December 15, 2017, and will continue to monitor this finding.

Agency reported status as of May 22, 2017:
See audit response 2016-029.

Repeat Finding:
Not applicable

Condition and Context:
ALA staff requested documentation for two quarterly reviews performed by DMS to determine if the Agency was providing adequate oversight in accordance with its monitoring policy. As of September 22, 2015, only one review for the quarter ended September 30, 2014, had been performed by DMS. The review, performed in May 2015, noted several deficiencies. These deficiencies have yet to be completely resolved.

In addition, reviews for the remaining three quarters (i.e., December 31, 2014; March 31, 2015; and June 30, 2015) had not begun.

ALA staff review also revealed that although the Agency has a monitoring policy in place, the policy does not adequately address timeframes for completing the quarterly reviews and does not contain follow-up procedures for addressing resolution of deficiencies found during the reviews.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2014 Prior-Year 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; 05-1305ARADM; 05-1405ARADM; 05-1405AR502**
Federal Award Year(s):	**2013 and 2014**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Significant Deficiency**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-017.**

Agency reported status as of May 22, 2017:
See audit response 2016-016.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2014 Prior-Year 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; 05-0405ARBIPP**
Federal Award Year(s):	**2013 and 2014**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (DDS ACS Waiver)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Corrective action was taken. Funds were returned on the December 31, 2017 CMS-64 report.

Audit Status as of June 30, 2017:
Although audit follow-up procedures indicated the Agency had taken corrective action, ALA obtained a resolution document from the federal awarding agency (CMS), titled "Open Arkansas Audit Findings as of November 15, 2017," which revealed the following status:

- During the August 2017 on-site visit, CMS discussed return of funds with Agency financial staff, who advised that personnel and system changes were being implemented and funds should be returned on the next report certification.

  CMS is awaiting certification of the Q4 FY 2017 CMS-64 report. If funds are not returned, CMS will contact the State by December 15, 2017, to discuss its plan of action to resolve the balance owed.

Agency reported status as of May 22, 2017:
See audit response 2016-22.

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.
- 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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2014 Prior-Year Finding Number:	**2014-020**
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; 05-1305ARBIPP; 05-1405AR5MAP; 05-1405ARBIPP**
Federal Award Year(s):	**2013 and 2014**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2018:

Partially Corrected. Effective October 1, 2017, financial eligibility for the Long Term Services and Supports Program was transferred to the DCO. The Long Term Services and Supports staff are specialized to focus only on the program. Additional resources have been allocated to this unit to reduce and eliminate the backlog of overdue re-evaluations and increase the number of second party reviews completed on these cases to ensure that appropriate documentation is included the case files. The agency anticipates completion no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-016.**

Agency reported status as of May 22, 2017:
See Audit response 2016-025

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 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.

2014 Prior-Year Finding Number:	**2014-020 (Continued)**
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; 05-1305ARBIPP; 05-1405AR5MAP; 05-1405ARBIPP**
Federal Award Year(s):	**2013 and 2014**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

2014 Prior-Year 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**

Auditee reported status as of June 30, 2018:

Partially Corrected. The agency has completed the implementation of the automated federal reporting system called MARS. Internal controls and manuals have been completed. Staff has been trained on internal controls and manuals. Additional training by CMS remains outstanding. The agency anticipates completion of CMS training no later than October 31, 2018.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year finding **2017-020.**

Agency reported status as of May 22, 2017:
See audit response 2016-028.

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 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.

2014 Prior-Year Finding Number:	**2014-021 (Continued)**
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**

Condition and Context (Continued):
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**.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

2017 Prior Year Finding Number:	**2017-023**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.038 – Federal Perkins Loan Program_Capital Contributions** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **93.264 – Nurse Faculty Loan Program (NFLP)** **93.342 – Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students** **93.364 – Nursing Student Loans** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2016 – June 30, 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Control Deficiency**

Auditee reported status as of June 30, 2018:

Corrective Action Was Taken

Repeat Finding:
Not applicable

Criteria:
Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to U.S. Department of Education (ED) as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR Section 668.173(b)).

