State of Arkansas

Single Audit Report

For the Year Ended June 30, 2019

State of Arkansas
Table of Contents
For the Year Ended June 30, 2019

	Page
Introduction and Summary	1
Independent Auditor's 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*	7
Independent Auditor's 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 Uniform Guidance	9
Schedule of Findings and Questioned Costs:	
Findings and Questioned Costs Narrative	13
Section I: Summary of Auditor's Results	14
Section II: Financial Statement Findings	16
Section III: Federal Award Findings and Questioned Costs	17
Schedule of Expenditures of Federal Awards	71
Notes to Schedule of Expenditures of Federal Awards	104
Summary Schedule of Prior Audit Findings	109
Audit Status for Unresolved Prior Audit Findings	190

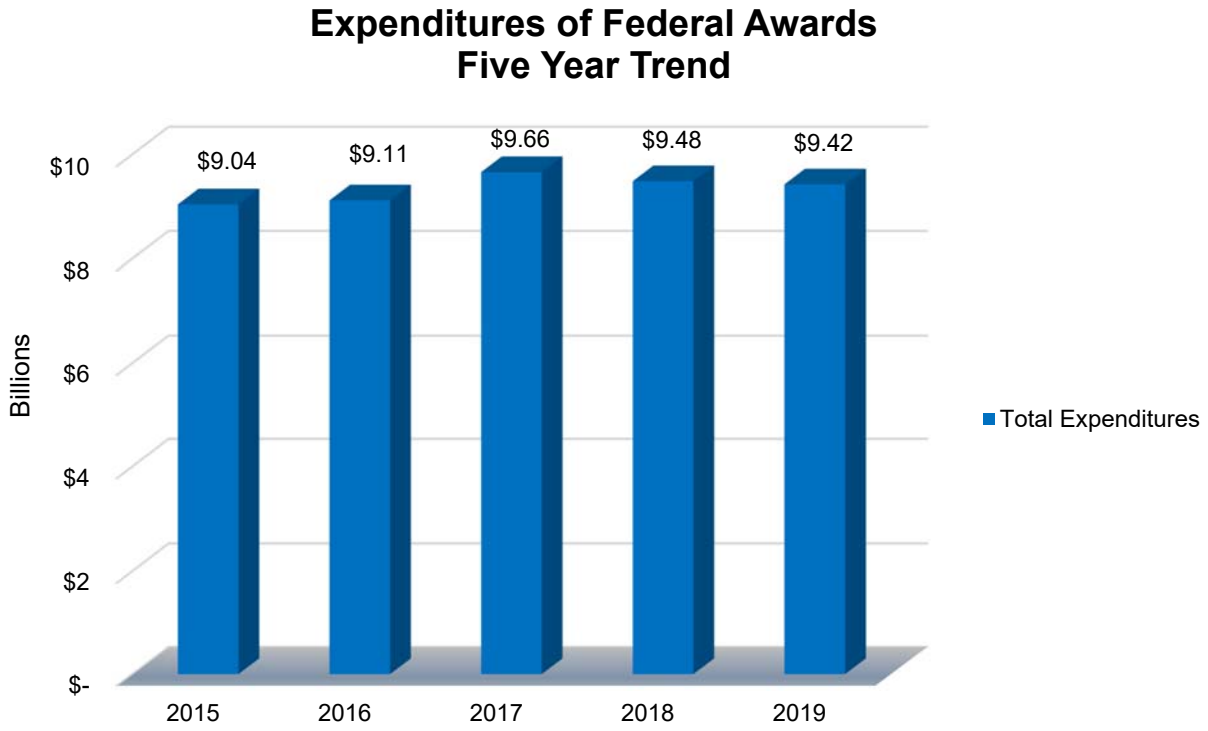
State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2019

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, 2019, 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 2019 Single Audit includes federal expenditures from 413 federal programs.



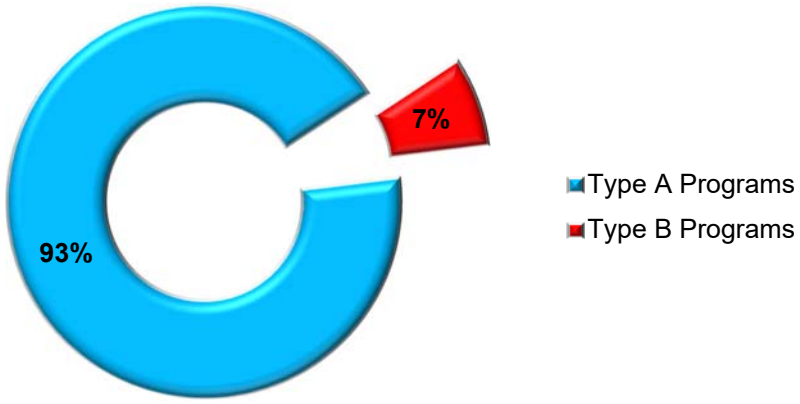
In accordance with Uniform Guidance, larger federal programs are identified and labeled as Type A. The following table outlines how the Type A programs for the State of Arkansas were identified.

Type A Program Determination

Total expenditures of federal awards		$9,422,710,989
Three-tenths of one percent	x	0.003
Type A threshold		$ 28,268,133

All federal programs with expenditures of at least $28,268,133 were labeled Type A. All other federal programs were labeled Type B. Of the 413 federal programs represented in the June 30, 2019, State of Arkansas Single Audit, 20 were Type A programs with expenditures totaling $8,733,645,012, which is 93% of total expenditures, and 393 were Type B programs with expenditures totaling $689,065,977, 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. There were 20 Type A programs and the risk assessments performed identified 9 of those programs as high-risk or major. The ***Type A major programs*** are:

- Child Nutrition Cluster
- Medicaid Cluster
- Special Supplemental Nutrition Program for Women, Infants, and Children
- Child and Adult Care Food Program
- Children's Health Insurance Program
- CCDF Cluster
- Research and Development Cluster
- National Guard Military Operations and Maintenance (O&M) Projects
- Federal Family Education Loans

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

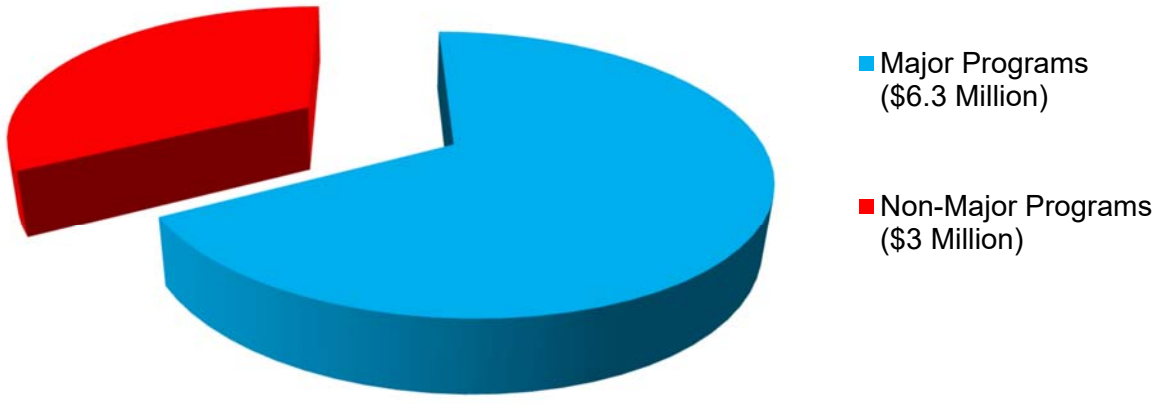
Threshold for Type B Programs		
Type A Threshold		$ 28,268,133
25%	x	0.25
Threshold of Type B programs		$ 7,067,033

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. Eleven low-risk Type A programs were identified, so three high-risk Type B programs were selected as major. The ***Type B major programs*** are:

- Clean Water State Revolving Fund Cluster
- Drinking Water State Revolving Fund Cluster
- Head Start

For the year ended June 30, 2019, major program expenditures represented approximately 67% of total expenditures of federal awards.

Fiscal Year 2019
Major vs. Non-Major Programs
$9,422,710,989



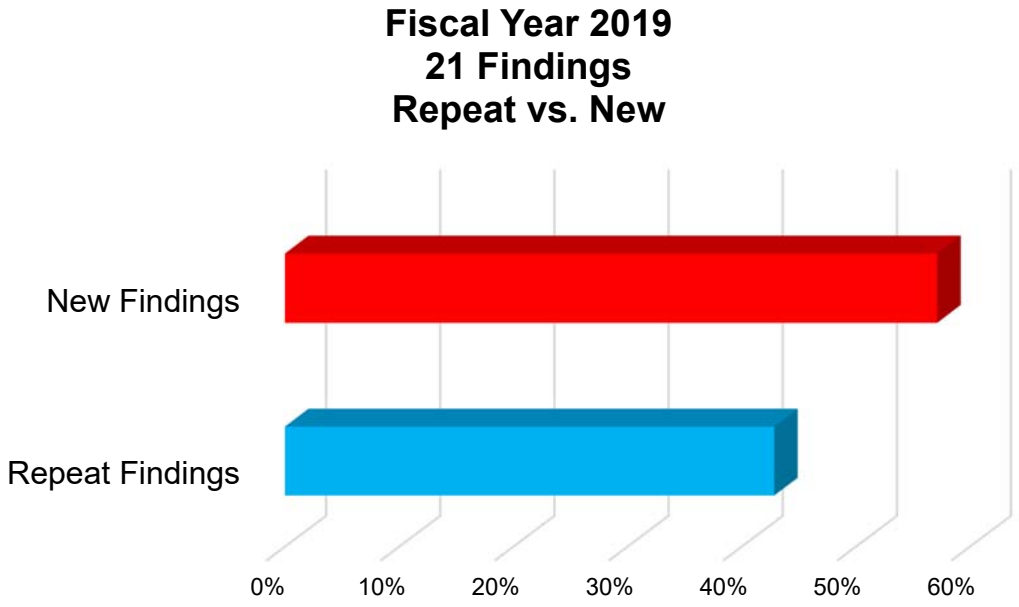
Five state departments expended the majority (84%) of federal awards, as noted below:

Department of Human Services	**68%**
Arkansas Department of Transportation	**6%**
Department of Education	**6%**
Univeristy of Arkansas, Fayetteville	**2%**
Arkansas Development Finance Authority	**2%**
Other Departments	**16%**

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

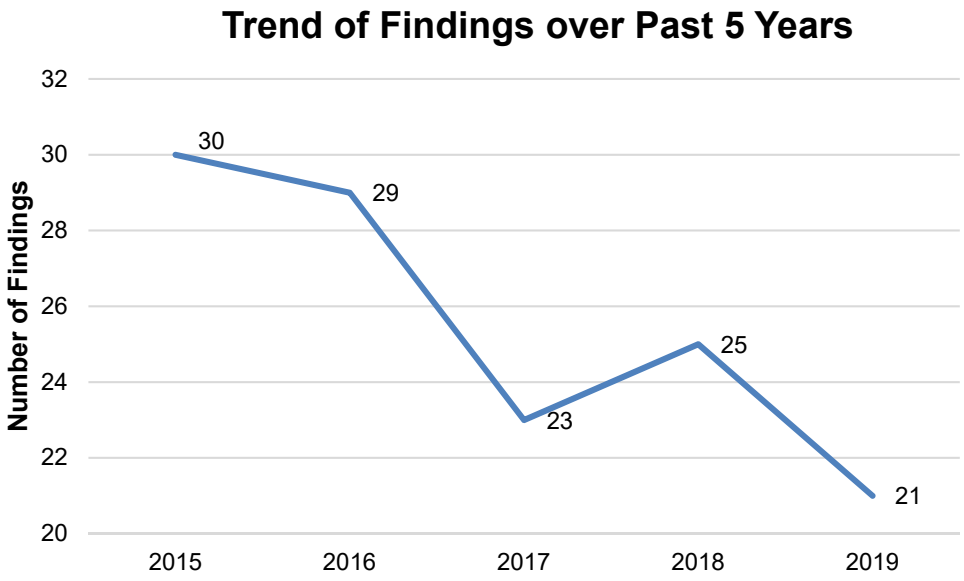
US Department of Health and Human Services	**65%**
US Department of Education	**15%**
US Department of Agriculture	**9%**
US Department of Transportation	**6%**
Other Departments	**5%**

The audit resulted in **21** findings regarding non-compliance and deficiencies in internal control over compliance for **3** of the **12** major programs identified on **page 15**. As illustrated below, **9** of the **21** findings, or **43%**, 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 **18**.



State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2019

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 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019
ADE	0	0	1	0	0
Title I	0	0	1	0	0
ADEM	1	0	0	0	0
Disaster	1	0	0	0	0
ADH	0	1	0	0	0
Medicaid	0	1	0	0	0
ARS	7	3	1	0	0
Rehab	7	3	1	0	0
DHS	19	25	21	21	21
CACFP	0	3	4	2	1
CHIP	1	0	3	2	1
CNC	0	0	0	1	0
FC	2	5	2	1	0
LIHEAP	1	0	0	0	0
Medicaid	11	12	7	10	13
Medicaid/CHIP	4	5	3	5	6
Rehab	0	0	1	0	0
Various	0	0	1	0	0
DWS	0	0	0	2	0
TANF	0	0	0	2	0
PCCUA	1	0	0	0	0
SFA	1	0	0	0	0
UAM	1	0	0	0	0
SFA	1	0	0	0	0
UAMS	1	0	1	2	0
H1-B	1	0	0	0	0
Head Start	0	0	0	1	0
R&D/Head Start	0	0	0	1	0
SFA	0	0	1	0	0
Grand Total	**30**	**29**	**23**	**25**	**21**

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
Title I	Title I Grants to Local Educational Agencies
Disaster	Disaster Grants - Public Assistance
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
DWS	Arkansas Department of Workforce Services

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 that were not resolved by the federal awarding agency as reported in the June 30, 2018 Single Audit. In addition, the table notes each finding's questioned costs status including recoupments, other adjustments, or recoupments not required, as of September 30, 2019.

Federal Program	Finding #	Questioned Costs	Recoupment	Other Adjustment	Recoupment not required	**Outstanding Balance** (as of September 30, 2019)
2016						
Rehabilitation Services	2016-005	$ 5,719	$ 4,011		$ 1,708	$ 0
2017						
CACFP	2017-002	645				645
CACFP	2017-003	13,977				13,977
Medicaid and CHIP	2017-011	8,337,709				8,337,709
2018						
CACFP	2018-002	1,339,409				1,339,409
Medicaid and CHIP	2018-005	146,619				146,619
Medicaid and CHIP	2018-006	1,779				1,779
Medicaid and CHIP	2018-007	13,572	13,572			0
CHIP	2018-010	4,920,931				4,920,931
Medicaid	2018-012	475	475			0
Medicaid	2018-013	2,073	492		1,581	0
Medicaid	2018-014	376,595				376,595
Medicaid	2018-015	47,343,219				47,343,219
Medicaid	2018-016	12,421				12,421
Medicaid	2018-017	392,746	4,766			387,980
Medicaid	2018-019	209,046	209,046			0
Medicaid	2018-020	3,572,108				3,572,108
Medicaid	2018-021	2,882				2,882
Totals		**$ 66,691,925**	**$ 232,362**	**$ 0**	**$ 3,289**	**$ 66,456,274**

Legend	
Rehabilitation Services	Rehabilitation Services_Vocational Rehabilitation Grants to States
CACFP	Child and Adult Care Food Program
CHIP	Children's Health Insurance Program

Independent Auditor's Reports

For the Year Ended June 30, 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 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, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 23, 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
December 23, 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, 2019, 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 Development Finance Authority (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

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.

The State of Arkansas's basic financial statements include the operations of the Disability Determination for Social Security Administration, which expended $45,535,909 in federal awards, which is not included in the State's Schedule of Expenditures of Federal Awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of Disability Determination for Social Security Administration because the entity engaged other auditors to perform an audit in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) that is based on a September 30 year end.

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 the Children's Health Insurance Program 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 Children's Health Insurance Program (CFDA 93.767) and the Medical Assistance Program (CFDA 93.778), as described in finding numbers 2019-006 for Special Tests and Provisions – Provider Eligibility (Fee-for-service) and 2019-007 for Special Tests and Provisions – Provider Eligibility (Managed Care Organization), and regarding the Medical Assistance Program (CFDA 93.778), as described in finding number 2019-017 for Matching, Level of Effort, Earmarking. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Qualified Opinion on the Children's Health Insurance Program 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 Children's Health Insurance Program and the Medical Assistance Program for the year ended June 30, 2019.

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, 2019.

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 2019-001 through 2019-003, 2019-005, 2019-008 through 2019-016, 2019-018 through 2019-019, and 2019-021. 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 and, 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 2019-001 through 2019-014, 2019-016 through 2019-018, and 2019-020 through 2019-021 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 2019-015, and 2019-019 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, 2019, and have issued our report thereon dated December 23, 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 18, 2020, except for the
Schedule of Expenditures of Federal
Awards, dated December 23, 2019

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

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 18 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., 2019-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 17.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

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 **10** 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:	$28,268,133			
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.	93.575, 93.596	CCDF 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.	10.557	Special Supplemental Nutrition Program for Women, Infants and Children
8.	10.558	Child and Adult Care Food Program
9.	12.401	National Guard Military Operations and Maintenance (O&M) Projects
10.	84.032	Federal Family Education Loans
11.	93.600	Head Start
12.	93.767	Children's Health Insurance Program

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

No findings reported

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section III - Federal Award Findings and Questioned Costs

Federal Program Name	Page Number(s)
Arkansas Department of Human Services	
Child and Adult Care Food Program	18 - 19
State Administrative Expenses for Child Nutrition	18 - 19
Medicaid Cluster	20 - 36; 39 - 70
Children's Health Insurance Program	20 - 38

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-001**
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**
	10.560 – State Administrative Expenses for Child Nutrition
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342; 6AR300302**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2018-002**.

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 grant awards for reimbursement payments to meal providers and sponsoring organizations:

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

The Agency receives the State Administrative Expenses (SAE) for Child Nutrition grant award (CFDA 10.560) for costs incurred to administer Child Nutrition programs, including CACFP.

Discussions with managerial accounting staff during the 2017 Statewide Single Audit revealed the practice of drawing funds for sponsor administrative and cash in lieu (CIL) expenditures from the CNP Block grant award and "repaying" the CNP Block grant award during the closeout period and when additional funds became available.

ALA correspondence with the federal awarding agency indicated that each grant award has a designated purpose, and funds are not to be used interchangeably among the grant awards. This correspondence was shared with the Agency's managerial accounting staff on January 24, 2018, and with Agency management on February 8, 2018.

According to the Agency, corrective action was taken on or around October 1, 2018, to correct errors regarding the unallowable use of federal awards noted in the 2018 Single Audit.

ALA reviewed 39 cash draws that were completed in state fiscal year 2019 to determine if the Agency corrected its unallowable practices. The review of cash draws completed prior to October 1, 2018, revealed the following:

- $164,969 of CIL expenditures, $38,824 of sponsor administrative expenditures, and $33,852 of state administrative expenditures were inappropriately drawn from the CNP Block grant award.

Additionally, the review of cash draws completed on or after October 1, 2018, revealed the following:

- $246,959 of CIL expenditures and $51,624 of sponsor administrative expenditures were inappropriately drawn from the CNP Block grant award.
- $694,736 of meal reimbursement expenditures and $16,668 sponsor administrative expenditures were inappropriately drawn from the CIL grant award.
- $20,510 of CIL expenditures that occurred during federal fiscal year 2018 were inappropriately drawn from the federal fiscal year 2019 CIL grant award.

Finding Number:	**2019-001 (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**
	10.560 – State Administrative Expenses for Child Nutrition
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**6AR300322; 6AR300342; 6AR300302**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Lastly, review of four cash draws from the SAE for Child Nutrition grant award revealed the following:

- $238,973 of meal reimbursement expenditures and $19,352 of sponsor administrative expenditures were inappropriately drawn from the SAE for Child Nutrition grant award.

ALA noted that managerial accounting staff prepared book entries to correct the erroneous drawing of funds from the CNP Block grant award for sponsor administrative expenditures and state administrative expenditures.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,526,467

Cause:
The Agency did not establish procedures to ensure grant awards were adequately funded prior to processing federal cash draws.

Effect:
Funds were drawn for unallowable expenditures of the federal awards.

Recommendation:
ALA staff recommend the Agency establish procedures to ensure that staff properly monitor federal cash draws by reconciling with allowable expenditures and request additional funds when necessary.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. Subsequent to a similar finding in 2018, the agency corrected a programming error in its accounting dashboard system that was identified as the root cause of the error. For the current finding, the agency has identified the root cause of all the cash management issues as a result of incorrect fund mapping in the accounting dashboard system or adhoc draws that were incorrectly requested due to human error. The agency has worked with its contractor to create more specificity in the dashboard to link subaccounts to awards and program codes in order to prevent drawing from the wrong subaccount. Additionally, on January 29, 2020 the agency updated its Daily Draw Procedures and Policies to revise the process for completing adhoc draws.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-002**
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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2018-007**.

Criteria:
In accordance with 45 CFR § 75.302(b)(7), a non-federal entity must establish written procedures to implement and 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.

In addition, 45 CFR § 75.303 states that 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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

This includes ensuring that claims paid because of manual or "forced" overrides are appropriate and sufficiently documented.

Condition and Context:
ALA requested the Agency's written, "documented" procedures of controls over compliance for claims payments. Although the Agency provided documentation, it was dated subsequent to June 30, 2019. As a result, ALA concluded that written, "documented" procedures were not maintained during the audit period.

In addition, 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 guidance regarding methods of correction for claims that are suspended due to system edits and audits. Methods of correction for claims include making manual adjustments to allow system processing, forcing the claim through the system for payment, or denying payment. Our review revealed the following deficiencies for four claims:

- One claim was suspended because it was identified as a duplicate. The Manual states that the appropriate method of correction is to deny the claim, but the Agency failed to follow the guidance in the Manual. *Questioned costs totaled $307*. (Note: The Agency recouped this amount from the provider subsequent to ALA testing.)
- One claim was suspended because the recipient had coverage under a private health insurance policy during the dates of service of the claim. The Manual states that the appropriate method of correction is to deny the claim, but the Agency failed to follow the guidance in the Manual. *Questioned costs totaled $287*. (Note: The Agency recouped this amount from the provider subsequent to ALA testing.)

Finding Number:	**2019-002 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Claims Payments**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- Two claims were suspended because they were missing a Medicare paid date. The Manual does not contain a method of correction directing a reviewer to manually override these claims. Questioned costs totaled $450.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,044 (Medicaid Cluster)

Cause:
The Agency has experienced staff turnover and did not develop or adequately document internal control procedures for its staff. These factors contributed to the Agency not having effective procedures in place to ensure that claims were being manually-forced for payment, in accordance with the documented, allowable methods contained in the Arkansas Resolution Manual.

Effect:
Failure to document and implement appropriate procedures for internal controls limits the Agency's ability to adequately monitor the program for possible improper payments and noncompliance. For example, claims initially suspended and subsequently processed for payment could be unallowable.

Recommendation:
ALA staff recommend the Agency develop and document internal control procedures over claims payments to aid in ensuring compliance and proper payments.

In addition, ALA staff recommend the Agency specifically strengthen policies and procedures to ensure that the documented methods of correction included in the Arkansas Resolution Manual are complete and that the Agency adheres to these methods when manually forcing claims for payment.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency has identified the root cause of the issue as human error. For two testing items, the agency noted that personnel at DXC, the contractor responsible for reviewing suspended claims in MMIS, had approved the claim in error. The payments for these claims have been recouped. Two of the claims were paid correctly and will not be recouped. Those payments were suspended as the result of a system error that has since been corrected by a CSR. The agency will develop a process to review a sample of claims that are suspended and then approved for payment by DXC. The agency will update its internal controls as necessary to comply with the guidelines of COSO or Greenbook.

Anticipated Completion Date: 5/10/2020

Finding Number:	**2019-002 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
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 (Continued):

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-003**
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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar finding was reported in prior-year finding **2018-006**.

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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

In addition, eligibility standards that all CHIP recipients must meet are defined by 42 CFR §§ 457.310, 457.315, and 457.320.

Condition and Context:
Similar deficiencies were discovered during our review of two compliance areas and are noted below. The claims data was provided by the Agency's OPTUM Group.

Activities Allowed or Unallowed - ALA staff selected 60 CHIP recipients to determine if the associated claims were allowable, in accordance with the CHIP state plan and federal guidelines. Our review of the CURAM benefit history tab revealed that 8 of the 60 CHIP recipients, with claims totaling $6,814, were shown as enrolled in Medicaid. However, the claims were being paid out of the CHIP federal award.

Eligibility - ALA staff selected 60 CHIP recipients to determine that the eligibility criteria were met. Our review of the CURAM benefit history tab revealed that 6 of the 60 CHIP recipients, with claims totaling $2,396, were shown as enrolled in Medicaid. However, the claims were being paid out of the CHIP federal award.

ALA discussed these discrepancies with Division of County Operations (DCO) staff to determine why these claims were being paid out of the CHIP federal award. DCO staff stated that the recipients were determined to be retroactively eligible for Medicaid due to a change in circumstances during the audit period (i.e., change in household income).

ALA also inquired of management about why the CHIP claims data was not adjusted to accurately reflect the activity. The Agency stated that management decided an adjustment was not necessary. However, CMS is requiring corrective action by the Agency because, during this time period, CHIP claims were federally reimbursed at 100% while Medicaid claims were federally reimbursed at a lower rate of 70.87% in the quarter ended September 30, 2018, and 70.51% in the remaining quarters ended December 31, 2018, March 31, 2019, and June 30, 2019.

Statistically Valid Sample:
Not a statically valid sample

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-003 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
$9,210

(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 claims for recipients are appropriately reflected.

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 immediately design and implement internal controls over compliance to ensure that CHIP and Medicaid recipients' claims are accurately reported to the federal awarding agency.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The Agency will develop a procedure to identify and adjust claims with a change in eligibility category caused by retroactive eligibility start dates.

Anticipated Completion Date: 4/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-004**
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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)**
	05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Eligibility**
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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Condition and Context:
The Public Assistance Reporting Information System, or PARIS, is a data matching service that helps detect improper payments by checking if recipients of public assistance receive duplicate benefits in two or more states. It is administered by an Office of the Administration for Children and Families (ACF) within the federal Department of Health and Human Services.

ALA selected two quarters from state fiscal year 2019 for review to ensure that the Agency participated in the interstate PARIS match and that there was adequate supporting documentation to demonstrate that the Agency adequately reviewed any matches identified and to determine if those individuals were no longer residents of the State and, therefore, no longer eligible to receive benefits.

Our testing revealed that the Agency participated in the PARIS match for the two quarters selected for testing. In addition, the Agency was able to show documentation that the matches identified were adequately reviewed in the CURAM eligibility system. However, there was no documentation provided to prove that matches were adequately reviewed in the Arkansas Networked System for Welfare Eligibility and Reporting, or ANSWER, eligibility system.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The process to review the matches in the ANSWER system is a manual one, and a breakdown occurred at some point in that process. Additional information regarding the specific breakdown is currently unknown.

Finding Number:	**2019-004 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Effect:
Failure to comprehensively review the PARIS interstate matches could result in the Agency not identifying timely those individuals who are no longer residents of the State and are, thus, ineligible for benefits. As a result, improper payments could be made on behalf of those ineligible recipients.

Recommendation:
ALA staff recommend the Agency develop and document procedures to ensure that the PARIS interstate matches are reviewed timely to aid in preventing benefits from being made on behalf of ineligible recipients.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. While the matches were not completed in the ANSWER system, the agency participated in the PARIS match and received match data. The DCO Reporting Unit processed the November 2018 and May 2019 PARIS match in the Curam eligibility system. Due to staff turnover, the agency was unable to complete the November 2018 and May 2019 PARIS match in the ANSWER eligibility system. The agency has implemented a new process to ensure the PARIS match is processed every quarter in ANSWER. The process has been documented and a schedule put in place to ensure timely completion of the match. The new match process will be documented in the Business Review Board bi-monthly report. DCO executive management staff will be responsible for monitoring completion of the match.

Anticipated Completion Date: Completed

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-005**
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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)**
	05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.302(b)(7), a non-federal entity must establish written procedures to implement and 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.

In addition, 45 CFR § 75.303 states that 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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Condition and Context:
ALA requested written documentation of the Agency's internal controls in place over the Provider Eligibility compliance area. The documentation provided was developed by the Agency during the audit period ending June 30, 2019, and, therefore, could not have been in place and effective at the onset of the audit period (i.e., July 1, 2018). Additionally, the documentation provided did not adequately address all components required.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

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

Effect:
Failure to document and implement appropriate procedures for internal control limits the Agency's ability to adequately monitor the Medicaid and CHIP programs for possible improper payments made to ineligible providers.

Recommendation:
ALA staff recommend the Agency develop and document internal controls to aid in ensuring that payments are only made to eligible providers.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-005 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with the finding. Effective May 31, 2019, DMS established and implemented new procedures to improve the following areas of provider enrollment: maintenance of provider enrollment application documents, provider revalidation, site visits, and fingerprint background requirements. The agency will update its existing internal control to provide a more comprehensive overview of provider eligibility and control activities currently in place. Additionally, the internal control will be updated to include the missing COSO or Greenbook elements of control environment, risk assessment, and monitoring activities. The updated internal control will be provided to necessary staff.

Anticipated Completion Date: 4/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-006**
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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2018-020**.

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 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 35 of the provider files as follows:

High-risk category:

- One provider did not have a license on file covering the entire enrollment period.
- One provider did not have a contract on file covering the entire enrollment period.
- Two providers did not have an application on file covering the entire enrollment period.
- One provider did not have disclosure forms on file covering the entire enrollment period.

Finding Number:	**2019-006 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- Seven providers did not comply with the site visit and fingerprint background check screening requirements.
- One provider did not comply with the database checks screening requirement.
- One provider did not revalidate timely, either by the September 26, 2016, extended deadline or within the five years since the provider last enrolled.

Moderate-risk category:

- Two providers did not have certifications on file covering the entire enrollment period.
- One provider did not have an application on file covering the entire enrollment period.
- Two providers did not have disclosure forms on file covering the entire enrollment period.
- Nine providers did not comply with the site visit screening requirement.
- One provider did not comply with the database checks screening requirement.
- For two providers, a revalidation has not been performed.

Limited-risk category:

- Two providers did not have a license on file covering the entire enrollment period.
- Two providers did not have a contract on file covering the entire enrollment period.
- Three providers did not have an application on file covering the entire enrollment period.
- Five providers did not have a W-9 form on file covering the entire enrollment period.
- Two providers did not have documentation on file covering the entire enrollment period that offered proof of participation in the Medicare program.
- Seven providers did not have disclosure forms on file covering the entire enrollment period.
- For one provider, there was no documentation provided proving eligibility.
- Seven providers did not comply with the database checks screening requirement.
- Eleven providers did not revalidate timely, either by the September 26, 2016, extended deadline or within the five years since they last enrolled.
- For five providers, a revalidation had not been performed.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$8,864,004 (Medicaid)
$1,046,663 (CHIP)

Finding Number:	**2019-006 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Cause:
Although the Agency has 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 with and training of the appropriate personnel.

Effect:
Claims paid 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 disputes in part and concurs in part with the finding. Effective May 31, 2019, DMS established and implemented new procedures to improve the following areas of provider enrollment: maintenance of provider enrollment application documents, provider revalidation, site visits, and fingerprint background requirements.

The following information requested by ALA was available but was not provided due to agency mistake:

- The agency does have licenses on file for the three providers noted to not have a license that covered fiscal year 2019
- Of the two providers that did not have certifications on file, one was terminated and the other had an updated license that the agency was able to verify using the CMS website
- The agency has contracts for three providers noted to not have a contract on file for fiscal year 2019
- The agency has applications, either completed through the portal or revalidation, for the six providers noted
- The agency has W-9 forms for three of the five providers noted
- The agency has documentation showing active participation in the Medicare program for the two providers noted
- The agency has eight of the ten disclosure forms, which were completed in Pecos, for the providers listed
- The agency has documentation proving eligibility for the one provider noted to be missing
- Regarding the seven high risk providers out of compliance with additional screening requirements, the agency received approval from CMS to change moderate and high-risk providers
- The agency completed two of the nine site visits noted for moderate risk providers
- The agency completed six of the nine database checks screening for the listed providers
- The agency has completed two of the seven required revalidations for the listed providers

Finding Number:	**2019-006 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

Prior to testing for the next Single Audit, DHS will provide ALA with training and access to the system (Interchange) in which all provider eligibility documentation is maintained.

Anticipated Completion Date: 6/30/2020

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Additional Comments from the Auditor:

The Agency stated it partially disputes and partially concurs with the finding. The portion of the finding it disputes is unclear.

Finding Number:	**2019-007**
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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

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. Managed Care Network providers must also be enrolled in the Arkansas Medicaid Program. 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 moderate, plus fingerprint background checks.

Condition and Context:
To determine if Managed Care Network providers met all necessary criteria to participate in the Medicaid program, ALA staff selected 60 paid provider files for review. The providers selected participated in the dental managed care program, commonly referred to as Healthy Smiles, and the Provider-Led Arkansas Shares Savings Entity, or PASSE, managed care program. ALA review revealed deficiencies with 40 of the provider files as follows:

High-risk category:

- Three providers did not comply with the site visit and fingerprint background check screening requirements.
- Two providers did not have certifications on file covering the entire enrollment period.

Finding Number:	**2019-007 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- For one provider, a revalidation had not been performed.

Moderate-risk category:

- Four providers did not comply with the site visit screening requirement.

Limited-risk category:

- Eight providers did not have a license on file covering the entire enrollment period.
- Four providers did not have certifications on file covering the entire enrollment period.
- Two providers did not have a contract on file covering the entire enrollment period.
- Five providers did not have an application on file covering the entire enrollment period.
- Five providers did not have a W-9 form on file covering the entire enrollment period.
- Thirteen providers did not have disclosure forms on file covering the entire enrollment period.
- Eleven providers did not comply with the database checks screening requirement.
- Fifteen providers did not revalidate timely, either by the September 26, 2016, extended deadline or within the five years since they last enrolled.
- For fourteen providers, a revalidation had not been performed.

The following payments were made by the managed care entities to the providers identified above with deficiencies:

Dental managed care:
$1,366,460 (Medicaid)
$ 396,257 (CHIP)

PASSE
$494,713 (Medicaid)
$ 16,948 (CHIP)

(NOTE: Because these providers are participating in the managed care portion of the Medicaid program, providers are reimbursed by the managed care organizations, not the Agency. The managed care organizations receive a predetermined monthly payment from the Agency in exchange for assuming the risk for the covered recipients.

These monthly payments are actuarially determined based, in part, upon historical costs data. Accordingly, the failure to remove unallowable cost data from the amounts utilized by the actuary would lead to overinflated future rates, which will be directly paid by the Agency.)

Statistically Valid Sample:
Not a statistically valid sample

Finding Number:	**2019-007 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Questioned Costs:
Unknown

Cause:
Although the Agency has 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 with and training of the appropriate personnel.

Effect:
Claims to ineligible providers were processed and paid by the managed care entities.

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 disputes in part and concurs in part the finding. Effective May 31, 2019, DMS established and implemented new procedures to improve the following areas of provider enrollment: maintenance of provider enrollment application documents, provider revalidation, site visits, and fingerprint background requirements.

The following information requested by ALA was available but was not provided due to agency mistake:

- The agency has two of the eight licenses for the noted providers
- Of the six providers noted to have missing certifications, the agency has certifications for two providers
- The agency does not have certifications for the remaining providers, which are therapy groups and pharmacies, because certifications are not required for those provider types
- The agency has the two provider contracts that were noted to be missing; the contracts were submitted through the portal
- The agency has applications and W9 forms for the five providers noted to be missing that documentation for the fiscal year
- The agency has four of the thirteen disclosure forms noted to be missing from provider files
- The agency conducted one of the four site visits noted
- The agency completed nine of the eleven database checks screening noted to be missing from provider files.
- The agency has completed nine of the fifteen revalidations noted to not have been performed

Prior to testing for the next Single Audit, DHS will provide ALA with training and access to the system (Interchange) in which all provider eligibility documentation is maintained.

Finding Number:	**2019-007 (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):	**05-1805AR5021; 05-1905AR5021 (Children's Health Insurance Program)** **05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

Anticipated Completion Date: 6/30/2020

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Additional Comments from the Auditor:

The Agency stated it partially disputes and partially concurs with the finding. The portion of the finding it disputes is unclear.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-008**
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**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021; 05-1905AR5021**
Federal Award Year(s):	**2017, 2018, and 2019**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.302(b)(7), a non-federal entity must establish written procedures to implement and 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.

In addition, 45 CFR § 75.303 states that 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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Condition and Context:
The Agency failed to establish written procedures over the period of performance compliance requirement area. As a result, ALA was unable to determine if the Agency's federal award management was effective or efficient.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Although the Agency was notified over four years ago to establish written procedures over compliance for all federal awards, it continues to fail to prioritize this task for some compliance requirement areas.

Effect:
Failure to establish written procedures over compliance requirement areas limits the Agency's ability to manage the awards effectively.

Recommendation:
ALA staff recommend the Agency promptly establish written procedures over compliance areas, as required by Uniform Guidance.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency will document the controls it already has in place into written procedures that comply with COSO or Greenbook guidelines to ensure CHIP funds are not expended beyond the period of performance.

Finding Number:	**2019-008 (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**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-1705AR0301; 05-1805AR5021; 05-1905AR5021**
Federal Award Year(s):	**2017, 2018, and 2019**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: 4/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-009**
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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5ADM; 05-1905AR5ADM**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Administration and Training**
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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Additionally, 45 CFR § 75.430 states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- Be incorporated into the official records of the non-federal entity.
- Reasonably reflect the total activity for which the employee is compensated by the non-federal entity (not exceeding 100%).
- Comply with established accounting policies and practices of the non-federal entity.
- Support the distribution of the employee's salary among specific activities if the employee works on more than one activity (federal program, non-federal program, direct activity, non-direct activity, unallowable activity, etc.).

Condition and Context:
The Agency uses the Direct Employee Certification system to ensure employees with salaries that are directly charged to a federal program complete a semi-annual direct employee certification. Certifications must be completed within 30 days of the end of the certification period. The system generates weekly reports that identify incomplete, pending, or rejected certifications. These weekly reports are provided to division CFOs as applicable, and the CFO is responsible for addressing any deficiencies.

ALA selected nine weeks for review to determine if the Direct Employee Certification system was operating effectively. Our review revealed that for all nine weeks, sufficient, appropriate evidence was not provided or maintained by the Agency that demonstrated review or any action by division CFOs.

Additionally, ALA selected 60 employees whose salary expenditures were paid solely from Medicaid funds to determine if certifications were completed timely and salaries were properly charged to the Medicaid program. Our review revealed nine instances in which the certifications were not completed timely. In one specific instance, we noted 100% of an employee's time, totaling $8,962, was incorrectly charged solely to the Medicaid program.

Finding Number:	**2019-009 (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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5ADM; 05-1905AR5ADM**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Administration and Training**
Type of Finding:	**Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$8,962

Cause:
The Agency failed to fully implement controls or follow internal control policies to ensure expenditures were directly coded to the Medicaid program appropriately.

Effect:
The Agency failed to correct salary and other expenditures inappropriately charged directly to the Medicaid program.

Recommendation:
ALA staff recommend the Agency continue to strengthen internal controls and provide adequate oversight to ensure internal control policies in place are being followed.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. Affected agency employees automatically receive Direct Certification notices. OFA staff will begin running Direct Employee Certification reports on a bi-weekly basis to check for missing or rejected certifications. The bi-weekly reports will cover the two-week period immediately preceding the date the report is ran and will be forwarded to affected divisions and staff will be retrained on the importance of timely completion of the certification. Reports that generate no results for the time period run will be screen-captured and filed accordingly. When a report shows a certification rejection, the rejection will be confirmed by the employee's manager. If confirmed, the appropriate salary and/or position corrections will be made.

Anticipated Completion Date: 4/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-010**
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):	**05-1805AR5ADM; 05-1905AR5ADM**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed - Contracts**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 42 CFR § 433.116(j), expenditures for the *operation* of an eligibility and enrollment system for Medicaid are eligible for reimbursement at the federal financial participation (FFP) rate of 75%.

Expenditures for the *design, development, installation, or enhancement* of an eligibility and enrollment system for Medicaid are eligible for reimbursement at the FFP rate of 90%, as stated by 42 CFR § 433.112(c)(1).

Condition and Context:
ALA staff reviewed two invoices paid under the ESystems, Inc., contract for the state's existing eligibility and enrollment system. One of the invoices reviewed indicated an application operations and production support (AOPS) charge of $715,870 that was reimbursed at the 90% FFP rate instead of the 75% FFP rate, resulting in an excess unallowed reimbursement totaling $107,381.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$107,381

Cause:
Management review in the approval process failed to identify the coding error when the invoice was paid using the internal order of HELX0018 instead of HE8X0018.

Effect:
The Agency was over-reimbursed by CMS at 90% of cost instead of the appropriate 75% of cost.