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew (34 CFR Section 668.22(j)).

An institution returns Title IV funds timely if:

a) The institution deposits or transfers the funds into the bank account it maintains under 34 CFR Section 668.163 as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance;

b) The institution initiates an EFT as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance;

c) The institution initiates an electronic transaction as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance, which informs the lender to adjust the borrower's loan account for the amount returned; or

d) The institution issues a check as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance. An institution does not satisfy this requirement if:

   1) The institution's records show that the check was issued more than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance; or

   2) The date on the canceled check shows that the bank used by the secretary endorsed that check more than 45 days after the date that the institution becomes aware that the student will not or has not begun attendance (34 CFR Section 668.21(d)).

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2017 Prior Year Finding Number:	**2017-023 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.038 – Federal Perkins Loan Program_Capital Contributions** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **93.264 – Nurse Faculty Loan Program (NFLP)** **93.342 – Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students** **93.364 – Nursing Student Loans** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2016 – June 30, 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Control Deficiency**

Condition and Context:
The control that governs the timely notification of an official withdrawal or dismissal date had an instance of failure. During our test work over Student Financial Aid Cluster, we selected a sample of 25 for control and compliance test work. We noted one instance where funds were not timely returned. In this instance, we noted that a student withdrew on October 19, 2016. The applicable funds were returned on February 15, 2017, which is more than 45 days after the institution determined the student withdrew.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
A clerical error made during the processing of the student withdrawal resulted in a failure of the Office of the University Registrar from notifying the UAMS Student Financial Services until February 14, 2017. The UAMS Student Financial Services promptly returned the funds the next business day.

Effect:
The failure to return the funds until February 14, 2017 resulted in non-compliance with the requirement to do so within 45 days of knowing the student withdrew.

Recommendation:
We recommend that management strengthen the institution's review procedures to help ensure that timely notifications of student withdrawals are made to the UAMS Student Financial Services such that the return of funds will occur in the mandated time frame.

Views of Responsible Officials and Planned Corrective Action:
Management concurs with this finding. Management has recognized and addressed the communication oversight between the Office of the University Registrar and the Student Financial Services Office, which led to this delay in returning funds. This oversight occurred during the transition to a new student information software system. Since then, new processes and reports have been implemented whereby the appropriate staff are notified by the Registrar of enrollment changes in a timely manner.

Anticipated Completion Date: Completed

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2017 Prior Year Finding Number:	**2017-023 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
CFDA Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.038 – Federal Perkins Loan Program_Capital Contributions** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **93.264 – Nurse Faculty Loan Program (NFLP)** **93.342 – Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students** **93.364 – Nursing Student Loans** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2016 – June 30, 2017**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Control Deficiency**

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

Contact Person:

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Audit Status for Unresolved Prior Audit Findings

For the Year Ended June 30, 2018

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

In accordance with 2 CFR § 200.514(e), the auditor must follow up on prior audit findings by performing procedures to assess the reasonableness of the schedule. If the auditor concludes that the schedule materially misrepresents the actual status of any prior audit finding, the auditor must report a current-year finding. The audit status document begins on **page 239**.

Federal Program Name	Page Number(s)
Various Federal Programs	239
Child and Adult Care Food Program	239 - 240; 245
Title I Grants to Local Educational Agencies	240
Rehabilitation Services_Vocational Rehabilitation Grants to States	240; 246; 251
Foster Care_Title IV-E	240 - 241; 246 - 247; 251
Medicaid Cluster	241 - 245; 247 - 254
Children's Health Insurance Program	241 – 243; 247 - 248; 251; 253
Student Financial Assistance Cluster	245