Recommendation:
ALA staff recommend the Agency be more diligent in the review of invoices prior to payment to ensure the appropriate reimbursement rate is utilized concerning the state's eligibility and enrollment system.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency has implemented a new process to ensure that invoices are paid using the correct internal order. DMS Finance will review copies of all IT related APD's and require that they indicate on the invoice approval the internal order number to which each line should be charged. DMS Finance will review the approval to ensure that it matches the APD. If any inconsistencies are found or other questions arise, DMS Finance will contact the vendor approver for clarification. Additionally, when the purchase order is initially set up, DMS Finance will meet with IT staff to review the purchase orders and ensure the coding is correct.

Anticipated Completion Date: 4/30/2020

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-010 (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):	**05-1805AR5ADM; 05-1905AR5ADM**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed - Contracts**
Type of Finding:	**Noncompliance and Material Weakness**

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

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-011**
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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices Waiver)**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2018-013**.

Criteria:
Prior to January 1, 2019, the ARChoices waiver was governed by Section 212.300 of the ARChoices provider manual. It stated that each beneficiary must have an individualized Person-Centered Service Plan (PCSP) and that attendant care hours 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.

On January 1, 2019, the Arkansas Independent Assessment (ARIA) tool was used to determine the ARChoices level of care and aided in developing the beneficiary PCSP. Attendant care hours are determined utilizing the Task and Hour Standards (THS), which is the written methodology used by Arkansas Department of Human Services (DHS) Registered Nurses (RNs) as the basis for calculating the number of attendant care hours that are reasonably and medically necessary. In addition, an Individual Service Budget (ISB) sets the maximum dollar amount for all waiver services received by an individual. Services must be provided according to the beneficiary's PCSP, with reimbursement limited to the amount and frequency authorized on the PCSP.

Condition and Context:
ALA staff selected 60 beneficiaries for review to determine if attendant care services were provided in accordance with the beneficiary's PCSP and did not exceed the frequency or the maximum amount allowed. Our review revealed the following:

- 44 beneficiaries had at least one claim for a date of service that was not covered by a valid agreement. *Questioned costs totaled $279,209*.
- Attendant care services for 4 beneficiaries exceeded the amount authorized in an agreement. *Questioned costs totaled $279*.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$279,488

Cause:
The Agency failed to ensure that attendant care hour claims for ARChoice wavier beneficiaries were adequately supported by current and valid agreements (PCSP, RUG score, or ARIA assessment). Additionally, 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.

Effect:
Amounts paid were in excess of amounts authorized.

Finding Number:	**2019-011 (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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices Waiver)**
Type of Finding:	**Noncompliance and Material Weakness**

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 both a current and valid PSCP and the CMS approved assessment tools, which are currently the ARIA assessment and THS.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency determined there were several causal areas for this finding including a State-court injunction that prevented the agency from using its approved CMS assessment method, issues that occurred within the agency's billing system, and deficiencies within the agency's waiver re-evaluation process. All deficiencies noted in the finding will be corrected with the improvement of the waiver re-evaluation process. Current activities are underway to improve the re-evaluation process including realigning resources and activities within one management division, value stream mapping to eliminate unnecessary administrative tasks, and development of a workflow management system to track and report re-evaluation activities. In addition, a Level 2 Review process will be added to handle special needs cases, such as Appeals, so supervisory reviews are completed without delaying processing of other evaluations.

Anticipated Completion Date: 6/1/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-012**
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):	**05-1905AR5MAP**
Federal Award Year(s):	**2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
The Provider-Led Arkansas Shared Savings Entity (PASSE) program transitioned to a full-risk Managed Care Organization (MCO) model on March 1, 2019. The program covers services for behavioral health (BH) recipients and developmentally disabled (DD) recipients. To receive services through PASSE, an individual must have an independent assessment performed that designates him or her at the appropriate level of need to participate in the program.

The 1915(c) Home and Community-Based waiver, applicable to the DD population, requires that an independent assessment be performed at least every three years. Section 1915(i) of the Social Security Act, which is applicable to the BH population and provides states with the option to offer home and community-based services through the state's plan, requires that than an independent assessment be performed at least every 12 months. 42 CFR §441.720(b) states that for reassessments, the independent assessment of need must be conducted at least every 12 months and as needed when the individual's support needs or circumstances change significantly, in order to revise the service plan.

Condition and Context:
ALA selected 60 PASSE recipients (56 BH recipients and 4 DD recipients) to determine if the following attributes were met:

- There was an open eligibility segment for the recipient during the dates of service covered.
- There was a valid independent assessment on file for the dates of service covered.
- The appropriate amount was paid based upon the actuarially determined rates.

Our review revealed PASSE payments, totaling $58,894, for 23 BH recipients were made for dates of services outside the date range covered by the recipients' independent assessment.

In addition, an unallowable fee-for-service claim, totaling $145, was discovered. Fee-for-service claims should not be paid for individuals who are covered under PASSE. (There are a few exceptions including, but not limited to, certain school-based services that are provided by school employees.)

The discovery of an unallowable fee-for-service claim prompted ALA to retrieve all fee-for-service claims for all individuals with PASSE payments during state fiscal year 2019 to determine if additional unallowable fee-for-service claims had been paid. After filtering and removing the claims that could be allowable (as previously mentioned), the remaining fee-for-service claims totaled $2,575,426. These claims will require a review by the Agency to determine if the fee-for-service claim or PASSE payment should be recouped.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$58,894

Finding Number:	**2019-012 (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):	**05-1905AR5MAP**
Federal Award Year(s):	**2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
The PASSE full-risk managed care program was a new program in state fiscal year 2019. According to the Agency, the bulk of the initial BH assessments was performed in a five-month period during the spring of 2018. In 2019, the reassessments were spread over the full 12 months.

In addition, the Agency is still in the process of identifying and working out any edits that need to be added or updated in the MMIS claims payment system to ensure that there are no unallowable fee-for-service claims paid on behalf of PASSE recipients.

Effect:
The independent assessments for the BH population were not consistently performed within the required 12-month time frame, and unallowable fee-for-service claims were paid during the time when the individuals were already covered under the PASSE program.

Recommendation:
ALA staff recommend the Agency develop and document procedures to ensure that independent assessments are completed timely and that there are appropriate edits in the MMIS claims payments system to prevent unallowable fee-for-service claims paid being paid for recipients who are already covered under the PASSE managed care program.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency has updated its independent assessment process to ensure timely completion of annual assessments. The agency determined that the fee-for-service claims were paid for individuals covered under PASSE due to a DXC product finding that has now been corrected. As a result, the agency has implemented a new process for running fee-for-service claims data for PASSE members to determine if any claims were improperly paid. Any claim for an excluded service or excluded service provider will be removed from this review. Edits and system updates will be performed as necessary to prevent and/or correct system errors. The agency has reviewed the fee-for-service claims totaling $2,575,426 and determined them to be unallowable. DHS will recoup the claims and instruct providers to submit clean claims to the PASSE for payment.

Anticipated Completion Date: 4/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-013**
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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care (Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.302(b)(7), a non-federal entity must establish written procedures to implement and 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.

In addition, 45 CFR § 75.303 states that 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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Condition and Context:
ALA requested written documentation of the Agency's internal controls in place over the Managed Care – Dental program. The only information provided by the Agency was the provider manuals developed by the two participating entities. There was no written documentation of the **Agency's** internal control procedures over the Managed Care – Dental program.

In addition, the Agency asserted that its management utilizes information included in monthly Division of Medicare and Medicaid Services (DMS) reports as a monitoring tool to identify areas that may require further analysis. However, documentation supporting the actual use of these reports could not be provided for the four months ALA selected for testing.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

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

Effect:
Failure to document and implement appropriate procedures for internal control limits the Agency's ability to adequately monitor the program for possible improper payments and noncompliance.

Recommendation:
ALA staff recommend the Agency develop and document internal controls over the Managed Care – Dental program to aid in ensuring compliance and proper payments.

Finding Number:	**2019-013 (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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care (Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with this finding. DMS has internal control procedures in place to monitor 1915(b) Waiver and Dental Managed Care contract compliance. DMS will document the internal control procedures to comply with COSO or Greenbook guidelines.

Anticipated Completion Date: 4/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-014**
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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.302(b)(7), a non-federal entity must establish written procedures to implement and 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.

In addition, 45 CFR § 75.303 states that 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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

42 CFR § 433, Subpart F, establishes requirements for identifying overpayments to Medicaid providers and for refunding the federal portion of identified overpayments to the federal awarding agency. The provisions apply to overpayments discovered by a state, by a provider and made known to the state, or through federal review.

Under Section 6506 of the Affordable Care Act (42 USC 1396b(d)(2)), states have up to one year from the date of discovery of an overpayment for Medicaid services to recover, or attempt to recover, such overpayment before making an adjustment to refund the federal share of the overpayment. Except in the case of overpayments resulting from fraud, the adjustment to refund the federal share must be made no later than the deadline for filing the quarterly CMS-64 report for the quarter in which the one-year period ends, regardless of whether the state recovers the overpayment.

The date of discovery for fraudulent overpayments is the date of the final written notice of the state's overpayment determination. When the state is unable to recover an overpayment from a provider within one year from the date of discovery because a final determination of the amount has not been made under an administrative or judicial process, no adjustment shall be made to the quarterly expenditure report until 30 days after the date on which a final judgment is made (including final determination on an appeal).

Condition and Context:
The Agency failed to establish and document internal control procedures over the escheated warrants and overpayments compliance requirement. As a result, ALA met with DHS reporting staff and accounts receivable staff, as well as Navigant staff, to gain an understanding of controls that may be in place but not documented. ALA was unable to identify any controls that were in place to ensure compliance with federal regulations.

Overpayments may be identified by DHS, the Office of Medicaid Inspector General (OMIG), or the Medicaid Fraud Control Unit (MFCU) of the Office of the Attorney General. DHS is responsible for completion of the required quarterly expenditure reports for the Medicaid program (CMS-64) and, therefore, for obtaining information needed to properly report overpayments on these reports.

Overpayments identified by OMIG: OMIG notifies DHS of identified overpayments (a) when the provider repays the identified amount or fails to respond to the finding letter or (b) after all possible appeals have been exhausted. For cases under appeal, OMIG does not notify DHS of the initial "discovery date"; therefore, some uncollected overpayments may not be reported by the required deadline.

Finding Number:	**2019-014 (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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Additionally, OMIG utilizes a "claim log" to monitor identified overpayments and collections related to the overpayments. ALA reviewed the fiscal year 2018 claim log to determine whether uncollected balances were collected or reported in fiscal year 2019 and reviewed the fiscal year 2019 claim log to determine whether payments collected by OMIG were included on the proper CMS-64 report. ALA was unable to determine if outstanding balances on the 2018 claim log were reported on the state fiscal year 2019 CMS-64 reports and was unable to trace six payments totaling $5,713 (federal portion $4,033) to internal reports used to calculate total overpayments for the quarterly CMS-64 reports for state fiscal year 2019.

Overpayments identified by MFCU: Discussions with both MFCU and DHS staff revealed MFCU does not report identified overpayments to DHS until a payment is received. As a result, uncollected overpayments resulting from fraud are not included on the quarterly CMS-64 reports as required.

Additionally, payments forwarded to DHS directly from MFCU are generally not included on internal reports used to calculate total overpayments for the quarterly CMS-64 reports. As a result, these payments may not be reported as collected overpayments, as required.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency failed to establish adequate controls to ensure compliance with federal regulations related to reporting of identified overpayments. Additionally, individuals involved in collecting and reporting overpayments are not familiar with the federal regulations governing the reporting of identified overpayments.

Effect:
DHS failed to report all identified overpayments and may not have reported some overpayments timely. Per 42 CFR §433.320(a)(4), if a state fails to refund overpayments in accordance with this section, the state will be liable for interest, at the Current Value of Funds Rate, on the federal portion of the non-recovered, non-refunded overpayment amount. Interest will begin to accrue on the day after the one-year period following discovery until the last day of the quarter for which the state submits a CMS-64 report refunding the federal share of the overpayment.

Recommendation:
ALA staff recommend the Agency contact CMS to obtain an understanding of reporting requirements for overpayments identified by OMIG and MFCU. ALA further recommend the Agency design and implement controls to ensure all identified overpayments are included on the CMS-64 report and are reported timely.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency has updated and documented its procedures for processing and reporting overpayments received from OMIG and MFCU. Once received, the overpayments are coded to identify the source and if federal funds are associated with the identified overpayment. This information will be used to report overpayments on the CMS-64. The six payments totaling $5,713 that ALA was unable to trace to internal reports were included on reports for FFY Q1 2019 and FFY Q4 2019.

Finding Number:	**2019-014 (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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles**
Type of Finding:	**Noncompliance and 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, 2019

Finding Number:	**2019-015**
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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles – Non-Disproportionate Share Hospital Supplemental Payments**
Type of Finding:	**Noncompliance and Significant Deficiency**

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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

Condition and Context:
ALA requested the Agency's documented internal controls over compliance for the non-disproportionate share hospital supplemental payments compliance area. The documentation provided by the Agency only included the procedures for processing upper payment limit (UPL) payments to eligible hospitals. ALA determined the Agency's documented controls are incomplete and do not meet the required criteria.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency failed to establish written documentation of controls that address all elements of effective internal controls.

Effect:
Failure to establish and document adequate controls could result in errors in determination of supplemental payments and failure to identify errors timely.

Recommendation:
ALA staff recommend the Agency review and document controls in place for properly determining non-disproportionate share hospital payments to ensure the Agency's controls adequately address all internal control elements in accordance with COSO and/or the Green Book.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. DMS has internal controls in place for processing of upper payment limit (UPL) payments. The agency will update its existing procedure for processing UPL payments to meet the guidelines of COSO or Greenbook.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-015 (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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles – Non-Disproportionate Share Hospital Supplemental Payments**
Type of Finding:	**Noncompliance and Significant Deficiency**

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

Anticipated Completion Date: 3/31/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-016**
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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2014, 2015, 2016, 2017, 2018, and 2019**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2018-014**.

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 states that eligibility redeterminations are to be performed at least once every 12 months.

Condition and Context:
ALA staff reviewed 23 traditional Medicaid recipient files in the ANSWER system and 37 Modified Adjusted Gross Income (MAGI) Medicaid recipient files in the Curam 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 588 claims totaling $39,892, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 58 claims. *Questioned costs totaled $3,142*.

  The annual reevaluation was also not completed timely. The 2019 reevaluation, due in January 2019, was not completed until February 26, 2019. (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child) (Non-MAGI/ANSWER)
- One client file, with 49 claims totaling $903, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 25 claims. *Questioned costs totaled $456*.

  The annual reevaluation was also not completed timely. The 2019 reevaluation, due in December 2018, was not completed until February 5, 2019. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file, with 112 claims totaling $7,073, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 3 claims. *Questioned costs totaled $727*. (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child) (Non-MAGI/ANSWER)
- One client file, with 52 claims totaling $655, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 4 claims. *Questioned costs totaled $28*. (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child) (Non-MAGI/ANSWER)
- One client file, with 173 claims totaling $10,784, did not contain a DCO-704 signed by a registered nurse verifying medical necessity and did not contain documentation supporting the income and resources criteria, affecting 73 claims. *Questioned costs totaled $3,347*.

  The annual reevaluation was also not completed timely. The 2019 reevaluation, due in December 2018, was not completed until February 1, 2019. (AR Choices) (Non-MAGI/ANSWER)

Finding Number:	**2019-016 (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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2014, 2015, 2016, 2017, 2018, and 2019**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- One client file, with 22 claims totaling $2,818, did not contain a DCO-704 signed by a registered nurse verifying medical necessity and did not contain documentation supporting the income and resources criteria, affecting 22 claims. *Questioned costs totaled $1,997.*

  In addition,103 claims paid in 2018 were also affected. *Questioned costs totaled $3,323.*

  The annual reevaluation was also not completed timely. The 2018 reevaluation, due in August 2017, was not completed. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file, with 113 claims totaling $7,827, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 26 claims. *Questioned costs totaled $1,305*. (AR Choices) (Non-MAGI/ANSWER)
- One client file, with 15 claims totaling $24,715, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 10 claims. *Questioned costs totaled $10,347.*

  The annual reevaluation was also not completed timely. The 2019 reevaluation, due in January 2019, was not completed until March 29, 2019. (Assisted Living/ Living Choices) (Non-MAGI/ANSWER)
- One client file, with 143 claims totaling $50,790, did not contain documentation proving resource eligibility, affecting 18 claims. *Questioned costs totaled $8,053.*

  The annual reevaluation was also not completed timely. The 2019 reevaluation, due in April 2019, was not completed until November 1, 2019, after the recipient's file was selected for review. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file, with 29 claims totaling $5,633, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, documentation supporting the resources or income criteria, disability verification, institutional status, or proof of assignment of medical rights by the recipient to DHS, affecting all 29 claims. *Questioned costs totaled $3,972.*

  In addition, 137 claims paid in 2018, 2017, 2016, 2015, and 2014 were also affected. *Questioned costs totaled $325, $76, $193, $362, and $71, respectively.*

  The annual reevaluations were 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, 2016, 2017, 2018, or 2019. (Aid to the Disabled) (Non-MAGI/ANSWER)
- One client file, with 13 claims totaling $3,539, did not contain documentation proving income eligibility, affecting all 13 claims. *Questioned costs totaled $2,496.* (Adult Expansion) (MAGI/CURAM)
- One client file, with 10 claims totaling $116, did not contain documentation proving the recipient had assigned medical rights to DHS, affecting all 10 claims. *Questioned costs totaled $82.* (ARKids A) (MAGI/CURAM)

Additional deficiencies related to eligible recipients with late *re-determinations*. Although no questioned costs are associated with these recipients, the total amount of claims paid (state and federal) as of fieldwork date of December 2, 2019, 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:

Finding Number:	**2019-016 (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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2014, 2015, 2016, 2017, 2018, and 2019**
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 December 2018 but was not completed until February 20, 2019. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $13,178 in state fiscal year 2019. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file did not have a timely reevaluation, as it was due in February 2019 but was not completed until March 6, 2019. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $5,262 in state fiscal year 2019. (Aid to the Disabled) (Non-MAGI/ANSWER)
- One client file did not have a timely reevaluation, as it was due in July 2018 but was not completed until August 12, 2018. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $434 in state fiscal year 2019. (Adult Expansion) (MAGI/CURAM)

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
State Fiscal Year 2019 - $35,952
State Fiscal Year 2018 - $3,648
State Fiscal Year 2017 - $76
State Fiscal Year 2016 - $193
State Fiscal Year 2015 - $362
State Fiscal Year 2014 - $71

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

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

Recommendation:
ALA staff recommend the Agency continue providing adequate communication with 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 finding. The agency noted that the root cause of the error resulted from DAABHS and the agency's contractor, Optum, being unable to complete the reassessments timely. A new business process is being developed to ensure timely medical eligibility determination. Current activities are underway to improve the re-evaluation process including realigning resources and activities within one management division, value stream mapping to eliminate unnecessary administrative tasks, and development of a workflow management system to track and report re-evaluation activities. Eligibility staff have been instructed on the process. The program eligibility analysts and area directors will monitor the process.

Finding Number:	**2019-016 (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):	**05-1405AR5MAP; 05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2014, 2015, 2016, 2017, 2018, and 2019**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: 6/1/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-017**
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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2018-015**.

Criteria:
In accordance with 45 CFR § 95.507(4), the Agency's established Cost Allocation Plan is required to contain sufficient information in such detail to permit the Director - Division of Cost Allocation, after consulting with the Operating Divisions, to make an informed judgment on the correctness and fairness of the State's procedures for identifying, measuring, and allocating all costs to each of the programs operated by the State agency.

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).

In addition, 45 CFR § 75.303 states that a non-federal entity must "**take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings**."

Condition and Context:
To verify that state general revenues and other non-federal funding sources used to "match" the federal grant award monies were from an appropriate source of funding, ALA selected 25 daily draw dates and traced the daily draw amount recorded in AASIS to the Agency's supporting draw packet. The following issues were noted:

- The Agency did not maintain documentation identifying the original source of revenues identified as *other non-federal*.
- The Agency utilizes an outside accounting system, Lotus 1-2-3, to maintain and track *State General Revenue* and *other non-federal* fund balances available. Agency staff manually key information into this system daily. However, there are no reviews or other controls in place to ensure the accuracy of the funding category balances.
- Accounting records maintained in the Lotus 1-2-3 system include one-sided adjustments to *State General Revenue* and *other non-federal* funds, causing the ending balances of both funding categories to be inaccurate.

Additionally, to confirm the Agency was properly monitoring its state match, we requested the reconciliations the Agency indicated it used to track, compare, and verify state match requirements.

Although reconciliations were provided for the first three quarters of 2019, they contained numerous errors, and the Agency failed to provide the reconciliation for the fourth quarter ending June 30, 2019. ALA attempted to perform alternative procedures; however, because of the issues noted above, we were unable to verify that the Agency met the match requirements.

(NOTE: The Agency's reported state match for all active Medicaid grants was $1,677,981,874.)

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Finding Number:	**2019-017 (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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Cause:
The Agency did not adhere to its documented internal control policies and procedures by preparing adequate quarterly comparisons. Additionally, no established procedures were in place to verify the Agency met the state match requirements or that the funds used toward the state match were from allowable sources.

Effect:
Inadequate controls for effectively monitoring the match compliance requirement could result in failure to meet match and also limits 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. ALA further recommends the Agency implement appropriate controls to allow the Agency to track funding sources used to meet state match requirements for federal programs.

Views of Responsible Officials and Planned Corrective Action:

DHS disputes in part and concurs in part with the finding. The agency does maintain documentation identifying sources of revenues through the certification of income from the divisions. Each program is assigned an internal order, fund, and source of funding. This is maintained on the Coding Validation Table. When monies are received through accounts receivable, transfers, and draws, they are split in the funds control ledgers by the funding split designated on the CVT (coding validation table). The general ledger account numbers also designate the source of revenue (transfers). AASIS does not separate the internal orders (program codes) by funding source and we balance to AASIS. The monies are deposited into designated fund as one total. While the agency maintains documentation identifying "other non-federal" revenues, the funds and sources could be documented with greater specificity. The agency will update its process to provide greater specificity in tracking "other non-federal" revenues.

Controls are imbedded in the ledgers and Lotus program which ensure accuracy of funding category balances, if funds or accounts are not balanced an error message is given and reason is researched and corrected before allowed to move on to next step. Controls are in place by when a transfer document is created in AASIS it is reviewed by another person then posted if approved (the same person cannot post). If requests for transfers are made to DFA they must be approved by a manager.

Adjustments made in Lotus are not one-sided. Adjustments are made to ledgers to true-up State, Federal, and Other based on Cost Allocation. Our daily expenditures are posted to our ledgers daily based on the internal order in the indirect worksheet. These percentages are trued up quarterly when cost allocation runs. Therefore, an adjustment is needed to true up the splits on our ledgers between, State, Federal and Other. It does not change the balance in the fund.

Due to the limitation of AASIS not separating fund splits, we are not able to provide the level of detail for each program code as asked for by ALA. However, we maintain that State General Revenue and Other sources are certified by directors and used as certified per state and federal laws. We maintain that we balance our funds to AASIS and state general revenue reports from DFA therefore are accurate.

Finding Number:	**2019-017 (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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
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):

Anticipated Completion Date: 6/30/2020

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Additional Comments from the Auditor:

Since the Agency was unable to provide documentation that state match requirements were met during state fiscal year 2019, ALA met with Agency employees on several occasions to obtain an understanding of the funding process. ALA performed a walkthrough of the "State" and "Other" funds draw process for one of the dates selected for testing. During this walkthrough, auditors had multiple discussions with Agency staff, including Tina Coutu (Assistant Deputy Director for Managerial Accounting), Sherry Gresham (Budget Specialist, Managerial Accounting), and Donna Reed (Budget Specialist, Managerial Accounting).

During these discussions, Agency staff explained that AASIS does not include functionality to identify funding source (Federal, State, or Other); therefore, the Agency utilizes the Lotus 1-2-3 system to identify the balance of available funds from these sources. Information from AASIS is uploaded into an Access database to identify the proper funding splits. Reports are generated from this database, and information from these reports is manually keyed into the Lotus 1-2-3 system. According to Donna Reed, the Agency does not have a review process in place to ensure amounts from the Access database are properly entered into Lotus 1-2-3.

Additionally, on multiple occasions, Agency staff told ALA that the balances included in Lotus 1-2-3 represent an accumulation of funds over several years, and the Agency was unable to specifically identify the source of these funds. As a result, ALA was unable to determine the source of funds available for payment of Medicaid expenditures.

Furthermore, while performing the walkthrough, the auditor noted "adjustments" on the ledger reports printed from the Lotus 1-2-3 system that reduced the total needed funding for the specified source of funds. According to Donna Reed, if payment of expenditures will result in a negative balance for state general revenue funds, an "adjustment" is made to the ledger report to reclassify a portion of the "Other" funds to the "State" category. In reviewing these adjustments, ALA noted the "State" category was reduced, but no adjustment was made to the "Other" category. Also, during review of monthly funding reports from the Lotus 1-2-3 system, ALA noted multiple instances of negative balances for "State" or "Other" funds at month-end.

Finally, according to Donna Reed, the Agency performs quarterly "true-ups" of the balances. Based on review of "true-up" procedures obtained from the Agency, ALA was unable to determine how this process ensures that funds used to meet state match requirements are appropriate.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-018**
State/Educational Agency(s):	**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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP; 05-1805AR5ADM, 05-1905AR5ADM**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar finding was reported in the year finding **2018-009**.

Criteria:
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. To ensure compliance, the Agency maintains policies and procedures for the preparation of the CMS-64 report. One procedure specifically states 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 requested the quarterly reconciliations between expenditures recorded in its financial management system and expenditures reported to the federal awarding agency. The Agency provided reconciliations for portions of the CMS-64 reports to "payout" reports but did not complete reconciliations for the report as a whole. Payout reports are created by DMS staff and represent the 13 weekly funding requests for each quarter. The Agency utilizes an Excel workbook to combine the claims data included in each week's funding request to create the payout reports. However, the reconciliations provided did not include reconciliations to the Agency's financial management systems (AASIS and Allocap).

ALA staff also performed testing of expenditures reported on the CMS-64 for the quarters ended December 31, 2018, and March 31, 2019, to confirm accuracy and completeness with the expenditures recorded in the Agency's financial management system. ALA review revealed the following errors:

From the December 31, 2018, report:

- Twenty-three line items totaling $1,322,346,159 and representing 86% of MAP expenditures were selected. An error was identified in one line item, resulting in an **overstatement** of the federal portion of expenditures totaling $477,042.
- Nine line items totaling $91,932,560 and representing 94% of administrative expenditures were selected. Errors were identified in four line items, resulting in an **overstatement** of the federal portion of expenditures totaling $29,870.

From the March 31, 2019, report:

- Twenty-one line items totaling $1,499,993,497 and representing 85% of MAP expenditures were selected. Two errors were identified, resulting in an **understatement** of the federal portion of expenditures totaling $939.
- Eight line items totaling $72,862,882 and representing 92% of administrative expenditures were selected. Errors were identified in four line items, resulting in an **overstatement** of the federal portion of expenditures totaling $119,695.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Finding Number:	**2019-018 (Continued)**
State/Educational Agency(s):	**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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP; 05-1805AR5ADM, 05-1905AR5ADM**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
In an effort to reduce reporting errors, the Agency has continued to review and adjust reporting procedures for MAP expenditures. The error in MAP expenditures on the December 31, 2018, report occurred when an adjustment was entered on the wrong line in the Agency's workbook.

For state fiscal year 2019, the Agency implemented a new cost allocation system. The Agency's Excel workbook used to report administrative expenditures was not completely updated to properly allocate expenditures to the appropriate CMS-64 line item (and federal financial participation rate) using the cost allocation system reports.

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.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. Effective with the December 31, 2019 submission of the CMS-64 reports, DHS is utilizing the services of a contractor to assist in the compiling, analyzing, data entry and reconciliation of the CMS-64 reports. For the quarter ending December 31, 2019, the contractor completed a reconciliation to the payout and cost allocation reports for the following:

- All Waiver authority medical service expenditures;
- All Medicaid administrative claiming expenditures;
- All CHIP expenditures,
- All Medicaid expansion expenditures;
- All State plan expenditures;
- Total computable amounts reported in MBES for Medicaid collections and overpayments were reconciled to the workpapers used to support Medicaid collections and overpayments.

The agency is in the process of working with the contractor to develop and implement a quarterly reconciliation to include the payout reports, cost allocation (Allocap) and the state's financial management system (AASIS). When the reconciliation process has been finalized, written procedures on the reconciliation process will be documented.

Anticipated Completion Date: 6/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-019**
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):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2015, 2016, 2017, 2018, and 2019**
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 **2018-021**.

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, 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 2019 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:

- Nine recipients had claims paid for dates of service after their date of death. One recipient's claims, totaling $576, were for dates of service seven months after the date of death. These claims had not been recouped as of fieldwork date October 14, 2019. *Questioned costs totaled $689 and $8 for state fiscal years 2019 and 2018, respectively*.
- For nine 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 November 22, 2019.

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

- Fifty-seven recipients had capitation payments paid for dates of service after their date of death. These claims had not been recouped as of fieldwork date October 14, 2019. *Questioned costs totaled $722, $435, $183, $141, and $37 for state fiscal years 2019, 2018, 2017, 2016 and 2015, respectively.*
- For nine recipients, MMIS did not have a date of death recorded, or the date of death was not correct as of fieldwork date November 22, 2019.
- For 10 recipients, capitation payments were paid more than six months past the date of death and ranged from 7 to 54 months.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number:	**2019-019 (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):	**05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2015, 2016, 2017, 2018, and 2019**
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 - $37
State Fiscal Year 2016 - $141
State Fiscal Year 2017 - $183
State Fiscal Year 2018 - $443
State Fiscal Year 2019 - $1,411

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 with 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. Claims and capitation payments were paid subsequent to the date of death due to the agency not receiving timely notification of death and the span of time required to confirm date of death after receiving notification. An automatic retrospective review is completed in the MMIS to identify claims for recoupment that were paid subsequent to date of death. In some cases, eligibility is closed for another reason prior to receiving notification of date of death and the date of death is not updated in MMIS causing the claims to not be recouped. The Agency is currently reviewing all date of death discrepancies between eligibility systems and MMIS and updating the systems to reflect the reported date of death. Additionally, root causes of date for date of death discrepancies will be identified and system updates will be made to correct the discrepancies. System updates will be made as root causes are identified.

Claims were also not recouped for some capitated payments made after date of death due to a delay in completion of NET and PCCM reconciliations. Those claims will be recouped upon the completion of the reconciliations.

Anticipated Completion Date: 6/30/2020

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-020**
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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits**
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. These controls should be in compliance with Green Book or COSO guidance.
- Evaluate and monitor its compliance with the award.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.

To ensure long-term care facility rates are appropriate, the Agency performs periodic audits of the financial and statistical records of participating providers.

Condition and Context:
During our review of the Agency's internal controls and procedures regarding cost report reviews and audits of nursing facilities and intermediate care facilities, ALA discovered the Agency utilized a consultant, Myers and Stauffer, to create new procedures for desk and expanded reviews and to perform reviews of long-term care facility cost reports during the year ended June 30, 2019.

ALA requested a copy of the Myers and Stauffer contract, which revealed that Myers and Stauffer was subcontracted with DXC (fiscal agent and MMIS interchange contract). Further review revealed the DXC contract did not include deliverables for the services being provided by Myers and Stauffer. As a result, the Agency does not have an enforceable contract to ensure the reviews are completed adequately or completed timely or to ensure compliance with federal regulations concerning the completion of cost reports and rate setting for these providers.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency failed to amend the contract with DXC to include deliverables for developing cost report review procedures and performing cost report reviews.

Effect:
The Agency does not have an enforceable contract in place to ensure required audits are completed timely or at all.

Finding Number:	**2019-020 (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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits**
Type of Finding:	**Material Weakness**

Recommendation:
ALA staff recommend the Agency amend the contract to include deliverables for developing cost report audit procedures and for performance of cost report audits in accordance with federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS disputes this finding. The terms and conditions for the referenced contract state the contractor is fully responsible for all work performed under the contract and may enter into written subcontracts for performance of its functions under the contract. The contract deliverables require the contractor to hire and utilize staff to provide Business Process Outsourcing (BPO) services for third party liability and long-term care facility programs. These services included multiple Business Processes, such as nursing facility desk reviews and calculation of nursing facility rates. These services are further defined in the proposed scope of work submitted to DHS by DXC. In the proposed scope, DXC details the completion of nursing facility desk reviews and long-term care cost facility reports. The proposed scope, once approved by DHS, became part of the scope of work between DXC and Myers and Stauffer, the subcontractor DXC hired to perform the work in compliance with the Contract Performance Indicators. If Myers and Stauffer had failed to perform their obligations as subcontractor, DHS would have legal recourse against DXC as the primary contractor.

Anticipated Completion Date: Completed

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Additional Comments from the Auditor:
DHS staff commented at the preliminary exit conference that ALA had not been communicating with procurement staff concerning the contract referenced in Finding 2019-020. However, ALA had discussed the finding with individuals the Agency had identified as points of contact, as noted below. Additionally, Agency staff did not voice any concerns regarding this finding or provide any explanation that supports the Agency's official response, either during or subsequent to the final exit conference.

As a result of these factors and to establish additional context, a timeline of ALA's communication with Agency staff regarding the contract and the related finding is provided below.

Finding Number:	**2019-020 (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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits**
Type of Finding:	**Material Weakness**

Additional Comments from the Auditor (Continued):

Communication Timeline

August 6, 2019 – ALA first discovered the relationship between Myers & Stauffer and DXC. At that time, ALA requested copies of DXC contract amendments, which included the work performed by Myers & Stauffer regarding long-term care (LTC) facility cost report reviews.

August 7, 2019 – The Agency provided ALA with a Word document describing services to be provided by DXC. No official contract documents were included, so ALA promptly requested additional clarification to determine if the Word document was from an official contract amendment or an amendment request. The Agency did not provide the additional information requested.

During discussions with Lynn Burton (Business Operations Manager, Shared Services Office of Finance – Provider Reimbursement), ALA was informed that the original contract between DXC and DHS did not include the performance of LTC cost report reviews as a deliverable, but the Agency had requested an amendment to include these reviews. Consequently, auditors reviewed contract documents previously provided but were unable to locate the deliverables in any contracts or amendments.

August 12, 2019 – At the Agency's request, ALA utilized a **JIRA request** to update the Agency regarding the status of this contract issue and asked that the Agency provide documentation for inclusion of the deliverable in the contract and any amendments.

August 13, 2019 – ALA met with Lynn Burton and Maggie Newton (Business Operations Manager, DMS – Promulgation & Compliance, Contract Oversight), who again stated that the original contract did not include the performance of LTC cost report reviews in the deliverables and that they were unable to find addition of the reviews in any subsequent amendments.

August 19, 2019 – The Agency provided ALA with 14 additional attachments to the original contract, with no guidance regarding where ALA would find deliverables related to the cost report reviews. ALA reviewed the files and found an area regarding Provider Reimbursement that referenced an RFP attachment the Agency had not provided.

August 20, 2019 – ALA requested the RFP attachment.

August 21, 2019 – The Agency provided 21 additional documents (671 total pages) related to the contract, including the RFP attachment. However, again, the Agency provided no guidance as to where ALA would find deliverables related to the review of LTC cost reports.

August 29, 2019 – ALA notified the Agency (through JIRA) that auditors had reviewed the documentation provided; were unable to locate the deliverables in the contract; and as a result, would issue an internal control finding (i.e., Finding 2019-020). **The Agency provided no additional response to ALA from August 29 through the end of audit field work on December 27, 2019**. As a result, Finding 2019-020 was issued based on the information provided to ALA as of the end of field work.

January 8, 2020 – ALA met with Brett Hays (DHS Chief Security and Compliance Officer) and Kristen Green (Attorney Specialist, Shared Services – Office of Security and Compliance) to discuss Single Audit findings in preparation for the preliminary exit conference for the Medicaid and CHIP programs.

Finding Number:	**2019-020 (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:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits**
Type of Finding:	**Material Weakness**

Additional Comments from the Auditor (Continued):

January 22, 2020 – At the preliminary exit conference, ALA again presented each audit finding related to the Medicaid and CHIP programs. Numerous Agency staff were present, including Cindy Gillespie (Secretary of Arkansas Human Services), Dawn Stehle (Deputy Director/Medicaid Director), Janet Mann (DMS Director), and Brett Hays. Regarding Finding 2019-020, Ms. Gillespie commented that ALA had not been communicating with Agency procurement staff concerning the contract. In response, ALA informed Ms. Gillespie that auditors asked for contract information using the JIRA system, as the Agency requested, and were not in control of how the Agency retrieved or provided the information.

February 10, 2020 – ALA met with Agency staff for the final exit conference for all major programs administered by DHS. The Agency expressed no concerns, during or subsequent to the final exit conference, regarding Finding 2019-020 and offered no explanation to support the official response provided by Mary Kathryn Williams (Chief Procurement Officer).

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-021**
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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Utilization Control and Program Integrity and Medicaid Fraud Control Unit**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 42 CFR § 438.350, each state that contracts with a Managed Care Organization (MCO) or Prepaid Ambulatory Health Plan (PAHP) must ensure that an annual external quality review (EQR) is performed for each MCO or PAHP.

In addition, 42 CFR § 438.364 states that the EQR results must be included in an annual technical report that must be finalized by April 30 of each year.

Condition and Context:
The Healthy Smiles Waiver, Arkansas's dental managed care program, is a PAHP and became effective on January 1, 2018. Two entities participate in the dental managed care program: Delta Dental and MCNA Dental. An EQR is required for both entities and was due by April 30, 2019.

ALA inquiry and request for the annual report revealed that as of October 28, 2019, the Agency had yet to retain a vendor to perform the EQR and was still working on the RFP (request for proposal) to select the vendor.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency has experienced staff turnover and did not develop or document internal control procedures for the dental managed care program for its staff.

Effect:
Failure to document and implement appropriate procedures for internal control limits the Agency's ability to adequately monitor the program for noncompliance, such as the noncompliance with the EQR requirements for the dental managed care program noted above.