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Various
Finding Number:	2017-001
Page Number (from schedule):	118-120
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Internal Control – Preparation of the Schedule of Expenditures of Federal Awards
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Finding Number:	2017-002
Page Number (from schedule):	121-122
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$645
Status of Questioned Costs:	Unknown
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Finding Number:	2017-003
Page Number (from schedule):	123-124
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility
Questioned Costs:	$13,977
Status of Questioned Costs:	Unknown
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Finding Number:	2017-004
Page Number (from schedule):	125-126
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Finding Number:	2017-005
Page Number (from schedule):	127-128
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Education
Federal Program Name:	Title I Grants to Local Educational Agencies
Finding Number:	2017-006
Page Number (from schedule):	129-130
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Career Education – Arkansas Rehabilitation Services
Federal Program Name:	Rehabilitation Services_Vocational Rehabilitation Grants to States
Finding Number:	2017-007
Page Number (from schedule):	131-136
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	$2,641,251
Status of Questioned Costs:	Repayment not necessary
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Foster Care_Title IV-E
Finding Number:	2017-008
Page Number (from schedule):	137-138
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Procurement and Suspension and Debarment; Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Foster Care_Title IV-E
Finding Number:	2017-009
Page Number (from schedule):	139-140
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Partial corrective action has been taken. See current-year finding **2018-004**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2017-010
Page Number (from schedule):	141-143
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed; Period of Performance
Questioned Costs:	CHIP - $4,246 Medicaid - $6,196,626
Status of Questioned Costs:	Repayment, totaling $73,412, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2017-011
Page Number (from schedule):	144-147
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Period of Performance
Questioned Costs:	CHIP - $390,155 Medicaid - $7,947,554
Status of Questioned Costs:	Outstanding CMS is still requesting that the State repay questioned costs totaling $8,337,709 by adjusting the December 31, 2018, CMS-64 report. As of the end of fieldwork, the adjustment had not been made by the Agency.
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-016**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2017-012
Page Number (from schedule):	148-151
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Provider Eligibility
Questioned Costs:	CHIP - $475,618 Medicaid - $12,309,611
Status of Questioned Costs:	CMS will not require the State to repay the questioned costs because it received sufficient documentation from the Agency.
Status of Finding:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2018-020**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Finding Number:	2017-013
Page Number (from schedule):	152-154
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	$10,427,841
Status of Questioned Costs:	Repayment, totaling $10,427,841, was processed.
Status of Finding:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2018-011**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Finding Number:	2017-014
Page Number (from schedule):	155-156
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-011**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Finding Number:	2017-015
Page Number (from schedule):	157-158
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-016
Page Number (from schedule):	159-165
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$476,313
Status of Questioned Costs:	Repayment, totaling $474,777, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2018-014**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-017
Page Number (from schedule):	166-167
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	$88,664,268
Status of Questioned Costs:	Not addressed by CMS.
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-015**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-018
Page Number (from schedule):	168-169
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-019
Page Number (from schedule):	170-171
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-018**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-020
Page Number (from schedule):	172-174
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-009**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-021
Page Number (from schedule):	175-176
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Inpatient Hospital & Long-Term Care
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2017-022
Page Number (from schedule):	177-178
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Claims Paid Subsequent to Recipient Death
Questioned Costs:	$67,637
Status of Questioned Costs:	Repayment, totaling $67,539, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Closed However, corrective action has not been taken because similar deficiencies are being reported in current-year finding **2018-021**.