Recommendation:
ALA staff recommend the Agency develop and document internal controls over the dental managed care program to aid in ensuring compliance with the program, including those related to EQRs.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency has begun the process to secure a vendor to perform the reviews. The contract for this service was posted for bid on January 31, 2020 and a contract start date of July 1, 2020.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding Number:	**2019-021 (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):	**05-1805AR5MAP; 05-1905AR5MAP**
Federal Award Year(s):	**2018 and 2019**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Utilization Control and Program Integrity and Medicaid Fraud Control Unit**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: 7/1/2020

Contact Person:

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
SNAP Cluster					
US Department of Agriculture					
Supplemental Nutrition Assistance Program	10.551			$ 465,743,875	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			35,493,392	$ 547,233
US Department of Agriculture Total				**501,237,267**	**547,233**
SNAP Cluster Total				**501,237,267**	**547,233**
Child Nutrition Cluster					
US Department of Agriculture					
School Breakfast Program	10.553			57,258,304	56,517,374
National School Lunch Program	10.555			156,767,399	137,280,183
Summer Food Service Program for Children	10.559			4,219,916	
US Department of Agriculture Total				**218,245,619**	**193,797,557**
Child Nutrition Cluster Total				**218,245,619**	**193,797,557**
Food Distribution Cluster					
US Department of Agriculture					
Commodity Supplemental Food Program	10.565			1,784,486	
Emergency Food Assistance Program (Administrative Costs)	10.568			604,504	
Emergency Food Assistance Program (Food Commodities)	10.569			6,520,979	
US Department of Agriculture Total				**8,909,969**	
Food Distribution Cluster Total				**8,909,969**	
Forest Service Schools and Roads Cluster					
US Department of Agriculture					
Schools and Roads - Grants to States	10.665			5,112,145	5,112,145
US Department of Agriculture Total				**5,112,145**	**5,112,145**
Forest Service Schools and Roads Cluster Total				**5,112,145**	**5,112,145**
Economic Development Cluster					
US Department of Commerce					
Economic Adjustment Assistance	11.307			482,375	26,435
US Department of Commerce Total				**482,375**	**26,435**
Economic Development Cluster Total				**482,375**	**26,435**

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
CDBG – Entitlement Grants Cluster					
US Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants	14.218			$ 1,100	
US Department of Housing and Urban Development Total				**1,100**	
CDBG – Entitlement Grants Cluster Total				**1,100**	
Fish and Wildlife Cluster					
US Department of the Interior					
Sport Fish Restoration	15.605			5,188,275	$ 46,849
Wildlife Restoration and Basic Hunter Education	15.611			13,424,120	1,044,797
US Department of the Interior Total				**18,612,395**	**1,091,646**
Fish and Wildlife Cluster Total				**18,612,395**	**1,091,646**
Employment Service Cluster					
US Department of Labor					
Employment Service/Wagner-Peyser Funded Activities	17.207			5,384,222	
Disabled Veterans' Outreach Program (DVOP)	17.801			1,334,914	
Local Veterans' Employment Representative Program	17.804			262,186	
US Department of Labor Total				**6,981,322**	
Employment Service Cluster Total				**6,981,322**	
WIOA Cluster					
US Department of Labor					
WIOA Adult Program	17.258			7,208,324	6,084,358
WIOA Youth Activities	17.259			7,358,336	6,183,580
WIOA Dislocated Worker Formula Grants	17.278			7,731,598	5,071,048
US Department of Labor Total				**22,298,258**	**17,338,986**
WIOA Cluster Total				**22,298,258**	**17,338,986**
Highway Planning and Construction Cluster					
US Department of Transportation					
Highway Planning and Construction	20.205			526,793,303	22,898,238
Recreational Trails Program	20.219			1,411,589	888,515
Federal Lands Access Program	20.224			3,497,491	263,110
US Department of Transportation Total				**531,702,383**	**24,049,863**
Highway Planning and Construction Cluster Total				**531,702,383**	**24,049,863**

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Federal Transit Cluster					
US Department of Transportation					
Federal Transit_Formula Grants	20.507			$ 798,298	
Bus and Bus Facilities Formula Program	20.526			2,321,032	$ 615,595
US Department of Transportation Total				**3,119,330**	**615,595**
Federal Transit Cluster Total				**3,119,330**	**615,595**
Transit Services Programs Cluster					
US Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			1,284,213	12,978
US Department of Transportation Total				**1,284,213**	**12,978**
Transit Services Programs Cluster Total				**1,284,213**	**12,978**
Highway Safety Cluster					
US Department of Transportation					
State and Community Highway Safety	20.600			3,431,954	762,944
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			8,091	
Safety Belt Performance Grants	20.609			91,222	
National Priority Safety Programs	20.616			5,230,126	562,462
US Department of Transportation Total				**8,761,393**	**1,325,406**
Highway Safety Cluster Total				**8,761,393**	**1,325,406**
Clean Water State Revolving Fund Cluster					
Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds	66.458			4,815,989	4,442,187
Environmental Protection Agency Total				**4,815,989**	**4,442,187**
Clean Water State Revolving Fund Cluster Total				**4,815,989**	**4,442,187**
Drinking Water State Revolving Fund Cluster					
Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Fund	66.468			13,356,719	9,648,351
Environmental Protection Agency Total				**13,356,719**	**9,648,351**
Drinking Water State Revolving Fund Cluster Total				**13,356,719**	**9,648,351**

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Special Education Cluster (IDEA)					
US Department of Education					
Special Education_Grants to States	84.027			$ 117,075,554	$ 113,478,388
Special Education_Preschool Grants	84.173			5,339,890	5,339,890
US Department of Education Total				**122,415,444**	**118,818,278**
Special Education Cluster (IDEA) Total				**122,415,444**	**118,818,278**
TRIO Cluster					
US Department of Education					
TRIO_Student Support Services	84.042			7,335,220	
TRIO_Talent Search	84.044			3,656,612	
TRIO_Upward Bound	84.047			7,403,368	
TRIO_Educational Opportunity Centers	84.066			2,123,527	
TRIO_McNair Post-Baccalaureate Achievement	84.217			504,882	
US Department of Education Total				**21,023,609**	
TRIO Cluster Total				**21,023,609**	
Aging Cluster					
US Department of Health and Human Services					
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044			3,730,161	3,227,905
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045			6,440,315	6,440,315
Nutrition Services Incentive Program	93.053			2,550,585	2,513,359
US Department of Health and Human Services Total				**12,721,061**	**12,181,579**
Aging Cluster Total				**12,721,061**	**12,181,579**
TANF Cluster					
US Department of Health and Human Services					
Temporary Assistance for Needy Families	93.558			57,217,020	8,393,628
US Department of Health and Human Services Total				**57,217,020**	**8,393,628**
TANF Cluster Total				**57,217,020**	**8,393,628**
CCDF Cluster					
US Department of Health and Human Services					
Child Care and Development Block Grant	93.575			32,342,263	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			24,541,374	
US Department of Health and Human Services Total				**56,883,637**	
CCDF Cluster Total				**56,883,637**	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Medicaid Cluster					
US Department of Health and Human Services					
State Medicaid Fraud Control Units	93.775			$ 2,063,529	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			10,873,013	
Medical Assistance Program	93.778			5,390,614,801	
US Department of Health and Human Services Total				**5,403,551,343**	
Medicaid Cluster Total				**5,403,551,343**	
Foster Grandparent/Senior Companion Cluster					
Corporation for National and Community Service					
Foster Grandparent Program	94.011			221,489	
Corporation for National and Community Service Total				**221,489**	
Foster Grandparent/Senior Companion Cluster Total				**221,489**	
Disability Insurance/SSI Cluster					
Social Security Administration					
Social Security_Disability Insurance	96.001			925,608	
Social Security Administration Total				**925,608**	
Disability Insurance/SSI Cluster Total				**925,608**	
Research and Development Cluster					
US Department of Agriculture					
Agricultural Research_Basic and Applied Research	10.001			2,601,255	$ 308,605
Plant and Animal Disease, Pest Control, and Animal Care	10.025			510,005	
Conservation Reserve Program	10.069			38,634	
Specialty Crop Block Grant Program - Farm Bill	10.170			462,106	135,124
Local Food Promotion Program	10.172			5,368	
Grants for Agricultural Research, Special Research Grants Pass-Through from University of Florida	10.200		1800574479	11,298	
Cooperative Forestry Research	10.202			829,898	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			4,275,443	
Animal Health and Disease Research	10.207			73,813	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Agriculture (Continued)					
Sustainable Agriculture Research and Education	10.215			$ 47,298	
Pass-Through from Texas A&M University	10.215		07-S160731	20,660	
Pass-Through from University of Georgia	10.215		2017-38640-26914	2,563	
Pass-Through from University of Georgia	10.215		RD309-137/S001445	45,435	$ 7,129
Pass-Through from University of Georgia	10.215		RD309-144/S001671	1,028	
Pass-Through from University of Georgia	10.215		S001419 / RD309-137	31,503	
Pass-Through from University of Georgia	10.215		SUB00001104 -RD309-134/S001104	39,710	
Pass-Through from University of Georgia	10.215		SUB00001799	3,406	
Pass-Through from University of Georgia	10.215		SUB00001871	36,142	
1890 Institution Capacity Building Grants	10.216			902,723	171,408
Higher Education - Institution Challenge Grants Program	10.217			301,745	105,613
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250			96,836	
Consumer Data and Nutrition Research	10.253			10,573	
Agricultural and Food Policy Research Centers					
Pass-Through from University of Missouri	10.291		C00060735-2	53,400	
Pass-Through from University of Missouri	10.291		C00064741-2	44,640	
Integrated Programs	10.303			84,240	57,165
Organic Agriculture Research and Extension Initiative	10.307			38,400	
Pass-Through from Texas A&M University	10.307		06-S160648	1,146	
Pass-Through from University of Georgia	10.307		RC293-636/S000869	7,665	
Pass-Through from University of Georgia	10.307		SUB00000869	2,248	
Specialty Crop Research Initiative	10.309			622,305	243,291
Pass-Through from Virginia Polytechnic Institute and State University	10.309		422652-19D21	24,572	
Pass-Through from Virginia Polytechnic Institute and State University	10.309		422652-19D22	17,603	
Agriculture and Food Research Initiative (AFRI)	10.310			1,378,740	282,750
Pass-Through from Texas A&M Agrilife Research	10.310		06-S160693	27,535	
Pass-Through from University of California - Davis	10.310		201603566-01	75,903	
Pass-Through from University of Delaware	10.310		49553	18,028	
Pass-Through from University of Florida	10.310		UFDSP00011815	257,828	
Pass-Through from University of Missouri	10.310		C00051167-01	21,155	
Pass-Through from University of Wisconsin	10.310		466K734	84,023	
Beginning Farmer and Rancher Development Program	10.311			211,121	98,042
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326			546,330	99,477
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328			71,139	30,482
Pass-Through from Virginia Polytechnic Institute and State University	10.328		545954-19102	5,445	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Agriculture (Continued)					
Crop Protection and Pest Management Competitive Grants program	10.329			$ 25,831	
Pass-Through from Kansas State University	10.329		S190039	6,900	
Value-Added Producer Grants					
Pass-Through from Iowa State University	10.352		412-30-46B	51,038	$ 15,000
Cooperative Extension Service	10.500			2,382,913	
Child and Adult Care Food Program	10.558			34,895	
Team Nutrition Grants	10.574			172,709	
Forestry Research	10.652			150,978	
Wood Utilization Assistance	10.674			100,902	
Forest Health Protection	10.680			68,926	
Soil and Water Conservation	10.902			588,835	
Environmental Quality Incentives Program	10.912			303,932	8,046
Pass-Through from S&R Farms, Inc.	10.912		2008 74710313B4H	44,110	
Pass-Through from The Conservation Fund	10.912		69-3A75-17-275	26,536	
Conservation Stewardship Program	10.924			56,844	
Agricultural Conservation Easement Program	10.931			119,520	
Miscellaneous US Department of Agriculture Programs	10.RD	15-JV-11330129-032		9,482	
US Department of Agriculture Total				**18,085,259**	**1,562,132**
US Department of Commerce					
Sea Grant Support	11.417			2,340	
Measurement and Engineering Research and Standards	11.609			28,470	
Science, Technology, Business and/or Education Outreach					
Pass-Through from AxNANO LLC	11.620		1/UARK	108	
Pass-Through from AxNANO LLC	11.620		2/UARK	42,266	
US Department of Commerce Total				**73,184**	
US Department of Defense					
Issue of Department of Defense excess equipment	12.000			26,378	
Basic and Applied Scientific Research	12.300			988,158	275,459
Pass-Through from Carnegie Mellon University	12.300		1141302-387586	140,112	
Scientific Research - Combating Weapons of Mass Destruction	12.351			115,320	
Military Medical Research and Development	12.420			2,809,391	850,104
Pass-Through from Massachusetts Institute of Technology Lincoln Lab	12.420		PO 70000443301	27,880	
Pass-Through from Rutgers University	12.420		0419	50,821	
Pass-Through from University of Washington	12.420		W81XWH-16-2-004	15,331	
Basic Scientific Research	12.431			513,078	
Pass-Through from Intelligent Automation, Inc.	12.431		2287-1	10,139	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Defense (Continued)					
Basic, Applied, and Advanced Research in Science and Engineering	12.630			$ 186,611	
Air Force Defense Research Sciences Program	12.800			627,202	$ 40,000
Information Security Grants	12.902			91,696	
Research and Technology Development	12.910			511,595	20,097
US Department of Defense Total				**6,113,712**	**1,185,660**
US Department of the Interior					
Cultural and Paleontological Resources Management	15.224			2,576	
Wildlife Restoration and Basic Hunter Education	15.611			369,628	
Cooperative Endangered Species Conservation Fund	15.615			61,719	
State Wildlife Grants	15.634			247,076	
Research Grants (Generic)	15.650			15,358	
Fish and Wildlife Coordination and Assistance	15.664			50,006	
Assistance to State Water Resources Research Institutes	15.805			98,453	
Earthquake Hazards Program Assistance	15.807			55,957	
U.S. Geological Survey_ Research and Data Acquisition	15.808			24,473	
National Center for Preservation Technology and Training	15.923			34,986	
Conservation Activities by Youth Service Organizations	15.931			1,662	
Preservation of Japanese American Confinement Sites	15.933			24,082	
Natural Resource Stewardship	15.944			7,891	
Cooperative Research and Training Programs - Resources of the National Park System	15.945			114,596	
Miscellaneous US Department of the Interior Programs	15.RD	140F0418P0281		7,191	
US Department of the Interior Total				**1,115,654**	
US Department of Justice					
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			331,612	118,309
Edward Byrne Memorial Justice Assistance Grant Program Pass-Through from City of Little Rock	16.738		2017-DG-BX-K003	43,752	
Miscellaneous US Department of Justice Programs	16.RD	15JCIV19P0000004		16,432	
Miscellaneous US Department of Justice Programs	16.RD	6L-CIV02-0850		256	
US Department of Justice Total				**392,052**	**118,309**
US Department of Transportation					
Highway Planning and Construction	20.205			278,145	30,217
Highway Training and Education	20.215			49,846	
State and Community Highway Safety	20.600			51,562	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Transportation (Continued)					
University Transportation Centers Program	20.701			$ 737,733	$ 130,819
Pass-Through from Jackson State University	20.701		69A3551747130	166,839	160,909
Pass-Through from Louisiana State University	20.701		69A3551747130	122,210	120,925
Pass-Through from Louisiana State University	20.701		PO-0000028687/17BASU01	1,444	
Pass-Through from Louisiana State University	20.701		PO-0000028687/17BASU03	2,514	
Pass-Through from Louisiana State University	20.701		PO-0000028687/17CASU02	1,363	
Pass-Through from Louisiana State University	20.701		PO-0000028687/18-ASU-02	47,804	
Pass-Through from Louisiana State University	20.701		PO-0000028687/18-ASU-03	37,271	
Pass-Through from Louisiana State University	20.701		PO-0000028687/18-ASU-1	39,985	
Pass-Through from Texas A&M Transportation Institute	20.701		69A3551747130	97,051	97,051
Pass-Through from Texas A&M University	20.701		69A3551747130	80,271	80,271
Pass-Through from University of New Orleans	20.701		69A3551747130	111,159	110,022
Pass-Through from University of Oklahoma - Norman	20.701		2014-28	65,752	
Pass-Through from University of Oklahoma - Norman	20.701		2014-29	4,997	
Pass-Through from University of Oklahoma - Norman	20.701		2014-29/SPTC 15.1-25	198	
Pass-Through from University of Oklahoma - Norman	20.701		2014-29/SPTC 18.1-1	27,103	
Pass-Through from University of Oklahoma - Norman	20.701		2014-29/SPTC 18.1-3UA	24,886	
Pass-Through from University of Oklahoma - Norman	20.701		2014-29/SPTC 18.1-4UA	22,930	
Pass-Through from Vanderbilt University	20.701		69A3551747130	245,421	245,421
US Department of Transportation Total				**2,216,484**	**975,635**
National Aeronautics and Space Administration					
Science	43.001			804,374	180,823
Pass-Through from Massachusetts Institute of Technology	43.001		5710003043904	54,766	
Pass-Through from Universities Space Research Association	43.001		02284-02	24,712	
Pass-Through from University of Central Florida	43.001		NNX11AD87G	50	
Aeronautics	43.002			(194)	
Exploration	43.003			114,743	53,508
Pass-Through from Baylor College of Medicine	43.003		7000000807	126,613	
Education	43.008			1,013,690	172,491
Miscellaneous National Aeronautics and Space Administration Programs	43.RD	242031-19-UAF (UAF28804)		9,348	
Pass-Through from Arkansas Space Grant Consortium	43.RD		ADVANCEACCOUNT	11,320	
Pass-Through from Universities Space Research Association	43.RD		06816-01	10,430	
National Aeronautics and Space Administration Total				**2,169,852**	**406,822**

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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 Arts					
Promotion of the Arts_Grants to Organizations and Individuals	45.024			$ 85,793	
Promotion of the Arts_Partnership Agreements	45.025			259	
National Endowment for the Arts Total				**86,052**	
National Endowment for the Humanities					
Promotion of the Humanities_Fellowships and Stipends	45.160			47,367	
Promotion of the Humanities_Research	45.161			8,418	
Promotion of the Humanities_Professional Development	45.163			62,417	
National Endowment for the Humanities Total				**118,202**	
National Science Foundation					
Engineering Grants	47.041			3,011,318	$ 65,777
Pass-Through from Jackson Hole Wildlife Film Festival	47.041		1664272	3,419	
Pass-Through from University of Illinois Urbana - Champaign	47.041		073708-16164	159,340	
Pass-Through from University of Illinois Urbana - Champaign	47.041		073708-16520 RET	408	
Pass-Through from University of Illinois Urbana - Champaign	47.041		073708-16521 REU	20,661	
Pass-Through from University of Illinois Urbana - Champaign	47.041		EEC-1449548	536,151	
Pass-Through from University of Illinois Urbana - Champaign	47.041		EEC-144954804	128,097	
Pass-Through from University of New York - Binghamton	47.041		73033	4,310	
Mathematical and Physical Sciences	47.049			1,579,535	285,446
Geosciences	47.050			805,934	103,847
Pass-Through from University of Minnesota	47.050		A003176719	4,196	
Computer and Information Science and Engineering	47.070			1,632,586	65,874
Pass-Through from Emory University	47.070		T674802	9,749	
Pass-Through from Louisiana State University and A&M College	47.070		PO-0000086549	74,193	
Pass-Through from University of Illinois Urbana - Champaign	47.070		083842-16114	56,010	
Biological Sciences	47.074			2,458,687	95,783
Pass-Through from Mississippi State University	47.074		191400.362648.01	8,894	
Social, Behavioral, and Economic Sciences	47.075			499,659	35,573
Pass-Through from San Diego State University	47.075		SA0000405	14,701	
Pass-Through from University of Colorado - Boulder	47.075		1554392	(1,134)	
Education and Human Resources	47.076			1,676,969	165,301
Pass-Through from Arizona State University	47.076		17-232	59,431	
Pass-Through from Council of Graduate Schools	47.076		DN62443	12,088	
Pass-Through from University of North Carolina - Chapel Hill	47.076		N/A	325	
Pass-Through from University of Tulsa	47.076		14-2-1203452-94802	141	
Office of International Science and Engineering	47.079			159,277	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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 Science Foundation (Continued)					
Office of Integrative Activities	47.083			$ 3,865,256	
Pass-Through from Louisiana Tech University	47.083		OIA-1632891	269,070	
Pass-Through from University of Nebraska - Lincoln	47.083		25-6222-0852-002	433,270	
Miscellaneous National Science Foundation Programs	47.RD	18-EPS3-0023		37,470	
National Science Foundation Total				**17,520,011**	$ **817,601**
US Department of Veterans Affairs					
Research and Development					
Pass-Through from Central AR Veterans Healthcare System (CAVHS)	64.054		RX002961-01A1	66	
US Department of Veterans Affairs Total				**66**	
Environmental Protection Agency					
Nonpoint Source Implementation Grants	66.460			579,505	
Regional Wetland Program Development Grants					
Pass-Through from GBM & Associates	66.461		CD-01F39301	2,921	
Environmental Protection Agency Total				**582,426**	
US Department of Energy					
Office of Science Financial Assistance Program	81.049			1,032,776	132,728
Pass-Through from Giner, Inc.	81.049		402418	46,582	
Pass-Through from Ozark Integrated Circuits, Inc.	81.049		DE-SC0017732-UA1	23,083	
Conservation Research and Development	81.086			47,447	
Renewable Energy Research and Development	81.087			445,910	74,820
Pass-Through from SurfTec, LLC	81.087		DOE0001	97,749	
Pass-Through from United Technologies Research Center	81.087		1229257	84,279	
Pass-Through from University of Central Florida	81.087		18226104-02	21,289	
Pass-Through from University of Central Florida	81.087		DE-EE0006340	29,938	
Fossil Energy Research and Development					
Pass-Through from Siemens Corporation	81.089		DE-FE0026348	184,864	
Pass-Through from Siemens Corporation	81.089		N/A	154,782	
National Industrial Competitiveness through Energy, Environment, and Economics	81.105			34,005	
Pass-Through from Honeywell Federal Manufacturing & Technologies	81.105		DE-NA0002839	1,168	
Nuclear Energy Research, Development and Demonstration	81.121			(6,329)	(6,329)
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122			2,366,954	1,382,310
Advanced Research and Projects Agency- Energy	81.135			623,049	250,957
Miscellaneous US Department of Energy Programs	81.RD	4000150782		118,453	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Energy (Continued)					
Miscellaneous US Department of Energy Programs	81.RD	4000166402		$ 119,431	
Miscellaneous US Department of Energy Programs	81.RD	4000168387		297,795	
Miscellaneous US Department of Energy Programs	81.RD	TEMP		17,193	
US Department of Energy Total				**5,740,418**	$ **1,834,486**
US Department of Education					
Undergraduate International Studies and Foreign Language Programs	84.016			38,235	
Special Education_Grants to States	84.027			604,596	
Career and Technical Education -- Basic Grants to States	84.048			36,005	
Graduate Assistance in Areas of National Need	84.200			62,939	
Education Research, Development and Dissemination	84.305			130,105	106,497
English Language Acquisition State Grants	84.365			421,881	
Mathematics and Science Partnerships	84.366			59,939	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)					
Pass-Through from Center for Civics Education	84.367		U367D150010	5,450	
Promoting Readiness of Minors in Supplemental Security Income	84.418			6,478,838	
US Department of Education Total				**7,837,988**	**106,497**
US Department of Health and Human Services					
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			434,811	
Pass-Through from University of Missouri	93.073		C00060151-3	8,854	
Family Smoking Prevention and Tobacco Control Act Regulatory Research					
Pass-Through from Virginia Commonwealth University	93.077		3 P50 DA0356105-0	17,748	
Pass-Through from Virginia Commonwealth University	93.077		FP00006477-SA002	65,099	
Food and Drug Administration_Research	93.103			533,119	
Maternal and Child Health Federal Consolidated Programs	93.110			53,337	
Pass-Through from Children's Hospital of Philadelphia	93.110		6 UA3MC20218-09-01	1,549	
Environmental Health	93.113			43,777	27,781
Oral Diseases and Disorders Research					
Pass-Through from Indiana University	93.121		IN4678404UA	6,548	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135			701,006	
Human Genome Research	93.172			83,960	
Research Related to Deafness and Communication Disorders					
Pass-Through from Appalachian State University	93.173		7R15DC013137-002	1,914	
Telehealth Programs	93.211			17,578	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Health and Human Services (Continued)					
Research and Training in Complementary and Integrative Health					
Pass-Through from Northern California Institute for Research	93.213		SEAL2078.06	$ 41,713	
Research on Healthcare Costs, Quality and Outcomes	93.226			235,928	$ 73,066
Mental Health Research Grants	93.242			74,601	
Pass-Through from Actualize Therapy LLC	93.242		R44MH114725	254,833	
Pass-Through from Brown University	93.242		5 R34 MH106349-0	13,960	
Pass-Through from Duke University	93.242		A030492	29,392	
Pass-Through from Electrical Geodesics, Inc.	93.242		R44 MH106421	10,280	
Pass-Through from University of Wisconsin - Madison	93.242		7R21MH108753-02	3,111	
Pass-Through from Washington/Madison County Drug Court	93.242		1H79TI080136	66,749	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance					
Pass-Through from Benton County Drug Court	93.243		1 H79TI024994-01	13,868	
Pass-Through from Benton County Drug Court	93.243		1H79TI080172-01	65,444	
Pass-Through from La Frontera, Arizona EMPACT Suicide Prevention Center	93.243		1H79T108165-01	6,352	
Pass-Through from La Frontera, Arizona EMPACT Suicide Prevention Center	93.243		1H79T108165-02	20,856	
Pass-Through from La Frontera, Arizona EMPACT Suicide Prevention Center	93.243		TAA1904125	6,665	
Pass-Through from University of Texas - Austin	93.243		IH79TI080203	5,081	
Occupational Safety and Health Program					
Pass-Through from University of Texas Health Science Center	93.262		11059A	18,374	
Alcohol Research Programs	93.273			641,347	102,432
Pass-Through from Palo Alto Institute for Research & Education	93.273		R01 AA024136-01A	144,272	
Pass-Through from University of Oklahoma - Health Science Center	93.273		7R01 AA012207-1	139,263	
Drug Abuse and Addiction Research Programs	93.279			2,938,340	67,120
Pass-Through from Cornell University	93.279		182864	5,759	
Pass-Through from InterVexion Therapeutics, LLC	93.279		40665/41779/52164	401,363	
Pass-Through from Miriam Hospital	93.279		5 R25 DA037190-05	2,027	
Pass-Through from Miriam Hospital	93.279		7109993MZ	5,759	
Pass-Through from RTI International	93.279		R01DA034627/888-14-16-45	128	
Pass-Through from University of Kentucky Research Foundation	93.279		4U01 DA013519-1	121,624	
Pass-Through from University of Texas Health Science Center - San Antonio	93.279		4 R01 DA033997-0	(9,196)	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			170,942	
Pass-Through from Rensselaer Polytechnic Institution	93.286		1R01EB025241-01	22,571	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Health and Human Services (Continued)					
Minority Health and Health Disparities Research	93.307			$ 1,837,775	$ 226,944
Pass-Through from University of North Carolina - Chapel Hill	93.307		5111631	19,516	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			16,989	
National Center for Advancing Translational Sciences	93.350			1,797,511	110,037
Pass-Through from University of California - Irvine	93.350		UL1 TR001414	34,498	
Pass-Through from University of Pittsburgh	93.350		UL1TR001857	37,035	
Nursing Research					
Pass-Through from FaceView Mask, LLC	93.361		17124	25,613	
Cancer Cause and Prevention Research	93.393			912,226	44,270
Pass-Through from University of California - Lawrence Berkeley National Laboratory	93.393		7337851	7,507	
Cancer Detection and Diagnosis Research	93.394			3,735,343	1,711,413
Pass-Through from Radiation Monitoring Devices, Inc.	93.394		R43CA168100	66,577	
Cancer Treatment Research	93.395			1,434,455	325,984
Pass-Through from Arkansas Research Alliance	93.395		HHSF223201510172	287,534	
Pass-Through from North Carolina State University	93.395		2017-1240-01	138,292	
Pass-Through from Oregon Health & Science University	93.395		5UG1CA189974	5,383	
Pass-Through from University of California - Los Angeles	93.395		1568 G TA614	453,141	
Pass-Through from University of Florida	93.395		UFDSP00012380	8,357	
Pass-Through from University of Texas - MD Anderson Cancer Center	93.395		3001164935	40,604	
Pass-Through from University of Texas - MD Anderson Cancer Center	93.395		3001327401	88,607	
Cancer Biology Research	93.396			329,917	
Pass-Through from Yale University	93.396		U01CA16067/M15A11872/A09908	4,810	
Cancer Centers Support Grants					
Pass-Through from H. Lee Moffitt Cancer Center & Research	93.397		10-18722-19-422-G7	9,712	3,240
Pass-Through from Mayo Clinic	93.397		UNI-208331-01	70,032	
Pass-Through from Washington University	93.397		5U54CA199092	48,665	
Cancer Research Manpower	93.398			164,475	
Opioid STR	93.788			96,527	
Cardiovascular Diseases Research	93.837			290,867	
Pass-Through from University of Alabama - Birmingham	93.837		5U01HL138179	1,754	
Lung Diseases Research	93.838			11,654	
Blood Diseases and Resources Research	93.839			364,105	204
Pass-Through from University of Kentucky Research Foundation	93.839		1R01HL138179	55,434	
Pass-Through from University of Pennsylvania	93.839		1-R01-HL-141408	76,859	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			1,405,086	
Pass-Through from University of Memphis	93.846		5-40387	102,157	
Pass-Through from University of Tennessee	93.846		9500074677	27,538	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Health and Human Services (Continued)					
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			$ 1,697,969	$ 178,487
Pass-Through from University of Pennsylvania	93.847		572042	(205)	
Pass-Through from Vanderbilt University	93.847		1 R25 DK111362-01A1	8,704	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			598,236	40,165
Pass-Through from Medical University of South Carolina	93.853		FAIN - 1713601	21,614	
Pass-Through from Stanford University	93.853		CONTRACT 6186550	27,861	
Allergy and Infectious Diseases Research	93.855			3,905,680	494,842
Pass-Through from Columbia University	93.855		03(GG011896-34)	13,892	
Pass-Through from Indiana University	93.855		1 R01 AI099278/IN-4689724-UA	18,033	
Pass-Through from Innovation Pathways	93.855		UAMS 001	30,789	
Pass-Through from University of Alabama - Birmingham	93.855		000504111-001 / U011AI08509	59,786	
Pass-Through from University of California - San Diego	93.855		53451909	40,018	
Pass-Through from Washington University	93.855		1R01 AI129992	58,202	
Biomedical Research and Research Training	93.859			13,810,051	770,744
Pass-Through from Arkansas Children's Hospital	93.859		34485	288,094	
Pass-Through from Arkansas Children's Research Institute	93.859		34973/034486	461,737	
Pass-Through from Arkansas Children's Research Institute	93.859		034972	49,648	
Pass-Through from Arkansas Children's Research Institute	93.859		034974	304,330	
Pass-Through from Johns Hopkins University	93.859		2002965188	59	
Pass-Through from Johns Hopkins University	93.859		2003311362	73,238	
Pass-Through from Purilogics, LLC	93.859		2R44GM117685-02 SI004	117,209	
Pass-Through from Total ACRI 034973	93.859		034973	59,759	
Pass-Through from University of Illinois Urbana - Champaign	93.859		077432-16436	7,236	
Pass-Through from University of Illinois Urbana - Champaign	93.859		077432-16438	1	
Child Health and Human Development Extramural Research	93.865			9,111,016	1,499,464
Pass-Through from AMESTechonology	93.865		UAMS-SBIR-01	(3,517)	
Pass-Through from University of Alabama - Birmingham	93.865		1R01HD0824124	88,391	
Aging Research	93.866			2,505,140	77,391
Pass-Through from Duke University	93.866		A030523/A030505	56,562	
Pass-Through from Essential Blends	93.866		R41AG050375	409,620	
Pass-Through from Invotek	93.866		1 R43 AG051303-0	(1,788)	
Pass-Through from Medical University of South Carolina	93.866		MUSC14-076/ R01AG046843	98,605	
Pass-Through from Oregon Health & Science University	93.866		1011170_UAMS	18,969	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Health and Human Services (Continued)					
Medical Library Assistance	93.879			$ 428,479	$ 76,986
Pass-Through from University of North Texas - Health Science Center	93.879		HS763-0000151538/064	1,653	
Pass-Through from University of Pennsylvania	93.879		572635	32,839	
Pass-Through from University of Washington	93.879		R01LM012222	139,239	
HIV Prevention Activities_Health Department Based	93.940			21,411	
Preventive Health and Health Services Block Grant	93.991			32,896	
Miscellaneous US Department of Health and Human Services Programs	93.RD	4501849913		9,163	
Miscellaneous US Department of Health and Human Services Programs	93.RD	HHSF223201610079		165,950	
Pass-Through from American Academy of Child and Adolescent	93.RD		HHSN271201700059C	95	
Pass-Through from Arkansas Children's Research Institute	93.RD		34972	4,859	
Pass-Through from Arkansas Research Alliance	93.RD		HHSF223201610011	69,841	
Pass-Through from Arkansas Research Alliance	93.RD		CLIN 0002- BIO3	122,553	
Pass-Through from Arkansas Research Alliance	93.RD		HHSF223201610111C	24,984	
Pass-Through from CDISC	93.RD		ADVANCE	12,401	
Pass-Through from CYTO Wave Technology, LLC	93.RD		ADVANCE ACCOUNT	109,769	
Pass-Through from Duke University	93.RD		A030662	80,297	
Pass-Through from Duke University	93.RD		ADVANCE ACCOUNT	214	
Pass-Through from Ohio State University	93.RD		4U29CA157345-05	2,161	
Pass-Through from University of Alabama - Birmingham	93.RD		HHSN272201300012	34,629	
Pass-Through from University of California - Berkeley	93.RD		7456431	32,791	
Pass-Through from University of New Mexico	93.RD		3REY1	22,532	
Pass-Through from Washington University	93.RD		200-2011-40732	29,038	
US Department of Health and Human Services Total				**56,739,994**	**5,830,570**
Department of Homeland Security					
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077			33,143	
Miscellaneous Department of Homeland Security Programs	97.RD	68169-Z9233201		28,084	
Pass-Through from Cyber Innovation Center	97.RD		012048	66,043	
Department of Homeland Security Total				**127,270**	
Research and Development Cluster Total				**118,918,624**	**12,837,712**
Student Financial Assistance Cluster					
US Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			5,260,219	
Federal Work-Study Program	84.033			5,855,880	
Federal Perkins Loan Program_Federal Capital Contributions	84.038			32,062,025	
Federal Pell Grant Program	84.063			229,385,968	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

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)					
US Department of Education (Continued)					
Federal Direct Student Loans	84.268			$ 508,209,131	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			1,300,266	
US Department of Education Total				**782,073,489**	
Nurse Faculty Loan Program (NFLP)	93.264			153,929	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342			4,657,105	
Nursing Student Loans	93.364			352,399	
US Department of Health and Human Services Total				**5,163,433**	
Student Financial Assistance Cluster Total				**787,236,922**	
US Department of Agriculture					
Agricultural Research_Basic and Applied Research	10.001			13,476	
Plant and Animal Disease, Pest Control, and Animal Care	10.025			1,186,375	
Wildlife Services	10.028			22,099	
Conservation Reserve Program					
Pass-Through from National Fish and Wildlife Foundation	10.069		0801.17.060806	499	
Wetlands Reserve Program	10.072			11,852	
Market News	10.153			20,000	
Market Protection and Promotion	10.163			39,600	
Wholesale Farmers and Alternative Market Development	10.164			9,760	$ 6,125
Farmers Market Promotion Program	10.168			130,997	15,594
Specialty Crop Block Grant Program - Farm Bill	10.170			122,142	18,410
Organic Certification Cost Share Programs	10.171			10,356	10,090
Local Food Promotion Program	10.172			25,255	
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178			4,537,921	208,765
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			1,848,397	29,131
Sustainable Agriculture Research and Education	10.215			19,451	
1890 Institution Capacity Building Grants	10.216			91,134	
Higher Education - Institution Challenge Grants Program	10.217			2,054	
Homeland Security_Agricultural	10.304			(1,500)	
Pass-Through from University of Florida	10.304		UFDSP00011544	30,039	
Agriculture and Food Research Initiative (AFRI)					
Pass-Through from Alcorn State University	10.310		2015-68006-22904	1,521	
Pass-Through from University of Kentucky Research Foundation	10.310		3200001832-18-313	13,347	
Beginning Farmer and Rancher Development Program	10.311			71,770	
Pass-Through from University of Vermont	10.311		20157001723898	11,230	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Agriculture (Continued)					
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)					
Pass-Through from Missouri State University	10.326		16042-003	$ 330	
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program					
Pass-Through from University of Florida	10.328		UFDSP00012361	5,235	
Crop Protection and Pest Management Competitive Grants program	10.329			112,012	
Pass-Through from Oklahoma State University	10.329		2-562180-UAEX	1,782	
Veterinary Services Grant Program	10.336			31,336	
Rural Business Development Grant	10.351			1,486	$ 1,486
Rural Rental Housing Loans	10.415			2,911,787	250,575
State Mediation Grants	10.435			37,107	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443			167,728	
Cooperative Extension Service	10.500			7,758,712	613,170
Pass-Through from Kansas State University	10.500		S19057	2,118	
Pass-Through from Texas Agricultural Extension Service	10.500		TCE 622126	(2,251)	
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537			1,069,506	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			51,350,622	
Child and Adult Care Food Program	10.558			52,536,591	
State Administrative Expenses for Child Nutrition	10.560			3,911,839	
WIC Farmers' Market Nutrition Program (FMNP)	10.572			154,321	
Team Nutrition Grants	10.574			10,147	
Farm to School Grant Program	10.575			1,602	1,602
Senior Farmers Market Nutrition Program	10.576			73,936	73,236
WIC Grants To States (WGS)	10.578			95,005	
Child Nutrition Discretionary Grants Limited Availability	10.579			344,588	344,588
Fresh Fruit and Vegetable Program	10.582			2,491,087	2,423,444
Child Nutrition Direct Certification Performance Awards	10.589			22,416	
Forestry Research	10.652			17,997	
Cooperative Forestry Assistance	10.664			2,021,053	170,831
Forest Legacy Program	10.676			21,316	
Forest Stewardship Program	10.678			942,900	4,550
Forest Health Protection	10.680			94,838	70,178
National Fish and Wildlife Foundation					
Pass-Through from Pheasants Forever	10.683		MFFI 201-02	1,600	
State & Private Forestry Hazardous Fuel Reduction Program	10.697			152,002	
Partnership Agreements	10.699			398	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Agriculture (Continued)					
Rural Cooperative Development Grants					
Pass-Through from New York Institute of Technology	10.771		03-016-111788788-ASU-1	$ 26,113	
Rural Development Cooperative Agreement Program	10.890			33,515	
Soil and Water Conservation	10.902			1,440,899	$ 623,669
Environmental Quality Incentives Program	10.912			393,198	172,453
Emergency Watershed Protection Program	10.923			203,015	
Conservation Stewardship Program	10.924			14,988	
US Department of Agriculture Total				**136,670,649**	**5,037,897**
US Department of Commerce					
Cluster Grants	11.020			124,554	
Economic Development_Technical Assistance	11.303			83,204	
Pass-Through from Northwest Arkansas Economic Development District	11.303		EDA-18-001	9,618	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes					
Pass-Through from Mississippi State University	11.432		018000.340677.05	8,714	
Manufacturing Extension Partnership	11.611			1,103,489	63,928
US Department of Commerce Total				**1,329,579**	**63,928**
US Department of Defense					
Issue of Department of Defense excess equipment	12.000			5,886,222	
Procurement Technical Assistance For Business Firms	12.002			507,226	
Payments to States in Lieu of Real Estate Taxes	12.112			1,121,220	1,121,220
Military Construction, National Guard	12.400			134,370	
National Guard Military Operations and Maintenance (O&M) Projects	12.401			49,257,054	
National Guard ChalleNGe Program	12.404			2,708,810	
Basic, Applied, and Advanced Research in Science and Engineering					
Pass-Through from National Science Teachers Association	12.630		W911SR-15-2-0001	11,016	
CyberSecurity Core Curriculum	12.905			4,282	
US Department of Defense Total				**59,630,200**	**1,121,220**
US Department of Housing and Urban Development					
Manufactured Home Dispute Resolution	14.171			85,249	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			34,745,467	22,394,437
Emergency Solutions Grant Program	14.231			2,312,561	2,106,171
Home Investment Partnerships Program	14.239			9,323,738	8,397,405
Housing Opportunities for Persons with AIDS	14.241			718,923	703,678

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Housing and Urban Development (Continued)					
Housing Trust Fund	14.275			$ 38,002	
Fair Housing Assistance Program_State and Local	14.401			409,277	
US Department of Housing and Urban Development Total				**47,633,217**	$ **33,601,691**
US Department of the Interior					
Indian Education_Higher Education Grant	15.114			200,893	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			72,599	
Abandoned Mine Land Reclamation (AMLR) Program	15.252			777,550	
Flood Control Act Lands	15.433			119,123	119,123
Minerals Leasing Act	15.437			484,606	242,303
National Forest Acquired Lands	15.438			279,057	279,057
Fish and Wildlife Management Assistance	15.608			118,320	
Cooperative Endangered Species Conservation Fund	15.615			97,827	51,228
Clean Vessel Act Program	15.616			1,239,570	1,107,754
Sportfishing and Boating Safety Act	15.622			11,140	11,140
Enhanced Hunter Education and Safety	15.626			80,080	
State Wildlife Grants	15.634			416,864	215,013
Endangered Species Conservation - Recovery Implementation Funds	15.657			16,936	
U.S. Geological Survey_ Research and Data Acquisition	15.808			(264)	
National Cooperative Geologic Mapping	15.810			67,536	
National Geological and Geophysical Data Preservation	15.814			16,377	
Historic Preservation Fund Grants-In-Aid	15.904			899,322	89,076
Outdoor Recreation_Acquisition, Development and Planning	15.916			2,033,399	250,000
Native American Graves Protection and Repatriation Act	15.922			21,624	
Water Use and Data Research	15.981			54,709	
US Department of the Interior Total				**7,007,268**	**2,364,694**
US Department of Justice					
Sexual Assault Services Formula Program	16.017			383,350	383,350
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525			147,679	
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540			158,451	14,120
Missing Children's Assistance	16.543			249,223	
Crime Victim Assistance	16.575			13,642,403	12,557,418
Crime Victim Compensation	16.576			1,081,756	
Crime Victim Assistance/Discretionary Grants	16.582			93,280	
Drug Court Discretionary Grant Program	16.585			79,739	
Pass-Through from Mid South Health Systems, Inc.	16.585		N/A	2,806	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Justice (Continued)					
Violence Against Women Formula Grants	16.588			$ 1,462,291	$ 1,110,465
Residential Substance Abuse Treatment for State Prisoners	16.593			250,533	99,354
State Criminal Alien Assistance Program	16.606			4,146	
Project Safe Neighborhoods	16.609			5,293	
Public Safety Partnership and Community Policing Grants	16.710			24,336	
Juvenile Mentoring Program					
Pass-Through from National 4-H Council	16.726		2017-JU-FX-0016	26,314	
Pass-Through from National 4-H Council	16.726		2018-JU-FX-0005	12,476	
Edward Byrne Memorial Justice Assistance Grant Program	16.738			2,872,332	2,767,421
DNA Backlog Reduction Program	16.741			1,300,437	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			402,930	
Criminal and Juvenile Justice and Mental Health Collaboration Program					
Pass-Through from Mid South Health Systems, Inc.	16.745		N/A	4,292	
Edward Byrne Memorial Competitive Grant Program	16.751			121,495	
Harold Rogers Prescription Drug Monitoring Program	16.754			279,201	10,802
John R. Justice Prosecutors and Defenders Incentive Act	16.816	2018-RJ-BX-0008		36,435	
Justice Reinvestment Initiative	16.827			130,704	
Comprehensive Opioid Abuse Site-Based Program	16.838			159,773	
Equitable Sharing Program	16.922			147,747	
Miscellaneous US Department of Justice Programs	16.U01	N/A		5,356	
US Department of Justice Total				**23,084,778**	**16,942,930**
US Department of Labor					
Labor Force Statistics	17.002			789,201	
Compensation and Working Conditions	17.005			114,407	
Registered Apprenticeship	17.201			57,073	(16,263)
Unemployment Insurance	17.225			115,196,649	
Senior Community Service Employment Program	17.235			1,472,843	1,455,463
Trade Adjustment Assistance	17.245			3,647,558	
H-1B Job Training Grants	17.268			725,664	363,559
Pass-Through from Arkansas Community Colleges (ACC)	17.268		ACC ASUMH AAPI 2	77,721	
Pass-Through from Greater Memphis Alliance for a Competitive Workforce	17.268		HG-30131-17-60-A-47	131,977	
Work Opportunity Tax Credit Program (WOTC)	17.271			149,725	
Temporary Labor Certification for Foreign Workers	17.273			84,429	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			1,095,221	801,371
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282			400,261	400,261