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Student Financial Assistance Cluster
Finding Number:	2017-023
Page Number (from schedule):	235-237
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Finding Number:	2016-001
Page Number (from schedule):	179
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Performance; Reporting; Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Career Education – Arkansas Rehabilitation Services
Federal Program Name:	Rehabilitation Services_Vocational Rehabilitation Grants to States
Finding Number:	2016-005
Page Number (from schedule):	180
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Allowable Costs/Cost Principles
Questioned Costs:	$5,719
Status of Questioned Costs:	Repayment is pending.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Career Education – Arkansas Rehabilitation Services
Federal Program Name:	Rehabilitation Services_Vocational Rehabilitation Grants to States
Finding Number:	2016-006
Page Number (from schedule):	181
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	$5,528,366
Status of Questioned Costs:	Repayment not required.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Foster Care_Title IV-E
Finding Number:	2016-009
Page Number (from schedule):	184
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Matching, Level of Effort, Earmarking; Period of Performance; Procurement and Suspension and Debarment; Reporting;
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Foster Care_Title IV-E
Finding Number:	2016-012
Page Number (from schedule):	185
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2016-013
Page Number (from schedule):	186-188
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$64,204
Status of Questioned Costs:	Repayment, totaling $14,682, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2016-015
Page Number (from schedule):	189
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2016-016
Page Number (from schedule):	190-191
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-015**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2016-017
Page Number (from schedule):	192
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-009**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-018
Page Number (from schedule):	193-195
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Claims Payments
Questioned Costs:	$19,687
Status of Questioned Costs:	Repayment, totaling $19,021, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-020
Page Number (from schedule):	197
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (DDS ACS Waiver)
Questioned Costs:	$787,683
Status of Questioned Costs:	Repayment, totaling $786,761, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-021
Page Number (from schedule):	198-199
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (Living Choices Assisted Living)
Questioned Costs:	$335,456
Status of Questioned Costs:	Repayment, totaling $335,456, was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-022
Page Number (from schedule):	200
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)
Questioned Costs:	$10,150
Status of Questioned Costs:	Repayment, totaling $10,151, was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-023
Page Number (from schedule):	201
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed; Period of Performance
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-024
Page Number (from schedule):	202
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Cash Management; Period of Performance
Questioned Costs:	$12,877,790
Status of Questioned Costs:	CMS will not require the State to repay the questioned costs because it received sufficient documentation from the Agency.
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-025
Page Number (from schedule):	203-207
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$543,559
Status of Questioned Costs:	Repayment, totaling $521,241, was processed. CMS is satisfied with the amount the State returned.
Status of Finding:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2018-014**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-026
Page Number (from schedule):	208
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Period of Performance; Procurement and Suspension and Debarment
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-027
Page Number (from schedule):	209
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-018**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2016-028
Page Number (from schedule):	210
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-009**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Career Education – Arkansas Rehabilitation Services
Federal Program Name:	Rehabilitation Services_Vocational Rehabilitation Grants to States
Finding Number:	2015-008
Page Number (from schedule):	212
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Foster Care_Title IV-E
Finding Number:	2015-012
Page Number (from schedule):	213
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2015-015
Page Number (from schedule):	215
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-015**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-019
Page Number (from schedule):	217-218
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Claims Payments
Questioned Costs:	$40,321
Status of Questioned Costs:	Repayment, totaling $41,452, was processed.
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-020
Page Number (from schedule):	219
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (Living Choices Assisted Living)
Questioned Costs:	$280,961
Status of Questioned Costs:	Repayment, totaling $280,961, was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-021
Page Number (from schedule):	220-221
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)
Questioned Costs:	$16,526
Status of Questioned Costs:	Repayment, totaling $16,526, was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-022
Page Number (from schedule):	222
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (DDS ACS Waiver)
Questioned Costs:	$735,543
Status of Questioned Costs:	Repayment, totaling $735,543, was processed.
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-023
Page Number (from schedule):	223-224
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$72,883
Status of Questioned Costs:	Repayment, totaling $73,836, was processed.
Status of Finding:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2018-014**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-024
Page Number (from schedule):	225
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-018**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2015-025
Page Number (from schedule):	226-227
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-009**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Finding Number:	2014-010
Page Number (from schedule):	229
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-015**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2018

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2014-017
Page Number (from schedule):	230
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (DDS ACS Waiver)
Questioned Costs:	$699,545
Status of Questioned Costs:	Repayment, totaling $699,545, was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2014-020
Page Number (from schedule):	231-232
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$33,121
Status of Questioned Costs:	Repayment, totaling $33,121, was processed.
Status of Finding:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2018-014**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Finding Number:	2014-021
Page Number (from schedule):	233-234
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken. See current-year finding **2018-009**.