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Labor (Continued)					
Apprenticeship USA Grants	17.285			$ 36,919	$ 83
Occupational Safety and Health_Susan Harwood Training Grants	17.502			59,150	
Consultation Agreements	17.504			1,201,409	
Mine Health and Safety Grants	17.600			120,797	
US Department of Labor Total				**125,361,004**	**3,004,474**
US Department of State					
Public Diplomacy Programs	19.040			24,970	
Academic Exchange Programs - Scholars	19.401			90,987	68,507
Professional and Cultural Exchange Programs - Citizen Exchanges					
Pass-Through from Indiana University	19.415		BL-4346829-UA	78,614	
US Department of State Total				**194,571**	**68,507**
US Department of Transportation					
Airport Improvement Program	20.106			4,186	4,186
Highway Training and Education	20.215			37,112	
Motor Carrier Safety Assistance	20.218			4,123,942	
Commercial Driver's License Program Implementation Grant	20.232			205,849	
Railroad Development	20.314			185,597	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			2,042,422	1,928,305
Formula Grants for Rural Areas	20.509			13,197,364	12,595,489
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528			160,369	88,405
Alcohol Open Container Requirements	20.607			3,093,305	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			7	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			125,665	
Pipeline Safety Program State Base Grant	20.700			675,623	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			270,542	61,371
US Department of Transportation Total				**24,121,983**	**14,677,756**
US Department of the Treasury					
Low Income Taxpayer Clinics	21.008			99,989	
US Department of the Treasury Total				**99,989**	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			$ 12,314,478	
General Services Administration Total				**12,314,478**	
Library of Congress					
Library of Congress Publications					
Pass-Through from National History Day	42.005		A08-0002-S035	741	
Miscellaneous Library of Congress Programs					
Pass-Through from Illinois State University	42.U01		A08-0002-S028	9,030	
Library of Congress Total				**9,771**	
National Aeronautics and Space Administration					
Education	43.008			14,994	
Miscellaneous National Aeronautics and Space Administration Programs	43.U01	N/A		20,163	
National Aeronautics and Space Administration Total				**35,157**	
Institute of Museum and Library Services					
Grants to States	45.310			1,785,226	
Institute of Museum and Library Services Total				**1,785,226**	
National Endowment for the Arts					
Promotion of the Arts_Grants to Organizations and Individuals	45.024			2,750	
Pass-Through from Arts Midwest	45.024		DCA 2017-07	15,000	
Promotion of the Arts_Partnership Agreements	45.025			599,235	$ 504,125
Pass-Through from Mid-America Arts Alliance	45.025		18-CS-1108100-054	5,000	
National Endowment for the Arts Total				**621,985**	**504,125**
National Endowment for the Humanities					
Promotion of the Humanities_Federal/State Partnership	45.129			880	
Pass-Through from Arkansas Humanities Council	45.129		2018-Min-18-06	2,000	
Pass-Through from Arkansas Humanities Council	45.129		AHC-18-010	2,731	
Promotion of the Humanities_Challenge Grants	45.130			15,494	
Promotion of the Humanities_Division of Preservation and Access	45.149			120,474	
Promotion of the Humanities_Public Programs					
Pass-Through from City Lore	45.164		20731	1,300	
National Endowment for the Humanities Total				**142,879**	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
National Science Foundation					
Engineering Grants	47.041			$ 14,999	
Pass-Through from Cell Biology Education Consortium	47.041		1827066	2,635	
Education and Human Resources	47.076			1,325,511	
Office of International Science and Engineering	47.079			27,203	
Office of Integrative Activities	47.083			838,089	$ 227,583
Pass-Through from University of Alaska - Fairbanks	47.083		PO523241	3,250	
National Science Foundation Total				**2,211,687**	**227,583**
Small Business Administration					
Small Business Development Centers	59.037			1,046,673	
Federal and State Technology Partnership Program	59.058			158,345	
State Trade Expansion	59.061			54,228	
Small Business Administration Total				**1,259,246**	
US Department of Veterans Affairs					
Veterans State Nursing Home Care	64.015			12,168,082	
Post-9/11 Veterans Educational Assistance	64.027			411,099	
Research and Development					
Pass-Through from Illinois State University	64.054		1476147	5,451	
Burial Expenses Allowance for Veterans	64.101			460,959	
Vocational Rehabilitation for Disabled Veterans	64.116			8,312	
All-Volunteer Force Educational Assistance	64.124			296,733	
Veterans Cemetery Grants Program	64.203			1,487,661	
Miscellaneous US Department of Veterans Affairs Programs	64.U01	N/A		64,795	
US Department of Veterans Affairs Total				**14,903,092**	
Environmental Protection Agency					
Air Pollution Control Program Support	66.001			1,042,685	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			258,559	
State Clean Diesel Grant Program	66.040			199,298	189,464
Multipurpose Grants to States and Tribes	66.204			5,349	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			1,919,474	
State Public Water System Supervision	66.432			1,009,224	
State Underground Water Source Protection	66.433			94,668	
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act					
Pass-Through from University of Wisconsin - Extension	66.436		PO# 0000001176	13,187	
Water Quality Management Planning	66.454			106,000	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Environmental Protection Agency (Continued)					
Nonpoint Source Implementation Grants	66.460			$ 2,105,957	$ 1,369,813
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			485,485	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			176,618	
Pollution Prevention Grants Program	66.708			34,272	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies					
Pass-Through from Extension Foundation	66.716		83698001	18,491	
Pass-Through from Extension Foundation	66.716		SA-2017-74	12,149	
Hazardous Waste Management State Program Support	66.801			1,171,913	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			228,262	
Underground Storage Tank Prevention, Detection and Compliance Program	66.804			583,904	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			379,631	
State and Tribal Response Program Grants	66.817			449,311	
Environmental Protection Agency Total				**10,294,437**	**1,559,277**
US Department of Energy					
State Energy Program	81.041			226,105	
Weatherization Assistance for Low-Income Persons	81.042			2,071,243	1,855,770
Conservation Research and Development	81.086			3,276	
Fossil Energy Research and Development					
Pass-Through from University of Texas - Austin	81.089		UTA18-001356	12,841	
Environmental Remediation and Waste Processing and Disposal	81.104			8,610,101	
State Energy Program Special Projects	81.119			127,223	
US Department of Energy Total				**11,050,789**	**1,855,770**
US Department of Education					
Adult Education - Basic Grants to States	84.002			5,204,157	2,170,993
Title I Grants to Local Educational Agencies	84.010			150,676,510	149,586,790
Migrant Education_State Grant Program	84.011			4,851,231	4,559,871
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			293,368	60,447
Overseas Programs - Group Projects Abroad	84.021			418,485	
Higher Education_Institution Aid	84.031			9,212,210	
Federal Family Education Loans	84.032			189,990,611	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Education (Continued)					
Career and Technical Education -- Basic Grants to States	84.048			$ 11,530,839	$ 7,120,085
Pass-Through from Arkansas STEM Coalition	84.048		2023	3,164	
Pass-Through from Arkansas STEM Coalition	84.048		2068	4,323	
Pass-Through from Arkansas STEM Coalition	84.048		N/A	8,901	
Pass-Through from Dequeen School District	84.048		N/A	4,934	
Pass-Through from Jonesboro Public School System	84.048		V048A180004	93,737	
Pass-Through from Wynne School District	84.048		MOU	29,160	
Fund for the Improvement of Postsecondary Education					
Pass-Through from University of California	84.116		A19-2776-S006	1,766	
Minority Science and Engineering Improvement	84.120			69,906	
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126			50,231,399	
Rehabilitation Long-Term Training	84.129			690,068	
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177			317,738	315,000
Special Education-Grants for Infants and Families	84.181			3,288,754	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			288,560	
Education for Homeless Children and Youth	84.196			613,712	507,489
Rehabilitation Training Technical Assistance Centers					
Pass-Through from San Diego State University	84.264		SA0000490	108,176	
Pass-Through from University of Massachusetts	84.264		B000271347	106,737	
Eisenhower Professional Development State Grants	84.281			(111)	(111)
Charter Schools	84.282			(3)	(3)
Twenty-First Century Community Learning Centers	84.287			10,512,322	10,036,656
Educational Technology State Grants	84.318			(3,062)	(3,062)
Special Education - State Personnel Development	84.323			1,170,912	1,166,566
Pass-Through from Great Rivers Educational Coop	84.323		H323A150013	383,637	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			410,918	
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			115,513	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334			1,295,393	
Child Care Access Means Parents in School	84.335			90,120	
Reading First State Grants	84.357			(121)	(121)
Rural Education	84.358			3,163,218	3,163,218
English Language Acquisition State Grants	84.365			4,600,888	3,661,121
Mathematics and Science Partnerships	84.366			(23,619)	(23,619)

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Education (Continued)					
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367			$ 18,992,952	$ 18,308,240
Pass-Through from National Writing Project	84.367		97-AR03-SEED2018-C3WPPD	8,950	
Pass-Through from National Writing Project	84.367		99-AR03-SEED2017-ILI	1,375	
Pass-Through from University of California - Berkeley	84.367		99-AR03-SEED2017-CRWPAI	3,564	
Grants for State Assessments and Related Activities	84.369			5,440,376	
School Improvement Grants	84.377			3,462,494	3,280,950
Strengthening Minority-Serving Institutions	84.382			1,748,684	
Preschool Development Grants	84.419			18,028,948	17,342,475
Student Support and Academic Enrichment Program	84.424			7,344,888	7,178,249
American Printing House for the Blind	84.906			50,790	
Hurricane Education Recovery	84.938			352	352
Javits Gifted and Talented Students Education	84.206A			242,643	14,279
Race to the Top - Preschool Development Grants	84.419B			687,613	
Miscellaneous US Department of Education Programs	84.U01	P408A151088		(2)	
US Department of Education Total				**505,768,078**	**228,445,865**
Delta Regional Authority					
Delta Regional Development	90.200			289,489	
Delta Area Economic Development	90.201			55,543	
Pass-Through from Winrock International	90.201		6796-18-C-27	472	
Delta Regional Authority Total				**345,504**	
US Election Assistance Commission					
2018 HAVA Election Security Grants	90.404			4,382,852	
US Election Assistance Commission Total				**4,382,852**	
US Department of Health and Human Services					
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042			130,857	129,859
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043			183,374	183,374
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048			228,940	25,000
National Family Caregiver Support, Title III, Part E	93.052			1,807,585	1,807,585
Public Health Emergency Preparedness	93.069			354,864	
Medicare Enrollment Assistance Program	93.071			354,453	222,678
Lifespan Respite Care Program	93.072			51,799	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			$ 298,162	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			8,346,569	$ 1,441,652
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			81,032	(5,775)
Sodium Reduction in Communities	93.082			358,217	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			415,121	352,491
Food and Drug Administration_Research	93.103			640,286	
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104			241,556	80
Area Health Education Centers	93.107			934,523	
Maternal and Child Health Federal Consolidated Programs	93.110			1,275,441	239,727
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			652,283	
Emergency Medical Services for Children	93.127			152,225	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			180,357	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135			24,688	
Injury Prevention and Control Research and State and Community Based Programs	93.136			681,410	
Projects for Assistance in Transition from Homelessness (PATH)	93.150			270,194	269,960
Nursing Workforce Diversity	93.178			51	
Disabilities Prevention	93.184			546,944	
Graduate Psychology Education	93.191			214,059	
Telehealth Programs	93.211			605,420	17,335
Research and Training in Complementary and Integrative Health	93.213			21,375	
Family Planning_Services	93.217			4,345,901	
Traumatic Brain Injury State Demonstration Grant Program	93.234			115,646	
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235			900,174	869,603
State Capacity Building	93.240			321,003	
State Rural Hospital Flexibility Program	93.241			398,416	109,164

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243			$ 4,137,996	$ 1,517,795
Pass-Through from Craighead County	93.243		N/A	20,340	
Pass-Through from Mid South Health Systems, Inc.	93.243		1H79SM061557-01	55,469	
Pass-Through from Mid South Health Systems, Inc.	93.243		N/A	145,511	
Pass-Through from University of Texas - Austin	93.243		UTA14-001302	6,464	
Advanced Nursing Education Workforce Grant Program	93.247			852,965	
Universal Newborn Hearing Screening	93.251			212,627	49,132
Poison Center Support and Enhancement Grant Program	93.253			157,241	
Immunization Cooperative Agreements	93.268			44,545,014	46,843
Viral Hepatitis Prevention and Control	93.270			213,068	46,476
Drug-Free Communities Support Program Grants	93.276			134,474	
Pass-Through from Out of the Dark, Inc.	93.276		N/A	5,261	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283			(4)	(4)
State Partnership Grant Program to Improve Minority Health	93.296			160,245	
Small Rural Hospital Improvement Grant Program	93.301			286,970	265,128
PPHF2018: Office of Smoking and Health - National State-Based Tobacco Control Programs - financed in part by 2018 Prevention and Public Health Funds (PPHF)	93.305			1,040,436	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314			94,048	
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319			1,086,937	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			2,910,542	269,331
State Health Insurance Assistance Program	93.324			442,339	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			1,045,373	285,856
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366			87,691	
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367			119,464	
ACL Independent Living State Grants	93.369			287,808	
Cancer Treatment Research					
Pass-Through from Oregon Health & Science University	93.395		9009627_UARMS	9,857	
The State Flexibility to Stabilize the Market Grant Program	93.413			14,814	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke - Financed in part by 2018 Prevention and Public Health Funds	93.426			$ 619,750	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research					
Pass-Through from Memorial Hermann Health System	93.433		1625-17	12,818	
Pass-Through from Memorial Hermann Health System	93.433		19-1688	30,960	
Every Student Succeeds Act/Preschool Development Grants	93.434			45,322	
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436			4,620	
State Physical Activity and Nutrition (SPAN)	93.439			338,182	
Food Safety and Security Monitoring Project	93.448			357,977	
ACL Assistive Technology	93.464			515,353	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program					
Pass-Through from Arkansas Children's Hospital	93.505		D89MC23141-02-00	365,551	
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511			81,006	
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			121,040	
Teaching Health Center Graduate Medical Education Payment	93.530			268,244	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539			2,013,540	$ 7,103
Promoting Safe and Stable Families	93.556			5,971,856	
Child Support Enforcement	93.563			24,476,316	
Refugee and Entrant Assistance_State Administered Programs	93.566			2,085	
Low-Income Home Energy Assistance	93.568			28,018,472	27,734,841
Community Services Block Grant	93.569			9,091,124	8,935,208
Refugee and Entrant Assistance_Discretionary Grants	93.576			22,194	
State Court Improvement Program	93.586			377,139	7,764
Community-Based Child Abuse Prevention Grants	93.590			274,656	
Grants to States for Access and Visitation Programs	93.597			110,152	
Chafee Education and Training Vouchers Program (ETV)	93.599			118,504	
Head Start	93.600			12,408,445	2,768,885
Adoption and Legal Guardianship Incentive Payments	93.603			372,852	
Developmental Disabilities Basic Support and Advocacy Grants	93.630			1,238,073	649,364

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632			$ 567,366	
Children's Justice Grants to States	93.643			205,709	
Stephanie Tubbs Jones Child Welfare Services Program	93.645			2,293,463	
Adoption Opportunities	93.652			17,439	
Foster Care_Title IV-E	93.658			43,924,329	
Adoption Assistance	93.659			27,797,045	
Social Services Block Grant	93.667			16,483,350	
Child Abuse and Neglect State Grants	93.669			59,897	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			1,179,688	$ 1,122,397
Chafee Foster Care Independence Program	93.674			396,999	
Mental and Behavioral Health Education and Training Grants	93.732			411,133	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733			415	
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	93.735			51,054	
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738			670,480	3,866
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			147,437	
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			363,779	70,977
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758			445,210	53,662
Children's Health Insurance Program	93.767			153,630,711	
Pass-Through from Arkansas Children's Hospital	93.767		D89MC23141-02-00	151,796	
Opioid STR	93.788			5,258,332	98,000
Money Follows the Person Rebalancing Demonstration	93.791			3,053,506	
Organized Approaches to Increase Colorectal Cancer Screening	93.800			300,670	41,762
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).	93.815			201,312	
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817			36,766	18,310
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			48,870	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Biomedical Research and Research Training	93.859			$ 313,630	
Pass-Through from Xlerate Health, LLC	93.859		1UT2GM130174-01	6,200	
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870			6,600,921	
Pass-Through from Arkansas Children's Hospital	93.870		N/A	64,273	
Medical Library Assistance					
Pass-Through from University of North Texas - Health Science Center	93.879		2017-1155	19,246	
National Bioterrorism Hospital Preparedness Program	93.889			31,607	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			2,494,623	$ 150,366
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	59,799	
Grants to States for Operation of State Offices of Rural Health	93.913			180,264	
HIV Care Formula Grants	93.917			5,498,477	2,309,781
Healthy Start Initiative	93.926			57,400	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938			(6)	(6)
HIV Prevention Activities_Health Department Based	93.940			1,907,920	160,649
Assistance Programs for Chronic Disease Prevention and Control	93.945			353,390	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			124,858	
Block Grants for Community Mental Health Services	93.958			6,547,036	6,544,516
Block Grants for Prevention and Treatment of Substance Abuse	93.959			8,890,878	5,198,261
PPHF Geriatric Education Centers	93.969			832,957	39,700
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			1,188,497	
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981			212,458	62,928
Preventive Health and Health Services Block Grant	93.991			749,634	95,125
Maternal and Child Health Services Block Grant to the States	93.994			8,309,672	23,641
Autism and Other Developmental Disabilities, Surveillance, Research, and Prevention	93.998			197,068	
Miscellaneous US Department of Health and Human Services Programs	93.U01	4600043602		26,571	
Miscellaneous US Department of Health and Human Services Programs	93.U02	HHSF22321400121C		564,095	
Miscellaneous US Department of Health and Human Services Programs	93.U03	N/A		5,862,021	
Pass-Through from Leidos Biomedical Research, Inc.	93.U04		16X011-#1 through #4/HHSN2612008000001	1,422,060	90,138
Pass-Through from University of North Texas - Health Science Center	93.U05		HS763-0000147503	6,350	
US Department of Health and Human Services Total				**480,680,761**	**64,330,528**

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2019

Cluster Name/Federal Grantor/Program Name/ Pass-Through Entity	CFDA	Other Identifying #	Pass-Through Identifying #	Expenditure	Amount Provided to Subrecipients
Corporation for National and Community Service					
State Commissions	94.003			$ 238,357	
AmeriCorps	94.006			1,608,328	$ 1,448,173
Pass-Through from Jumpstart for Young Children	94.006		120200	52,521	
Training and Technical Assistance	94.009			139,111	
Volunteers in Service to America	94.013			37,544	
Corporation for National and Community Service Total				**2,075,861**	**1,448,173**
Department of Homeland Security					
State and Local Homeland Security National Training Program	97.005			851,704	703,682
Pass-Through from Center for Rural Development	97.005		EMW-2015-CA-00190-S01	102,089	
Pass-Through from Center for Rural Development	97.005		EMW-2016-CA-00097-S01	377,716	
Pass-Through from Center for Rural Development	97.005		EMW-2017-CA-00052-S01	32,779	
Pass-Through from Center for Rural Development	97.005		EMW-2018-CA-00075-S01	4,965	
Pass-Through from Norwich University	97.005		N/A	25,759	
Pass-Through from University of Texas - San Antonio	97.005		N/A	178,372	
Homeland Security Preparedness Technical Assistance Program	97.007			60,178	
Boating Safety Financial Assistance	97.012			1,451,961	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			110,190	10,000
Flood Mitigation Assistance	97.029			160,795	142,887
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			9,168,246	8,370,262
Hazard Mitigation Grant	97.039			905,809	667,587
National Dam Safety Program	97.041			751	
Emergency Management Performance Grants	97.042			4,415,098	1,746,299
State Fire Training Systems Grants	97.043			16,751	
Cooperating Technical Partners	97.045			634,713	
Pre-Disaster Mitigation	97.047			655,150	525,404
Homeland Security Grant Program	97.067			4,208,524	3,323,323
Department of Homeland Security Total				**23,361,550**	**15,489,444**
Agency for International Development					
USAID Foreign Assistance for Programs Overseas					
Pass-Through from International Research and Exchanges Board	98.001		FY19-FTEA-UA-01	299,164	235,316
Agency for International Development Total				**299,164**	**235,316**
Total Expenditures of Federal Awards				**$ 9,422,710,989**	**$ 801,218,757**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

State of Arkansas
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2019

(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:		
Federal Family Education Loans	84.032	$189,990,611
State of Arkansas Construction Assistance Revolving Loan Fund:		
Clean Water State Revolving Fund Cluster	66.458	$ 4,815,989
State of Arkansas Drinking Water Revolving Loan Fund:		
Drinking Water State Revolving Fund Cluster	66.468	$ 13,356,719
University of Arkansas for Medical Sciences:		
Research and Development Cluster	various	$ 55,977,041
Head Start	93.600	$ 8,582,683

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 $28,268,133 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, 2019, 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	$ 8,499,317
84.038	Federal Perkins Loan Program_Federal Capital Contributions	27,808,158
93.264	Nurse Faculty Loan Program (NFLP)	111,289
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	4,657,105
93.364	Nursing Student Loans	352,399
	Total	$41,428,268

(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, 2019, Direct Loans totaling $508,209,131 and FFEL loans totaling $0 were made to students enrolled at higher educational agencies in the State. These loans are included in the Schedule. The outstanding loan balance for CFDA 84.032 at June 30, 2019, was $162,432,096.

Education loans made or purchased by the Arkansas Student Loan Authority, a division of 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, which amounted to $188,457,515 at July 1, 2018. 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 Arkansas Development Finance Authority and U.S. Department of Agriculture Rural Development during fiscal year 2013 and fiscal year 2016. When received, these funds will be used to make new loans for program activities. The outstanding loan receivable balance from subrecipients was $2,594,845 for the year ended June 30, 2019. Total disbursements for loans made to subrecipients totaled $250,575 during the year ended June 30, 2019.[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, 2019. No disbursements were made for new loans during the year ended June 30, 2019. [1]

Expenditures reflected in CFDA 14.239, HOME Investment Partnerships Program, include loans to contractors and borrowers for development of single-family and multifamily 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 $109,961,585 for the year ended June 30, 2019. Total disbursements of federal funds for repayable loans made to subrecipients totaled $5,808,736 during the year ended June 30, 2019. [1]

Expenditures reflected in CFDA 66.458, Capitalization Grants for Clean Water State Revolving Funds, include loans to municipalities and other public entities for construction of water treatment facilities. The funding source for these loans includes federal grant funds, state match funds, bond 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 Program's outstanding loan receivable balance from subrecipients was $279,208,594 for the year ended June 30, 2019. Total federal disbursements totaled $4,442,187 during fiscal year 2019. Total loans forgiven totaled $741,000. For the year ended June 30, 2019, the Program received $373,802 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 consolidation of new or existing water systems. The funding source for these loans includes federal grant funds, state match funds, bond 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 Program's outstanding loan receivable balance from subrecipients from all funding sources was $156,968,529 or the year ended June 30, 2019. Total federal loan disbursements totaled $9,648,351 during fiscal year 2019. Total loans forgiven totaled $5,392,000 during fiscal year 2019. For the year ended June 30, 2019, the Program received $3,708,368 in federal funds for administrative costs, which were disbursed to the administration agencies. [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 year 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 2019. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2019, totaled $6,178,594. Total disbursements for new loans made during fiscal year 2019 totaled $788,494.

(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:

10.178	Trade Mitigation Program Eligible Recipient Operational Funds	$ 4,537,921
10.555	National School Lunch Program	19,413,576
10.558	Child and Adult Care Food Program	13,765
10.565	Commodity Supplemental Food Program	1,784,486
10.569	Emergency Food Assistance Program (Food Commodities)	6,520,979
12.000	Issue of Department of Defense excess equipment	5,886,222
39.003	Donation of Federal Surplus Personal Property	12,314,478
84.906	American Printing House for the Blind	50,790
93.268	Immunization Grants	43,108,872
	Total	$ 93,631,089

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

During fiscal year 2019, the State received cash rebates totaling $23,143,604 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 345,920 more persons than could be served this fiscal year in the absence of the rebate contract.

(6) Disability Determination for Social Security

External auditors other than Arkansas Legislative Audit have been engaged to audit Disability Determination for Social Security Administration (DDSSA) included in the State of Arkansas Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. This entity is not included in the Schedule of Expenditures of Federal Awards because the audit is based on the federal fiscal year, which ends September 30. For the period ended September 30, 2018, the audit firm was Stan Parks, CPA, which issued an audit report for October 1, 2017 through September 30, 2018. The audit for the period ended September 30, 2019, has been procured by DDSSA.

(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 $115,196,649 of expenditures reported on the SEFA is comprised of $22,654,916 of Federal funds and $92,541,733 of State UI funds.

(8) Notes Payable

The federal loan programs listed subsequently are administered directly by 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, 2019, consists of: [1]

CFDA Number	Program Name	Outstanding Balance at June 30, 2019
10.415	Preservation Revolving Loan Fund	$ 2,631,035

[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, 2019

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

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, 2019 is located on **page 110** and includes all findings from the prior audit, June 30, 2018 and certain findings from previous audits, including the years ended June 30, 2017, 2016, 2015, and 2014.

Federal Program Name	Page Number(s)
Child Nutrition Cluster	111 - 112
Child and Adult Care Food Program	113 - 116
Foster Care_Title IV-E	117 - 118; 166
Medicaid Cluster	119 - 129; 134 - 160; 167 - 168; 170 - 185
Children's Health Insurance Program	119 - 133; 167 - 169; 174 - 176; 179; 183
TANF Cluster	161 - 165
Research and Development Cluster	186 - 187
Head Start	186 - 189

STATE OF ARKANSAS
Department of Finance and Administration

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September 26, 2019

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, 2018, 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, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: 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 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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

Contact Person:
Christine Coutu
Deputy Chief Managerial Accounting
Department of Human Services
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Little Rock, AR 72201
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Christine.coutu@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Corrective action was taken

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: 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 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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Questioned Costs:
Unknown

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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:
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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has reviewed all deficient claims and identified the root cause of the incorrect aid category identification. The system deficiency was corrected on December 17, 2019 and internal monitoring was completed on 6/12/19 to confirm claims contain the correct aide category. The agency will be returning the federal share of all unallowed amounts as part on the CMS-21 report which is to be submitted on July 31, 2019.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has reviewed all deficient claims and identified the root cause of the incorrect aid category identification. The system deficiency was corrected on December 17, 2019 and internal monitoring was completed on 6/12/19 to confirm claims contain the correct aide category. The agency will be returning the federal share of all unallowed amounts as part on the CMS-21 report which is to be submitted on July 31, 2019.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has updated the method of correction for review and approval of claims suspended in MMIS. The agency has limited the number of employees who are permitted to approve the claims, provided training to staff on the review and approval process for suspended claims, and has updated MMIS resolution manuals to accurately reflect the review and approval process. The agency is conducting internal monitoring reviews to confirm the established process of review and approval is being followed. Additionally, the agency will return the federal share of all unallowable claims on the CMS-64 report which is to be submitted on July 31, 2019.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.)

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: 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 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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:

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.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has reviewed all deficient claims and identified the root cause of the incorrect aid category identification. The system deficiency was corrected on December 17, 2019 and internal monitoring was completed on 6/12/19 to confirm claims contain the correct aide category. The agency will be returning the federal share of all unallowed amounts as part on the CMS-21 report which is to be submitted on July 31, 2019.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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):
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

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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:
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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: 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 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Corrective action was taken

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).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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:

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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Corrective action was taken

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).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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).

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has developed internal controls to ensure the timely completion, reconciliation, and submission of federal reports. The agency will be returning the federal share of all unallowed amounts as part on the CMS-64 report which is to be submitted on July 31, 2019.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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

Contact Person:

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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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected, DHS has updated its process for approving claims with potential timely filing issues and has trained staff on the approval process. 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. Personnel authorized to approve claims suspended for timely filing is limited to the DMS Director and DMS Deputy Director. The agency is conducting internal monitoring to confirm that these procedures are being followed.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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:
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).

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.)

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

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**

Auditee reported status as of June 30, 2019: Partially corrected, DHS has adjusted its method of payment to reapportion costs for the system. The federal share for all unallowed amounts has been returned. Office of Procurement and financial staff have been trained on statutory guidelines related to contract thresholds and legislative review. The agency is conducting internal monitoring to ensure compliance with the new allocation process and state procurement law.

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)

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; The agency has developed and implemented a process for completion of provider eligibility reviews. The agency is conducting internal monitoring reviews to ensure reviews are being completed timely.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS electronically transferred funds to active providers with an EFT agreement and reissued checks to active providers with no EFT agreement. The agency will return federal funds via the CMS-64 report for stale-dated checks submitted to inactive providers. The report will be submitted on July 31, 2019.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has developed and implement procedures for completion of provider site visits, criminal background checks, and revalidations. The agency is conducting internal monitoring to confirm compliance with new procedures and federal regulations.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019: Partially corrected; DHS has updated its internal reconciliation process to automatically recoup pharmacy and legacy system processed claims that were paid subsequent to recipient date of death. Also, the agency has updated. 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. Further, the agency is in the process of reviewing date of death data in its eligibility systems and MMIS for the purpose of identifying any additional updates that need to be made in both systems to prevent the payment of claims after a recipient's date of death.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019:

"Corrective action was taken" – all corrective action has been taken and the finding is fully corrected.

- Although significant corrective action has been taken as described in the initial response, the final ACF-199 report will not be transmitted until November 15, 2019. Action leading up to the submission of the report is not due until November 1, 2019.
- "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. This was resolved by DWS-TANF IT through systems program changes.
- 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. This has been resolved with DWS-TANF reporting unit performing the review.
- The DHS IT vendor is also making systems changes on their side of the file generation to ensure that the child care information is complete and accurate before exchanging the file with ADWS/TANF. This check is being implemented in addition to what we have already done to resolve the issue. This will be resolved by October 15, 2019.
- A new human readable and user-friendly report of the key ACF-199 elements will be designed and developed by November 1, 2019. 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

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019:

"Partially Corrected" – some, but not all, corrective action has been taken.

- Although corrective action has been taken as described in the initial response, after February 2019 a corrected FFY2017 ACF-204 report was submitted to the Administration for Children & Families and is pending approval by our federal program manager. As it relates to future corrective action, the procedure for internal controls has been drafted, and is ready for implementation with the upcoming transmission on November 15, 2019. It is being deliberated internally if there needs to be a formal memo to be distributed to formalize the process – considering the restructuring that the agency is going through, and any need to accommodate new stakeholders. Action items leading up to the submission of the report are not due until November 1, 2019. On target for completion, no delays expected.
- During the next report transmission, 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 Financial Management, Legal, Internal Audit, and our Deputy Director – Internal Operations sign-off on this form as part of our internal controls process. On target for completion, no delays expected.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***2018 Prior Year 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**

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.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Partial corrective action has been taken. See current-year finding **2018-004**.

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**.

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.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
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. Corrective action has not been taken. See current-year finding **2018-016**.

Auditee reported status as of June 30, 2018:
Corrective action was taken.

Repeat Finding:
Not applicable

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.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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**

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-011**.

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**.

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.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-015**.

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**.

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.

Questioned Costs:
$88,664,268

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Partially corrected; The agency has developed and implemented a process for completion of provider eligibility reviews. The agency is conducting internal monitoring reviews to ensure reviews are being completed timely.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-018**.

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**.

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.

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-009**.

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**.

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:

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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.

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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, 2019: Corrective action has been taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-015**.

Audit Status as of June 30, 2017:
Corrective action has not been taken. See current year findings **2017-014.**

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.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

***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):
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.
- 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
For the Year Ended June 30, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-009**.

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, 2019

***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, 2019: Partially corrected; The agency has developed and implemented a process for completion of provider eligibility reviews. The agency is conducting internal monitoring reviews to ensure reviews are being completed timely.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-018**.

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, 2019

***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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken.See current-year finding **2018-009**.

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, 2019

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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-015**.

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, 2019

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, 2019: Partially corrected; The agency has developed and implemented a process for completion of provider eligibility reviews. The agency is conducting internal monitoring reviews to ensure reviews are being completed timely.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-018**.

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, 2019

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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-009**.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

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, 2019

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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-015**.

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, 2019

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, 2019: Corrective action was taken.

Audit Status as of June 30, 2018:
Corrective action has not been taken. See current-year finding **2018-009**.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

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

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

Questioned Costs:
Unknown

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019:

"Corrective action was taken" – all corrective action has been taken and the finding is fully corrected.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

***2018 Prior Year 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**

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 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

Contact Person:
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

***2018 Prior Year 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**

Auditee reported status as of June 30, 2019:

"Corrective action was taken" – all corrective action has been taken and the finding is fully corrected.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

***2018 Prior Year 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):

Contact Person:

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Audit Status for Unresolved Prior Audit Findings

For the Year Ended June 30, 2019

State of Arkansas
Audit Status for Unresolved Prior Year Findings
For the Year Ended June 30, 2019

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 191**.

Federal Program Name	Page Number(s)
Child Nutrition Cluster	191
Child and Adult Care Food Program	191
Foster Care_Title IV-E	191; 197
Medicaid Cluster	192 - 200
Children's Health Insurance Program	192 - 193; 197 - 200
TANF Cluster	196 - 197
Research and Development Cluster	201
Head Start	201

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Summer Food Service Program for Children (Child Nutrition Cluster)
Prior Audit Finding Number:	***2018-001***
Page Number (from schedule):	111 - 112
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
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
Prior Audit Finding Number:	***2018-002***
Page Number (from schedule):	113 - 114
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Cash Management
Questioned Costs:	$1,339,409
Status of Questioned Costs:	Outstanding USDA-FNS has not provided a Management Decision Letter, so the status of the questioned costs is unknown.
Status of Finding:	Corrective action has not been taken. See current-year finding **2019-001**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Prior Audit Finding Number:	***2018-003***
Page Number (from schedule):	115 - 116
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
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
Prior Audit Finding Number:	***2018-004***
Page Number (from schedule):	117 - 118
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Cash Management
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, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2018-005***
Page Number (from schedule):	119 - 120
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	$146,619
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken. The Agency's response in the Summary Schedule of Prior Audit Findings on **page 119** stated that the questioned costs would be returned on the CMS-21 report to be submitted on July 31, 2019. As of the end of fieldwork, the questioned costs had not been returned.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2018-006***
Page Number (from schedule):	121 - 122
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	$1,779
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken. The Agency's response in the Summary Schedule of Prior Audit Findings on **page 121** stated that the questioned costs would be returned on the CMS-21 report to be submitted on July 31, 2019. As of the end of fieldwork, the questioned costs had not been returned.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2018-007***
Page Number (from schedule):	123 - 124
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Claims Payments
Questioned Costs:	CHIP - $26 Medicaid - $13,546
Status of Questioned Costs:	Repayment totaling $13,572 was processed.
Status of Finding:	However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-002**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2018-008***
Page Number (from schedule):	125 - 126
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Claims Payments
Questioned Costs:	Unknown
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
Prior Audit Finding Number:	***2018-009***
Page Number (from schedule):	127 - 129
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:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2018-010***
Page Number (from schedule):	130 - 131
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	$4,920,931
Status of Questioned Costs:	Outstanding Questioned costs are being reviewed by CMS.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2018-011***
Page Number (from schedule):	132 - 133
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 of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-012***
Page Number (from schedule):	134 - 135
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Claims Payments
Questioned Costs:	$475
Status of Questioned Costs:	Repayment totaling $475 was processed
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-013***
Page Number (from schedule):	136 - 137
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices)
Questioned Costs:	$2,073
Status of Questioned Costs:	Repayment totaling $492 was processed CMS is satisfied with the amount the State returned.
Status of Finding:	However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-011**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-014***
Page Number (from schedule):	138 - 144
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
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
Status of Questioned Costs:	Outstanding CMS is still requesting that the State repay the questioned costs by adjusting the September 30, 2019, CMS-64 report. As of the end of fieldwork, the adjustment had not been made.
Status of Finding:	Corrective action has not been taken. See current-year finding **2019-016**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-015***
Page Number (from schedule):	145 - 146
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	$47,343,219
Status of Questioned Costs:	Outstanding CMS is continuing to monitor this finding.
Status of Finding:	Corrective action has not been taken. See current-year finding **2019-017**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-016***
Page Number (from schedule):	147 - 149
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Period of Performance
Questioned Costs:	$12,421
Status of Questioned Costs:	Outstanding CMS is continuing to monitor this finding.
Status of Finding:	Corrective action has not been fully implemented.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-017***
Page Number (from schedule):	150 - 151
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	Travel issue: $59,530 (federal portion is $29,765) Cost allocation issue: $725,961 (federal portion is $362,981)
Status of Questioned Costs:	A partial repayment, totaling $9,531, was processed. (Federal portion is $4,766) The remaining balance is outstanding.
Status of Finding:	Partial corrective action has been taken.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-018***
Page Number (from schedule):	152 - 153
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:	Partial corrective action has been taken.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-019***
Page Number (from schedule):	154 - 155
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	$209,046
Status of Questioned Costs:	Repayment totaling $209,046 was processed.
Status of Finding:	Although repayment has been processed, the Agency has not implemented procedures to ensure compliance for reporting stale-dated checks.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-020***
Page Number (from schedule):	156 - 158
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Provider Eligibility
Questioned Costs:	$3,572,108
Status of Questioned Costs:	Outstanding CMS is reviewing the State's corrective action plan.
Status of Finding:	Corrective action has not been taken. See current-year findings **2019-006** and **2019-007**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2018-021***
Page Number (from schedule):	159 - 160
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:	State Fiscal Year 2015 – $ 38 State Fiscal Year 2016 – $ 106 State Fiscal Year 2017 – $ 2 State Fiscal Year 2018 – $2,736
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken. See current-year findings **2019-019**.

State/Educational Agency:	Arkansas Department of Workforce Services
Federal Program Name:	TANF Cluster
Prior Audit Finding Number:	***2018-022***
Page Number (from schedule):	161 - 163
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 of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Workforce Services
Federal Program Name:	TANF Cluster
Prior Audit Finding Number:	***2018-023***
Page Number (from schedule):	164 - 165
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:	Foster Care_Title IV-E
Prior Audit Finding Number:	***2017-009***
Page Number (from schedule):	166
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
Prior Audit Finding Number:	***2017-011***
Page Number (from schedule):	167 - 168
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 has not received any updates from the Agency on this audit finding. CMS will continue to monitor this finding.
Status of Finding:	Corrective action has not been fully implemented.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2017-014***
Page Number (from schedule):	169
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 of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2017-017***
Page Number (from schedule):	170
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-017**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2017-019***
Page Number (from schedule):	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:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2017-020***
Page Number (from schedule):	172 - 173
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-018**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2016-016***
Page Number (from schedule):	174 - 175
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-017**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2016-017***
Page Number (from schedule):	176
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:	Closed However, corrective action has not been taken (Medicaid), as similar deficiencies are reported in current-year finding **2019-018**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2016-027***
Page Number (from schedule):	177
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:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2016-028***
Page Number (from schedule):	178
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-018.**

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2015-015***
Page Number (from schedule):	179
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-017**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2015-024***
Page Number (from schedule):	180
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:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2015-025***
Page Number (from schedule):	181 - 182
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-018**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medicaid Cluster
Prior Audit Finding Number:	***2014-010***
Page Number (from schedule):	183
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-017**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medicaid Cluster
Prior Audit Finding Number:	***2014-021***
Page Number (from schedule):	184 - 185
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:	Closed However, corrective action has not been taken, as similar deficiencies are reported in current-year finding **2019-018**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2019

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Research and Development Cluster Head Start
Prior Audit Finding Number:	***2018-024***
Page Number (from schedule):	186 - 187
Federal Awarding Agency:	Various
Compliance Area Affected:	Cash Management
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Head Start
Prior Audit Finding Number:	***2018-025***
Page Number (from schedule):	188 - 189
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Period of Performance
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected