# State of Arkansas

# Single Audit Report

**For the Year Ended June 30, 2020**

# State of Arkansas
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# For the Year Ended June 30, 2020


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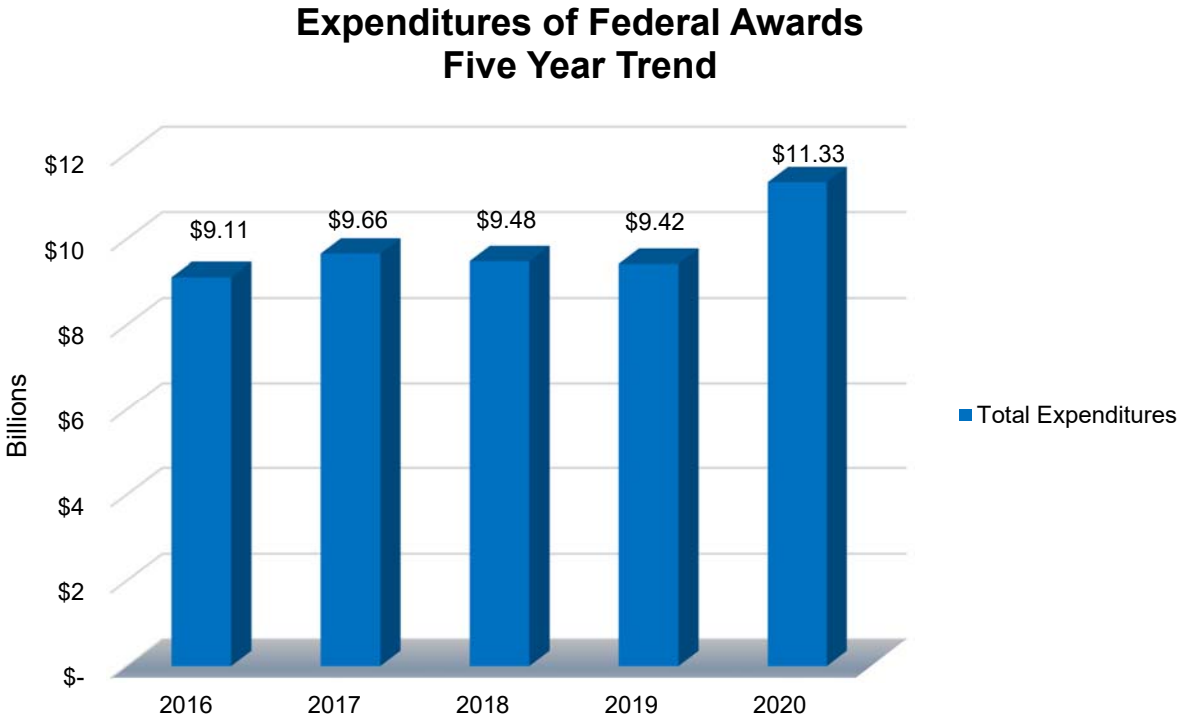
# State of Arkansas
# Introduction and Summary
# For the Year Ended June 30, 2020

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, 2020, as performed by Arkansas Legislative Audit, meets these requirements.

Expenditures of federal awards have varied over the past five years, increasing significantly to approximately $11 billion in fiscal year 2020 due to expenditures for the coronavirus pandemic (COVID-19). The chart below depicts the five-year trend of expenditures of federal awards. The 2020 Single Audit includes federal expenditures from 403 federal programs.



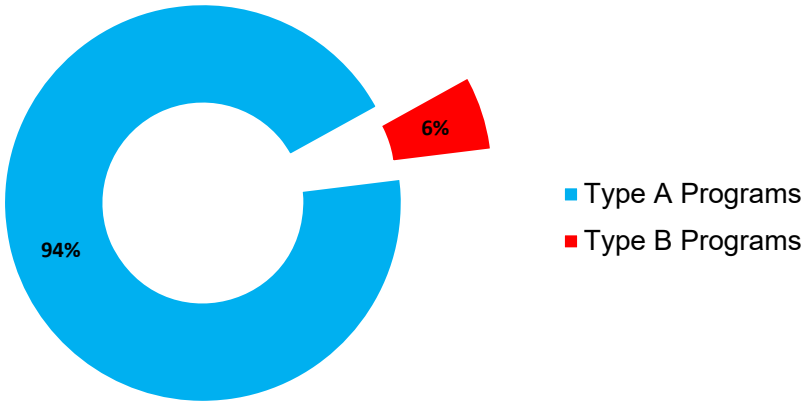
In accordance with Uniform Guidance, larger federal programs are identified and labeled as Type A. The following table outlines how the Type A programs for the State of Arkansas were identified.

**Type A Program Determination**

| Total Federal Awards Expended | Type A Threshold |
|---|---|
| Exceed $10 billion but are less than or equal to $20 billion | $30 million |

All federal programs with expenditures of at least $30 million were labeled Type A. All other federal programs were labeled Type B. Of the 403 federal programs represented in the June 30, 2020, State of Arkansas Single Audit, 22 were Type A programs with expenditures totaling $10,642,572,988, which is 94% of total expenditures, and 381 were Type B programs with expenditures totaling $689,377,931, which is 6% 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 22 Type A programs, and the risk assessments performed identified 13 of those programs as high-risk or major. The ***Type A major programs*** are:

- SNAP Cluster
- Special Education Cluster
- Student Financial Assistance Cluster
- Unemployment Insurance
- Title I Grants to Local Educational Agencies
- Education Stabilization Fund – CARES Act
- Children's Health Insurance Program
- Highway Planning and Construction Cluster
- Medicaid Cluster
- Child and Adult Care Food Program
- Coronavirus Relief Fund
- Federal Family Education Loans
- Adoption Assistance

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

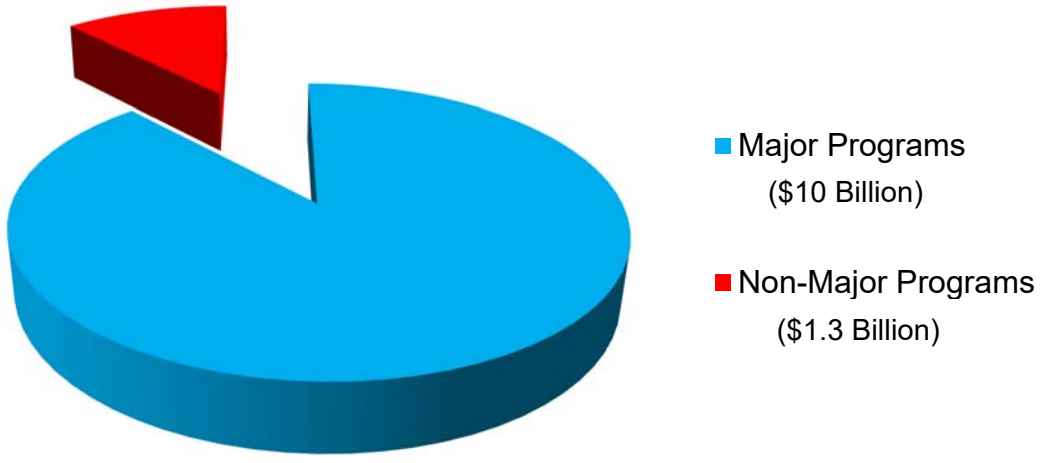
| | | |
|---|---|---|
| Type A Threshold | | $ 30,000,000 |
| 25% | x | 0.25 |
| Threshold of Type B programs | | $ 7,500,000 |

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. Nine low-risk Type A programs were identified, so the auditor is required to select at least three high-risk Type B programs. The auditor selected four high-risk Type-B programs as major. The ***Type B major programs*** are:

- Clean Water State Revolving Fund Cluster
- Drinking Water State Revolving Fund Cluster
- Housing Trust Fund
- Rural Rental Housing Loans

For the year ended June 30, 2020, major program expenditures represented 88% of total expenditures of federal awards.

**Fiscal Year 2020**
**Major vs. Non-Major Programs**
**$11,331,950,919**



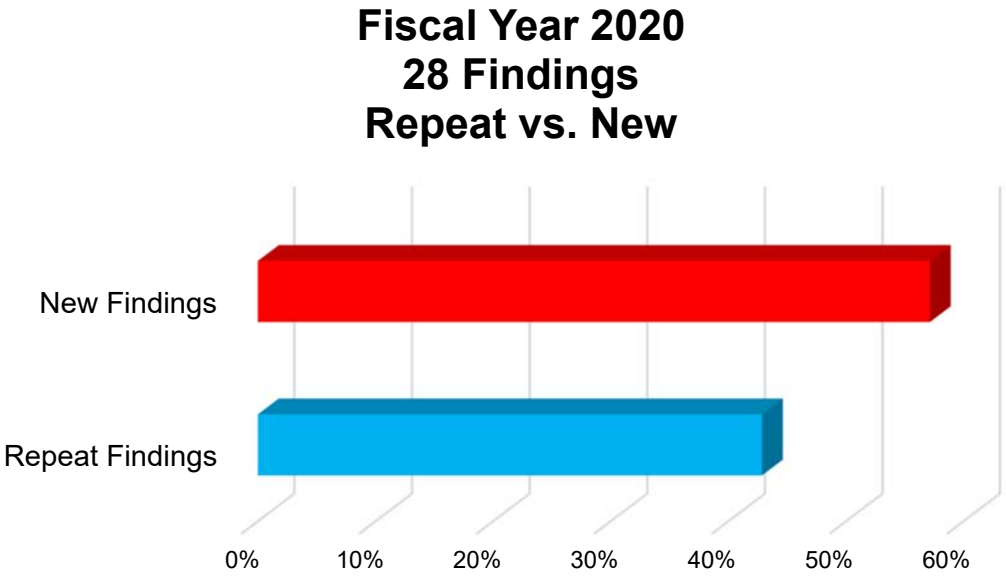
Five state departments expended the majority (85%) of federal awards, as noted below:

| | |
|---|---|
| Arkansas Department of Human Services | **60%** |
| Arkansas Department of Workforce Services | **13%** |
| Arkansas Department of Education | **5%** |
| Arkansas Department of Transportation | **5%** |
| University of Arkansas, Fayetteville | **2%** |
| Other Departments | **15%** |

The State received federal awards from 31 different federal agencies. Most of the federal awards (90%) came from four federal agencies as follows:

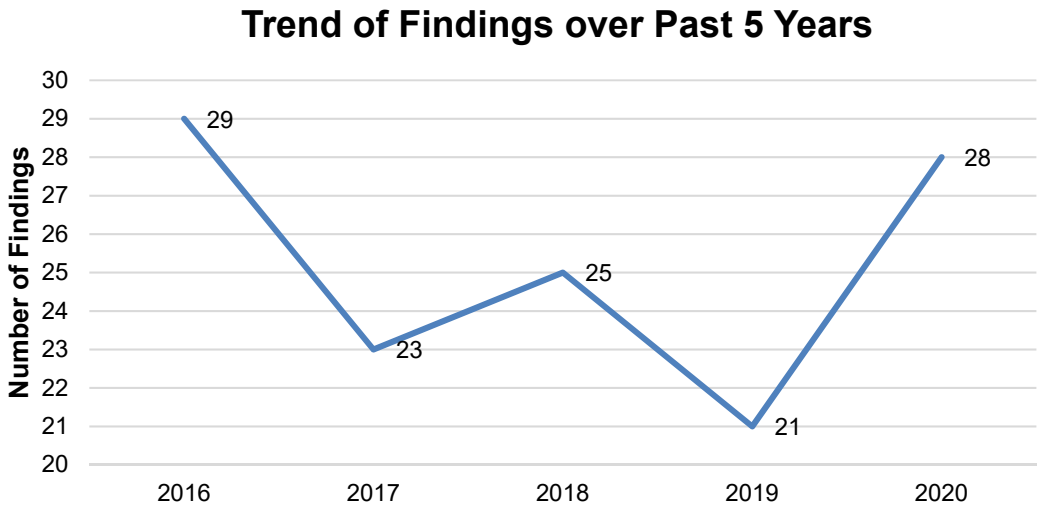
| | |
|---|---|
| US Department of Health and Human Services | **56%** |
| US Department of Labor | **13%** |
| US Department of Education | **12%** |
| US Department of Agriculture | **10%** |
| Other Departments | **10%** |

The audit resulted in **28** findings regarding noncompliance and deficiencies in internal control over compliance for **6** of the **17** major programs identified on **page 15**. As illustrated below, **12** of the **28** findings, or **43%**, were repeat findings. Repeat findings indicate that an agency has not taken adequate measures to correct noncompliance and deficiencies in internal control over compliance reported in the previous Single Audit. The Schedule of Findings and Questioned Costs is located on page **19**.



# State of Arkansas
# Introduction and Summary
# For the Year Ended June 30, 2020

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 2016 | SFY 2017 | SFY 2018 | SFY 2019 | SFY 2020 |
|---|---|---|---|---|---|
| ADE | 0 | 1 | 0 | 0 | 0 |
| Title I | 0 | 1 | 0 | 0 | 0 |
| ADH | 1 | 0 | 0 | 0 | 0 |
| Medicaid | 1 | 0 | 0 | 0 | 0 |
| ARS | 3 | 1 | 0 | 0 | 0 |
| Rehab | 3 | 1 | 0 | 0 | 0 |
| DHS | 25 | 21 | 21 | 21 | 16 |
| CACFP | 3 | 4 | 2 | 1 | 0 |
| CHIP | 0 | 3 | 2 | 1 | 3 |
| CNC | 0 | 0 | 1 | 0 | 0 |
| FC | 5 | 2 | 1 | 0 | 0 |
| Medicaid | 12 | 7 | 10 | 13 | 8 |
| Medicaid/CHIP | 5 | 3 | 5 | 6 | 4 |
| Rehab | 0 | 1 | 0 | 0 | 0 |
| Various | 0 | 1 | 0 | 0 | 0 |
| Adoption | 0 | 0 | 0 | 0 | 1 |
| DWS | 0 | 0 | 2 | 0 | 3 |
| TANF | 0 | 0 | 2 | 0 | 0 |
| UI | 0 | 0 | 0 | 0 | 2 |
| F/S | 0 | 0 | 0 | 0 | 1 |
| SAU | 0 | 0 | 0 | 0 | 4 |
| SFA | 0 | 0 | 0 | 0 | 3 |
| HEERF | 0 | 0 | 0 | 0 | 1 |
| UAMS | 0 | 1 | 2 | 0 | 0 |
| Head Start | 0 | 0 | 1 | 0 | 0 |
| R&D/Head Start | 0 | 1 | 0 | 0 | 0 |
| SFA | 0 | 0 | 1 | 0 | 0 |
| ANC | 0 | 0 | 0 | 0 | 1 |
| SFA | 0 | 0 | 0 | 0 | 1 |
| ASU-3 Rivers | 0 | 0 | 0 | 0 | 1 |
| SFA | 0 | 0 | 0 | 0 | 1 |
| UAF | 0 | 0 | 0 | 0 | 1 |
| SFA | 0 | 0 | 0 | 0 | 1 |
| HSU | 0 | 0 | 0 | 0 | 1 |
| SFA | 0 | 0 | 0 | 0 | 1 |
| ATU | 0 | 0 | 0 | 0 | 1 |
| SFA | 0 | 0 | 0 | 0 | 1 |
| **Grand Total** | **29** | **23** | **25** | **21** | **28** |

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 |
| Adoption | Adoption Assistance Program |
| CNC | Child Nutrition Cluster |
| TANF | Temporary Assistance for Needy Families |
| Title I | Title I Grants to Local Educational Agencies |
| SFA | Student Financial Assistance Cluster |
| R&D | Research and Development Cluster (Various programs) |
| UI | Unemployment Insurance |
| F/S | Financial Statements (not a Federal Program) |
| HEERF | Higher Education Emergency Relief Fund |

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 | Department of Workforce Services |
| UAF | University of Arkansas, Fayetteville |
| SAU | Southern Arkansas University |
| HSU | Henderson State University |
| ATU | Arkansas Tech University |
| ANC | Arkansas Northeastern College |
| ASU-3 Rivers | Arkansas State University - Three Rivers |

# State of Arkansas
# Introduction and Summary
# For the Year Ended June 30, 2020

Many findings result in questioned costs. Uniform Guidance defines "questioned costs" as costs that result from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including where funds were 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, 2019, 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, 2020.

| Federal Program | Finding # | Questioned Costs | Recoupment | Other Adjustment | Recoupment Not Required | **Outstanding Balance** (as of September 30, 2020) |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| CACFP | 2017-002 | $ 645 | | | $ 645 | $ 0 |
| CACFP | 2017-003 | 13,977 | | | 13,977 | 0 |
| Medicaid and CHIP | 2017-011 | 8,337,709 | | | 8,337,709 | 0 |
| **2018** | | | | | | |
| CACFP | 2018-002 | 1,339,409 | | $ 315,612 | | 1,023,797 |
| Medicaid and CHIP | 2018-005 | 146,619 | $ 103,189 | | | 43,430 |
| Medicaid and CHIP | 2018-006 | 1,779 | 1,252 | | | 527 |
| Medicaid and CHIP | 2018-007 | 13,572 | 13,572 | | | 0 |
| CHIP | 2018-010 | 4,920,931 | | | 4,920,931 | 0 |
| Medicaid | 2018-012 | 475 | 475 | | | 0 |
| Medicaid | 2018-013 | 2,073 | 492 | | 1,581 | 0 |
| Medicaid | 2018-014 | 376,595 | 244,180 | | | 132,415 |
| Medicaid | 2018-015 | 47,343,219 | | | 47,343,219 | 0 |
| Medicaid | 2018-016 | 12,421 | | | 12,421 | 0 |
| Medicaid | 2018-017 | 392,746 | 4,766 | | 387,980 | 0 |
| Medicaid | 2018-019 | 209,046 | 209,046 | | | 0 |
| Medicaid | 2018-020 | 3,572,108 | | | 3,572,108 | 0 |
| Medicaid | 2018-021 | 2,882 | 1,869 | | | 1,013 |
| **2019** | | | | | | |
| CACFP | 2019-001 | 1,526,467 | | 350,000 | | 1,176,467 |
| Medicaid and CHIP | 2019-002 | 1,044 | 594 | | | 450 |
| Medicaid and CHIP | 2019-003 | 9,210 | | | 9,210 | 0 |
| Medicaid and CHIP | 2019-006 | 9,910,667 | | | | 9,910,667 |
| Medicaid | 2019-009 | 8,962 | | | | 8,962 |
| Medicaid | 2019-010 | 107,381 | 107,380 | | 1 | 0 |
| Medicaid | 2019-011 | 279,488 | 279,487 | | 1 | 0 |
| Medicaid | 2019-012 | 58,894 | 58,894 | | | 0 |
| Medicaid | 2019-016 | 40,302 | 36,750 | | | 3,552 |
| Medicaid | 2019-019 | 2,215 | 1,411 | | | 804 |
| **Totals** | | **$ 78,630,836** | **$ 1,063,357** | **$ 665,612** | **$ 64,599,783** | **$ 12,302,084** |

| Legend | |
|---|---|
| CACFP | Child and Adult Care Food Program |
| CHIP | Children's Health Insurance Program |

# *Independent Auditor's Reports*

# *For the Year Ended June 30, 2020*

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated January 15, 2021. 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*, and accordingly this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc.

***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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questions Costs as item 2020-001 that we consider to be a significant deficiency.

***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 financial statements. 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*.

***State's Response to Findings***

The State's response to the finding 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 the financial statements, and accordingly, we express no opinion on it.

***Purpose of this Report***

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

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
January 15, 2021

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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, 2020, except for the major federal programs listed below:

| Program/Cluster Title | Administered by |
|---|---|
| Student Financial Assistance Cluster | University of Arkansas for Medical Sciences |
| Rural Rental Housing Loans | Arkansas Development Finance Authority |
| Housing Trust Fund | Arkansas Development Finance Authority |
| 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 $45,203,379 in federal awards and is not included in the State's Schedule of Expenditures of Federal Awards during the year ended June 30, 2020. 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 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 following:

| Finding # | CFDA # | Program Name | Compliance Requirement |
|---|---|---|---|
| 2020-017 | 93.767; 93.778 | Children's Health Insurance Program; Medical Assistance Program | Matching, Level of Effort, Earmarking |
| 2020-018 | 93.767 | Children's Health Insurance Program | Activities Allowed or Unallowed - Managed Care (PASSE) |
| 2020-019 | 93.767 | Children's Health Insurance Program | Special Tests and Provisions - Provider Eligibility (Fee-for-service) |
| 2020-020 | 93.767 | Children's Health Insurance Program | Special Tests and Provisions - Provider Eligibility (Managed Care Organizations) |
| 2020-026 | 93.778 | Medical Assistance Program | Special Tests and Provisions - Provider Eligibility (Fee-for-service) |
| 2020-027 | 93.778 | Medical Assistance Program | Special Tests and Provisions - Provider Eligibility (Managed Care Organizations) |

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, 2020.

***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, 2020.

***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 are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002 through 2020-012, 2020-014, 2020-016, 2020-021 through 2020-025, and 2020-028. 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 2020-002 through 2020-003, 2020-015 through 2020-022, and 2020-026 through 2020-028 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 2020-004 through 2020-014 and 2020-023 through 2020-025 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, 2020, and have issued our report thereon dated January 15, 2021, 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
March 2, 2021, except for the
Schedule of Expenditures of Federal
Awards, dated January 15, 2021

# *Schedule of Findings and Questioned Costs*

# *For the Year Ended June 30, 2020*

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 16 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., 2020-xxx). The first set of digits represents the fiscal year audited, and the second set represents the sequential finding number. An index of the federal compliance findings is located on page 18.

# State of Arkansas
# Schedule of Findings and Questioned Costs
# For the Year Ended June 30, 2020

## 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)? | X | Yes | ___ | 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: | | $30,000,000 | | |
| 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.** | 10.551, 10.561 | SNAP Cluster |
| **2.** | 20.205, 20.219, 20.224 | Highway Planning and Construction Cluster |
| **3.** | 66.458 | Clean Water State Revolving Fund Cluster |
| **4.** | 66.468 | Drinking Water State Revolving Fund Cluster |
| **5.** | 84.027, 84.173 | Special Education Cluster (IDEA) |
| **6.** | 93.775, 93.777, 93.778 | Medicaid Cluster |
| **7.** | Various | Student Financial Assistance Cluster |
| **8.** | 10.415 | Rural Rental Housing Loans |
| **9.** | 10.558 | Child and Adult Care Food Program |
| **10.** | 14.275 | Housing Trust Fund |
| **11.** | 17.225 | Unemployment Insurance |
| **12.** | 21.019 | Coronavirus Relief Fund |
| **13.** | 84.010 | Title I Grants to Local Educational Agencies |
| **14.** | 84.032 | Federal Family Education Loans - Lenders |
| **15.** | 84.425 | Education Stablization Fund - CARES Act |
| **16.** | 93.659 | Adoption Assistance |
| **17.** | 93.767 | Children's Health Insurance Program |

## Section II – Financial Statement Findings

**REPORT FINDING: 2020-001**

**Division of Workforce Services**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework of internal controls, adopted by the State of Arkansas in DFA's Financial Management Guide, states that communications related to both operational and financial data are needed at all levels of an agency in a relevant, reliable, and timely fashion. The State did not have the policies and procedures in place to appropriately record the financial effects of the new unemployment insurance pandemic programs authorized under the CARES Act of 2020. As a result, we noted the following:

- Operating revenues were overstated by $52,930,508 when a portion of federal grant receipts were erroneously coded to a general ledger account related to Operating revenues, as opposed to the more appropriate general ledger account related to Non-operating revenues. The State made an attempt to correct the misstatement, but the modification was not made for the correct amount, or to the correct general ledger account. As a result, the correcting entry also caused a $19,299,223 overstatement of Non-operating revenues and a $72,229,731 overstatement of Operating expenses.
- A federal receivable of $170,564,947 related to the new pandemic programs [Federal Pandemic Unemployment Assistance (FPUC), Pandemic Extended Unemployment Compensation (PEUC), and Pandemic Unemployment Assistance (PUA)] was not recorded.
- Unemployment benefits payable of $293,784,718 for the new pandemic programs (FPUC, PEUC, and PUA) were not recorded until auditors inquired about the lack of such an entry. Additionally, auditors recalculated this payable to be $303,090,396, a difference of $9,305,678.

Lack of appropriate controls over financial reporting could cause financial statements to be misstated.

Upon notifying DFA-CAFR of the potential misstatements, an entry was made in AASIS to correct the amounts listed above.

*We recommend the State work to improve its controls over financial reporting, creating policies and procedures that encourage more accurate reporting of its programs.*

**Views of Responsible Officials and Planned Corrective Action:**
ADWS management concurs with the finding.

- The State made an attempt to correct the misstatement, but the modification was not made for the correct amount, or to the correct general ledger account. As a result, the correcting entry also caused a $19,299,223 overstatement of Non-operating revenues and a $72,229,731 overstatement of Operating expenses. Accounting staff unintentionally copied the posting templates from employer contributions, instead of other program revenues. To eliminate the risk, the Assistant Controller will review all new templates before posting.
- The root cause was breakdowns in communications and the lateness in calculating and posting the payable that caused this receivable. The Controller Unit will develop SOP's to ensure all appropriate entries are posted.
- Under normal circumstances, UI Program Unit uses a prescribed formula to calculate the payable for UI Regular Benefits. That formula is: Average Duration divided by 2, times compensable claims, times Average Weekly Benefit.

## Section II – Financial Statement Findings (Continued)

**REPORT FINDING: 2020-001 (Continued)**

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

At the seven (7) day period ending June 30, 2020; ADWS paid 83,088 compensable UI claims. The average weekly benefit amount for the quarter ending June 30, 2020 was $223.0 and the average claim duration was 8.8 weeks. Using these numbers, the UI Benefits payable at June 30, 2020 equals: $81,525,946.

There are differences in the regular benefits and new programs, such as duration, timing, and the very nature of the program. ADWS reviewed each of the programs for these issues, as well as for trends in the total payouts, and calculated our estimate.

Adjusted procedure: financial management will discuss all programs existing at year end, internally and with the program unit, and develop best estimates, as appropriate that must be approved by both program and fiscal leadership.

**Anticipated Completion Date:** Complete

**Contact Person:**

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# State of Arkansas
# Schedule of Findings and Questioned Costs
# For the Year Ended June 30, 2020

**Section III - Federal Award Findings and Questioned Costs**


| Federal Program Name | Page Number(s) |
|---|---|
| Department of Commerce – Division of Workforce Services | |
| *Unemployment Insurance* | 19 - 23 |
| University of Arkansas, Fayetteville | |
| *Student Financial Assistance Cluster* | 24 - 25 |
| Henderson State University | |
| *Student Financial Assistance Cluster* | 26 |
| Southern Arkansas University | |
| *Student Financial Assistance Cluster* | 27 - 32 |
| *Higher Education Emergency Relief Fund* | 33 - 34 |
| Arkansas Tech University | |
| *Student Financial Assistance Cluster* | 35 - 36 |
| Arkansas Northeastern College | |
| *Student Financial Assistance Cluster* | 37 - 38 |
| Arkansas State University – Three Rivers | |
| *Student Financial Assistance Cluster* | 39 - 40 |
| Arkansas Department of Human Services | |
| *Adoption Assistance* | 41 - 42 |
| *Medicaid Cluster* | 43 - 52; 64 - 87 |
| *Children's Health Insurance Program* | 43 - 63 |

| | |
|---|---|
| **Finding Number:** | **2020-002** |
| **State/Educational Agency(s):** | **Department of Commerce – Division of Workforce Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **17.225 – Unemployment Insurance** |
| **Federal Awarding Agency:** | **U.S. Department of Labor** |
| **Federal Award Number(s):** | **Not Applicable** |
| **Federal Award Year(s):** | **Not Applicable** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; Eligibility** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Repeat Finding:**
Not applicable

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

**Condition and Context:**
Our review of claimant data revealed overpayments as follows:

- Comparing claimant data to the death list provided by the Department of Health, ALA staff identified unemployment benefits totaling $15,220 that were paid for claims on behalf of four deceased individuals.
- Using data analytics, ALA staff identified $8,152,235 in post-pandemic-period payments to 3,384 claimants as suspicious due to the consistent wages reported for those employees by their employers in quarters 1 and 2 of calendar year 2020. In a random sample of 60 claimants, with benefits totaling $154,217, ALA noted:
  a) One claimant was paid 13 weeks of regular Unemployment Compensation (UC) and Federal Pandemic Unemployment Compensation (FPUC) totaling $12,298, between April 4, 2020 and June 27, 2020, for an unemployment claim on a part-time job lost when the business closed. The claimant still maintained gainful employment with a local university, earning wages of $16,491 in both quarters 1 and 2 of the calendar year 2020. If the wages had been correctly reported by the claimant in her weekly claims for unemployment, she would not have been eligible for any benefits; therefore, the entire $12,298 was an overpayment. The university disputed the unemployment claim with the Division of Workforce Services, which failed to properly consider the income and erroneously upheld the eligibility of the individual.
  b) Of the 60 claimants in the sample, 10 claimants, with benefit payments totaling $14,981, were victims of identity theft, who had claims filed fictitiously using their names and Social Security numbers. If projected to the population of $8,152,235 suspicious payments in this test, the result would be $791,927 in UC overpayments due to identity theft.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$42,499

**Cause:**
In response to the increase in demand for services/benefits, the State relaxed controls over identity verification and income verification for the program during the fourth quarter of fiscal year 2020.

**Effect:**
Lack of appropriate internal controls resulted in overpayments of both state and federal funds.

| | |
|---|---|
| **Finding Number:** | **2020-002 (Continued)** |
| **State/Educational Agency(s):** | **Department of Commerce – Division of Workforce Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **17.225 – Unemployment Insurance** |
| **Federal Awarding Agency:** | **U.S. Department of Labor** |
| **Federal Award Number(s):** | **Not Applicable** |
| **Federal Award Year(s):** | **Not Applicable** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; Eligibility** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Recommendation:**
ALA staff recommend the Agency maintain and strengthen internal controls over benefit payments to ensure that payments are made in the correct amount and to eligible claimants. ALA staff also recommend the Agency seek recoupment of the identified overpayments.

**Views of Responsible Officials and Planned Corrective Action:**
ADWS management concurs with the finding.

1. To reduce the risk of improper payments due to weak controls around identify verification, ADWS has implemented or planned the following:
   a. Beginning in July 2020, PUA claimants whose applications were flagged as suspicious (i.e. "Internal Review" status) were mailed a letter requesting additional documentation including state-issued identification be submitted electronically to the PUA.Review@arkansas.gov email address or via fax or mail. In-person identity verification was not mandatory; in-person verification was the alternative method to the email, fax, and mail options. Claimants who successfully provided the requested documentation were released from Internal Review status and resumed normal claim activity.
   b. In December 2020, ADWS implemented the UIdentify solution from OnPoint Technology as another alternate method of identity verification. UIdentify sends an email to the claimant with a link for the claimant to scan the barcode on the back of their driver's license. The solution then cross matches the barcode information against national Department of Motor Vehicles (DMV) databases and returns a "Match" or "Mismatch" result to ADWS.

      From December 4, 2020 thru January 11, 2021, a total of 60,757 emails were sent to claimants in Internal Review status. All applications for claimants who successfully verified their identity were released to resume normal claim activity.
   c. Data Analytics – Several data analytics techniques are currently utilized including a robust fraud algorithm, which identifies claims meeting certain parameters (i.e. multiple claims with common data elements, invalid email domains, high-risk banks, etc.).
   d. Tips/Leads – ADWS provides multiple methods to report suspected fraud including a fraud hotline and an online reporting option. Daily leads are also received from the IDH fraud alerts and regular communication regarding fraud is shared with the public.
   e. Although ADWS does not currently cross match against local death records, Regular UC has over 32 cross match processes some of which cross match national databases for death records and PUA has moved 17 of the same processes into production.
   f. ADWS is also planning to leverage the NASWA Integrity Hub Suspicious Actor Repository to further improve this process.
   g. Further, ADWS is currently implementing a "Fact-Finding for ID Theft Questionnaire" that requires clarification/attestation from a claimant that resolves duplicate claims.
2. Regarding the recoupment of identified overpayments, ADWS has implemented or planned the following:
   a. ADWS has a Benefits Payment Control Unit that pursues overpayments.
   b. Regarding overpayments due to Identity Theft specifically, ADWS must identify the perpetrator and proper claimant before attempting collections. ADWS actively works with OIG, FBI, and other organizations to coordinate this effort.

| | |
|---|---|
| **Finding Number:** | **2020-002 (Continued)** |
| **State/Educational Agency(s):** | **Department of Commerce – Division of Workforce Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **17.225 – Unemployment Insurance** |
| **Federal Awarding Agency:** | **U.S. Department of Labor** |
| **Federal Award Number(s):** | **Not Applicable** |
| **Federal Award Year(s):** | **Not Applicable** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; 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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| | |
|---|---|
| **Finding Number:** | **2020-003** |
| **State/Educational Agency(s):** | **Department of Commerce – Division of Workforce Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **17.225 – Unemployment Insurance** |
| **Federal Awarding Agency:** | **U.S. Department of Labor** |
| **Federal Award Number(s):** | **Not Applicable** |
| **Federal Award Year(s):** | **Not Applicable** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; Eligibility** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Repeat Finding:**
Not applicable

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

Unemployment Insurance Program Letter No. 14-20 establishes Pandemic Unemployment Assistance (PUA) for individuals who are self-employed, who are seeking part-time employment, or who otherwise would not qualify for regular Unemployment Compensation (UC) under state or federal law. As such, the programs are mutually exclusive, and it is not allowable for claims to be paid for the same week of unemployment out of both programs.

**Condition and Context:**
Using data analytics, ALA staff identified 1,820 claimants who received a total of 3,761 payments for the same week of unemployment in both the regular UC system and the new PUA system. The duplicate payments paid from the regular UC system totaled $1,291,245, and those paid from the PUA system totaled $1,304,451.

ALA staff reviewed the case files of 30 claimants, sampled from the population of 1,820 claimants, receiving duplicate payments and noted the following:

- 21 of the 30 claimants (70%) were not eligible for the PUA benefits received.
- 7 of the 30 claimants (23.3%) were not eligible for the regular UC benefits received.
- 2 of the 30 claimants (6.7%) were not eligible for either the PUA or the regular UC benefits received.
- Of the $100,883 PUA benefits sampled, *ALA identified questioned costs totaling $88,174.* If projected to the population of duplicate payments, likely questioned costs could total $1,139,770.
- Of the $98,288 regular UC benefits sampled, *ALA identified questioned costs totaling $15,264.* If projected to the population of duplicate payments, likely questioned costs could total $200,529.

**Statistically Valid Sample:**
Not at statistically valid sample

**Questioned Costs:**
$103,438

**Cause:**
The duplicate payments appear to be due to a lack of appropriate communication between the two systems administering the regular UC benefits and the PUA benefits.

**Effect:**
A lack of adequate controls allowed benefit payments from two separate systems to be issued for the same week of unemployment for the same claimant, resulting in overpayments of state and federal funds.

| | |
|---|---|
| **Finding Number:** | **2020-003 (Continued)** |
| **State/Educational Agency(s):** | **Department of Commerce – Division of Workforce Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **17.225 – Unemployment Insurance** |
| **Federal Awarding Agency:** | **U.S. Department of Labor** |
| **Federal Award Number(s):** | **Not Applicable** |
| **Federal Award Year(s):** | **Not Applicable** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; Eligibility** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Recommendation:**
ALA staff recommend the Agency work to strengthen internal controls over the establishment of eligibility for regular UC and PUA, as well as the payment of benefits, in a way that considers the information in both systems. In addition, ALA staff recommend the Agency continue to pursue the recovery of overpayments of funds, returning them to their appropriate source.

**Views of Responsible Officials and Planned Corrective Action:**
ADWS management concurs with the finding.

1. To reduce the risk of improper payments due to duplicate payments between UC and PUA, ADWS has implemented the following:
   a. ADWS sent a quarterly and now daily list to Protech that identifies claimants that are monetarily eligible to collect regular UC. Those claims are flagged as not entitled in the PUA system.
2. In terms of recouping Identified Overpayments, ADWS has implemented or planned the following improvements:
   a. This response is the same as that found in the response to Finding 2020-002.

**Anticipated Completion Date:** Complete

**Contact Person:**
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| | |
|---|---|
| **Finding Number:** | **2020-004** |
| **State/Educational Agency(s):** | **University of Arkansas, Fayetteville** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.033 – Federal Work Study Program**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**93.264 – Nurse Faculty Loan Program**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education;**<br>**U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **Various** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
The Gramm-Leach-Bliley Act (GLBA) and 16 C.F.R § 314.4 require financial institutions to develop, implement, and maintain an information security program that includes a risk assessment over employee training and management to facilitate the design and implementation of appropriate safeguards to students' financial aid information.

**Condition and Context:**
During the audit period, the University disbursed $127,201,923 in federal financial assistance subject to this requirement and did not conduct a risk assessment as required.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
None

**Cause:**
The University did not conduct a risk assessment, as required by 16 C.F.R § 314.4b, to identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information.

**Effect:**
Student financial information was more susceptible to unauthorized disclosure, misuse, alteration, destruction, or other compromise because risks could exist for which safeguards have not been designed and implemented.

**Recommendation:**
ALA staff recommend the University conduct a risk assessment utilizing a standard risk assessment framework. The GLBA risk assessment must include a clear identification of any foreseeable threats, a full assessment of the likelihood of such threats and potential damage, and the University's efforts to mitigate potential foreseeable risks.

**Views of Responsible Officials and Planned Corrective Action:**
We agree. In November 2020 UITS established a GLBA risk assessment policy as well as adopted a standard SANS Institutes risk assessment framework modified for the University environment including the addition of physical and insider threat risk evaluation criteria. While an actual risk assessment was not completed prior to calendar year end, a risk assessment of the Financial Aid Group will be completed by June 30, 2021. Once completed, it will be provided to Legislative Audit for review and feedback. The official 2021 GLBA Risk assessment will be completed in November 2021.

| | |
|---|---|
| **Finding Number:** | **2020-004 (Continued)** |
| **State/Educational Agency(s):** | **University of Arkansas, Fayetteville** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.033 – Federal Work Study Program**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**93.264 – Nurse Faculty Loan Program**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education;**<br>**U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **Various** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

**Anticipated Completion Date:** A risk assessment of the Financial Aid Group will be completed by June 30, 2021. Once completed, it will be provided to Legislative Audit for review and feedback. The official 2021 GLBA Risk assessment will be completed in November 2021.

**Contact Person:**
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# State of Arkansas
# Schedule of Findings and Questioned Costs
# For the Year Ended June 30, 2020

| | |
|---|---|
| **Finding Number:** | **2020-005** |
| **State/Educational Agency(s):** | **Henderson State University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.268 – Federal Direct Student Loans (Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P268K201081** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
According to 34 CFR § 668.164(c)(3)(i), an institution can disburse funds for prior-year charges for a total of not more than $200 for tuition and fees, room, or board and, if the institution obtains the student's or parent's authorization under 34 CFR § 668.165(b), other educationally related charges incurred by the student at the institution.

**Condition and Context:**
From a sample of 7 students selected for testing, ALA staff noted 1 instance in which excess loan funds were utilized to pay for prior-year charges of $3,915, in excess of the $200 amount allowed.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Unknown

**Cause:**
The University did not have proper training procedures in place that allowed staff to be aware the aid was not being applied in accordance with federal regulations.

**Effect:**
The University's procedures for disbursement of credit balances related to FSA funds were not in compliance with Department of Education guidelines.

**Recommendation:**
ALA staff recommend the University establish and implement procedures to ensure excess loan funds are paid in accordance with federal regulations and to ensure applicable training of personnel and oversight regarding the disbursement of Title IV, HEA program funds.

**Views of Responsible Officials and Planned Corrective Action:**
The University concurs with the finding. Student Accounts staff will be trained in the allowable amount of financial aid funds that can be applied to prior-year charges for tuition and fees, room, or board or other charges incurred at the institution authorized by the account holder.

**Anticipated Completion Date:** March 31, 2021

**Contact Person:**
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# State of Arkansas
# Schedule of Findings and Questioned Costs
# For the Year Ended June 30, 2020

| | |
|---|---|
| **Finding Number:** | **2020-006** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Loan Program**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P063P191087**<br>**(Federal Pell Grant Program)**<br>**P268K201087**<br>**(Federal Direct Loan Program)** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
According to 34 CFR § 668.165(b)(1) and b(1)(ii), if an institution obtains written authorization from a student or parent, as applicable, the institution may hold on behalf of the student or parent any Title IV, HEA program funds that would otherwise be paid directly to the student or parent as a credit balance under 34 CFR § 668.164(h). Furthermore, 34 CFR § 668.165 (b)(5) and (b)(5)iii) state that if an institution holds excess funds under paragraph (b)(1)(ii), the institution must, notwithstanding any authorization by the institution under this paragraph, pay any remaining balance on loan funds by the end of the loan period.

According to 34 CFR § 668.164(c)(3)(i), an institution can disburse funds for prior-year charges for a total of not more than $200 for tuition and fees, room, or board and, if the institution obtains the student's or parent's authorization under 34 CFR § 668.165(b), other educationally related charges incurred by the student at the institution.

**Condition and Context:**
From a sample of 7 students selected for testing, ALA staff noted 1 instance in which a student's FSA credit balance of $3,574, comprised of Pell ($853) and Loan Funds ($2,721), was held without documentation of authorization from the student. Additionally, the remaining balance of $2,721 derived from FSA loan funds was not paid at the end of the loan period and was instead used to pay charges incurred after the end of the loan period.

From a sample of 7 students selected for testing, ALA noted 1 instance in which excess loan funds were utilized to pay for prior-year charges of $1,124, in excess of the $200 amount allowed.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Unknown

**Cause:**
The University did not have proper training procedures in place that allowed staff to be aware the aid was not being applied in accordance with federal regulations.

**Effect:**
The University's procedures for disbursement of credit balances related to FSA funds were not in compliance with Department of Education guidelines.

**Recommendation:**
ALA staff recommend the University establish and implement procedures to ensure excess loan funds are paid in accordance with federal regulations and to ensure applicable training of personnel and oversight regarding the disbursement of Title IV, HEA program funds.

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|---|---|
| **Finding Number:** | **2020-006 (Continued)** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Loan Program**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P063P191087**<br>**(Federal Pell Grant Program)**<br>**P268K201087**<br>**(Federal Direct Loan Program)** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

The University plans to implement procedures to help identify federal financial awards made subsequent to adding additional student charges. Due to this timing issue, the administrative software is not able to detect and create the required refund. Software and/or procedural changes will be addressed to resolve the matter. In addition, a reminder will be extended to the appropriate Business Office staff to adhere to the $200 allowable amount.

**Anticipated Completion Date:** June 30, 2021

**Contact Person:**

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# State of Arkansas
# Schedule of Findings and Questioned Costs
# For the Year Ended June 30, 2020

| | |
|---|---|
| **Finding Number:** | **2020-007** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P007A190194**<br>**(Federal Supplemental Educational Opportunity Grants)**<br>**P063P191087**<br>**(Federal Pell Grant Program)**<br>**P268K201087**<br>**(Federal Direct Student Loans)** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
34 CFR § 668.32(f) states that a student is eligible to receive Title IV, HEA program assistance if the student maintains satisfactory academic progress (SAP) in his or her course of study according to the institution's published standards for SAP that meet the requirements of 34 CFR § 668.34. Specifically, 34 CFR § 668.34(d)(3) states that a student on financial probation for a payment period may not receive Title IV, HEA program funds for the subsequent payment period unless the student makes SAP or the institution determines that the student met the requirements specified by the institution in the academic plan for the student. Furthermore, 34 CFR § 668.34(a) states, "An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs."

**Condition and Context:**
While the University has a process to receive and consider SAP appeals, its internal controls were not sufficient to ensure compliance with SAP requirements. The University's SAP policy states that an appeals committee reviews appeals of SAP determinations. However, the SAP policy does not provide specific information on the methodology the University uses to evaluate appeals. In a sample of 9 students, ALA noted 2 students for which the University maintained evidence the students had filed appeals but did not document its rationale for approving those students' SAP appeals. Furthermore, the 2 students were placed on probation status and did not make SAP at the end of the probation term but continued to receive Title IV, HEA program funds in the subsequent payment periods. Specifically:

- One of the students did not meet the 2.0 cumulative GPA requirement at the end of the probation term but continued to receive aid in the Spring 2020 semester. The appeal did not document a multi-term academic plan.
- One of the students did not meet the quantitative pace of completion, the maximum timeframe element, or the 2.0 cumulative GPA requirement at the end of the probation term but continued to receive aid in the Fall 2019, Spring 2020, and Summer I 2020 semesters. The appeal did not document a multi-term academic plan.

**Statistically Valid Sample**:
Not a statistically valid sample

**Questioned Costs:**
Known - $7,357 in Pell, $6,500 in FSEOG, $16,052 in Direct Loans
Projected - $7,335,235

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|---|---|
| **Finding Number:** | **2020-007 (Continued)** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P007A190194**<br>**(Federal Supplemental Educational Opportunity Grants)**<br>**P063P191087**<br>**(Federal Pell Grant Program)**<br>**P268K201087**<br>**(Federal Direct Student Loans)** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Cause:**
The University's method for evaluating SAP did not always follow its policies and procedures, and the University's SAP appeals policies and procedures were inadequate.

**Effect:**
In the absence of established controls to ensure compliance with established SAP policies and procedures and federal regulations, two ineligible students received Title IV, HEA program funds.

**Recommendation:**
ALA staff recommend the University establish and implement a process to consider and approve or deny appeals that students make after the University determines they are not eligible for federal financial assistance because they do not comply with its SAP policy. This process should include documenting and retaining the rationale for approving appeals. Additionally, ALA staff recommend the University enhance controls to ensure adherence to its SAP policies and procedures and compliance with federal regulations. The University should consult the U.S. Department of Education for resolution regarding this matter.

**Views of Responsible Officials and Planned Corrective Action:**
The University will update the satisfactory academic progress (SAP) policy, provide additional written explanation of the process and increase the academic plan documentation during the SAP appeal process.

**Anticipated Completion Date:** August 10, 2021

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# State of Arkansas
# Schedule of Findings and Questioned Costs
# For the Year Ended June 30, 2020

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|---|---|
| **Finding Number:** | **2020-008** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P063P191087**<br>**(Federal Pell Grant Program)**<br>**P268K201087**<br>**(Federal Direct Student Loans)** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Reporting** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
In accordance with 34 CFR § 668.164(a), Title IV funds are disbursed on the date that the institution (a) credits those funds to the student's account in the institution's general ledger or any sub-ledger of the general ledger or (b) pays those funds to the student directly. Title IV funds are disbursed even if the institution uses its own funds in advance of receiving program funds from the Secretary of Education. Additionally, in accordance with CFR § 690.83, universities are required to submit student disbursement data via the Common Origination and Disbursement System (COD) within the required timeframe established by the Secretary, which is 15 days from the date of disbursement.

**Condition and Context:**
For 4 of 9 students tested, PELL disbursement dates recorded in the student ledgers differed from the disbursement dates reported to the COD system. Variances between the disbursed dates in the students' accounts and the dates reported in COD ranged from 5 to 86 days. For 6 of 7 students tested, Federal Direct Student Loan disbursement dates recorded in the student ledgers differed from the disbursement dates reported to the COD system. Variances between the disbursed dates in the students' accounts and the dates reported in COD ranged from 1 to 70 days.

Additionally, for 9 of 9 students tested, Pell disbursements were not reported to COD within 15 days after the disbursement; 4 disbursements were reported from 26 to 176 days late; and 5 disbursements had not been reported as of report date. Upon further review and inquiry of management, ALA staff determined the University had not reported $787,280 in Pell disbursements to COD as of December 9, 2020; therefore, funds were not available to be drawn down.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
None

**Cause:**
The University did not implement policies and procedures to ensure data related to disbursements of Title IV, HEA program funds were reported in a timely and accurate manner. Additionally, internal controls were not sufficiently designed to identify inaccuracies or disbursements not reported.

**Effect:**
Failure to properly report information to COD increases the risk of material non-compliance with federal Student Financial Aid program requirements and may result in rejection of all or part of the reported disbursement. Additionally, late reporting of payment data delays federal reimbursements as federal funds cannot be drawn down until the University has completed the reporting of payment data to the Department of Education.

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|---|---|
| **Finding Number:** | **2020-008 (Continued)** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P063P191087**<br>**(Federal Pell Grant Program)**<br>**P268K201087**<br>**(Federal Direct Student Loans)** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Reporting** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Recommendation:**
The University should perform procedures to correct and reconcile the COD system and students' actual disbursements. Additionally, the University should implement a control process in which the information provided to COD and to the National Student Loan Data System (NSLDS) is complete and accurate and should also ensure that monthly reconciliations are performed between the COD system and the University's internal records.

**Views of Responsible Officials and Planned Corrective Action:**
The University will perform reconciliations between COD and internal records (i.e. student account ledgers and student financial aid records) to ensure accuracy and timely reporting, within 15 days of disbursement. The University plans to implement procedures to identify and correct variances in disbursement dates between student ledger information and COD reporting regarding disbursement of funds. Additional staff has been added to complete reporting and create internal controls in order to monitor and respond to discrepancies.

**Anticipated Completion Date:** August 10, 2021

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|---|---|
| **Finding Number:** | **2020-009** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.425F – Higher Education Emergency Relief Fund (HEERF) Institutional Portion** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P425F202725** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; Period of Performance** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
In accordance with 2 CFR § 200.309, 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. Institutions were allowed to incur pre-award costs consistent with 2 CFR § 200.458 and 34 CFR § 75.263 from March 13, 2020, the declaration of the national emergency due to the coronavirus, to the date of their HEERF grant award for their (a)(1) Institutional Portion, as long as those expenditures would have been allowable if incurred after the date of the HEERF grant award.

**Condition and Context:**
ALA staff selected 25 student and institutional costs for the HEERF program to ensure the costs charged were allowable and incurred during the period of performance. Of the 25 selected, ALA noted 6 instances in which the costs were incurred prior to March 13, 2020. In 5 of these instances, the payroll expense was dated March 20, 2020, but was for work performed prior to March 13, 2020, and in 1 instance, the wireless upgrade purchase was incurred prior to March 13, 2020. After further review and discussion with management, ALA determined all costs related to the March 20, 2020, payroll and all wireless upgrade expenditures were incurred before March 13, 2020. As a result, ALA determined a total of $250,935 in Institutional Portion costs were incurred outside the period of performance.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$250,935

**Cause:**
The University's internal controls were not sufficient to ensure that pre-award costs charged to the HEERF program were incurred within the allowable period.

**Effect:**
Expenditures charged to a federal award that were not incurred during the authorized period of performance could be subject to disallowance by the federal awarding agency.

**Recommendation:**
ALA staff recommend the University design and implement controls to ensure that costs are incurred within the allowable period of the federal award.

**Views of Responsible Officials and Planned Corrective Action:**
HEERF funds were limited to the beginning of the declaration of the national emergency on March 13, 2020. Items previously reported as allowable expenditures prior to this date were removed and all quarter and annual reports were updated.

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|---|---|
| **Finding Number:** | **2020-009 (Continued)** |
| **State/Educational Agency(s):** | **Southern Arkansas University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.425F – Higher Education Emergency Relief Fund (HEERF) Institutional Portion** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **P425F202725** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles; Period of Performance** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

**Anticipated Completion Date:** February 5, 2021

**Contact Person:**

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|---|---|
| **Finding Number:** | **2020-010** |
| **State/Educational Agency(s):** | **Arkansas Tech University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.033 – Federal Work Study Program**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **Various** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
The Gramm-Leach-Bliley Act (GLBA) and 16 C.F.R § 314.4 require financial institutions to develop, implement, and maintain an information security program that includes a risk assessment over employee training and management to facilitate the design and implementation of appropriate safeguards to students' financial aid information.

**Condition and Context:**
During the audit period, the University disbursed $53,952,672 in federal financial assistance subject to this requirement and did not conduct a risk assessment as required.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Not applicable

**Cause:**
The University did not develop internal controls to monitor grant requirements. As a result, the required risk assessment was not performed to protect students' financial aid information.

**Effect:**
Student information was more susceptible to unauthorized disclosure, misuse, alteration, destruction, or other compromise because risks could exist for which safeguards have not been designed and implemented.

**Recommendation:**
ALA staff recommend the University conduct a risk assessment utilizing a standard risk assessment framework. The GLBA risk assessment must include a clear identification of any foreseeable threats, a full assessment of the likelihood of such threats and the damage they can do, and the University's efforts to mitigate potential foreseeable risks.

**Views of Responsible Officials and Planned Corrective Action:**
In response to the Arkansas Legislative Audit GLBA findings, Arkansas Tech University is preparing to conduct a risk assessment of Financial Aid's office. This assessment will be completed on or before June 30, 2021. The office of information security will be using NIST 800-171 as a guide to complete this assessment.

We are also investigating tools that we can use to perform network scans on specific VLANs on the network. We have partnered with Palo Alto and Critical Start SOC monitoring service. We are using their Cortex XDR platform to monitor campus networks, desktops continually, and servers. This service continuously profiles endpoints, network, and user behavior to uncover stealth attacks.

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| **Finding Number:** | **2020-010 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Tech University** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.033 – Federal Work Study Program**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **Various** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

Formal GLBA and FERPA training will be developed and conducted with the Financial Aid and Student Accounts office. This training will be designed using information from the SANS Institute paper about the GLBA risk assessment and legal counsel input. This training will be conducted yearly, with all new employees receiving training upon on-boarding. The initial training will be developed and completed before July 1, 2021.

On January 7, Academic Affairs held a Professional Development seminar for faculty and staff. The office of information security held an information security session covering HIPAA, FERPA, PII, GDPR, and work from home best practices. The session was attended by 125 employees from across the campus.

**Anticipated Completion Date:** July 1, 2021

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|---|---|
| **Finding Number:** | **2020-011** |
| **State/Educational Agency(s):** | **Arkansas Northeastern College** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.063 – Federal Pell Grant Program (Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **Unknown** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
The Gramm-Leach-Bliley Act (GLBA) and 16 C.F.R § 314.4 require financial institutions to develop, implement, and maintain an information security program that includes a risk assessment over employee training and management to facilitate the design and implementation of appropriate safeguards to students' financial aid information.

**Condition and Context:**
During the audit period, the College disbursed $2,321,923 in federal financial assistance subject to this requirement and did not conduct a risk assessment as required.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Not applicable

**Cause:**
The College did not develop internal controls to monitor grant requirements. As a result, the required risk assessment was not performed to protect students' financial aid information.

**Effect:**
Student information was more susceptible to unauthorized disclosure, misuse, alteration, destruction, or other compromise because risks could exist for which safeguards have not been designed and implemented.

**Recommendation:**
ALA staff recommend the College conduct a risk assessment utilizing a standard risk assessment framework. The GLBA risk assessment must include a clear identification of any foreseeable threats, a full assessment of the likelihood of such threats and the damage they can do, and the College's efforts to mitigate potential foreseeable risks.

**Views of Responsible Officials and Planned Corrective Action:**
The College has performed a risk assessment coupled with a Capability Maturity Model to meet the requirements identified in the recommendation. Additionally, the college has developed a standard set of policies and procedures to address the gaps and is in the process of implementing those across our IT environment.

Finally, the risk assessment/capability maturity model findings have been turned into a Statement of Work for the College to make the necessary purchases to close the identified gaps and challenges identified in the risk assessment. It is currently in the process of preparing the bid for release in the next 60 days.

**Anticipated Completion Date:** The Risk Assessment was completed on 2/11/2021.

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|---|---|
| **Finding Number:** | **2020-011 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Northeastern College** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.063 – Federal Pell Grant Program (Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **Unknown** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

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|---|---|
| **Finding Number:** | **2020-012** |
| **State/Educational Agency(s):** | **Arkansas State University Three Rivers** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.033 – Federal Work Study Program**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **Various** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
The Gramm-Leach-Bliley Act (GLBA) and 16 C.F.R § 314.4 require financial institutions to develop, implement, and maintain an information security program that includes a risk assessment over employee training and management to facilitate the design and implementation of appropriate safeguards to students' financial aid information.

**Condition and Context:**
During the audit period, the University disbursed $3,738,828 in federal financial assistance subject to this requirement and did not conduct a risk assessment as required.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Not applicable

**Cause:**
The University did not develop internal controls to monitor grant requirements. As a result, the required risk assessment was not performed to protect students' financial aid information.

**Effect:**
Student information was more susceptible to unauthorized disclosure, misuse, alteration, destruction, or other compromise because risks could exist for which safeguards have not been designed and implemented.

**Recommendation:**
ALA staff recommend the University conduct a risk assessment utilizing a standard risk assessment framework. The GLBA risk assessment must include a clear identification of any foreseeable threats, a full assessment of the likelihood of such threats and the damage they can do, and the University's efforts to mitigate potential foreseeable risks.

**Views of Responsible Officials and Planned Corrective Action:**
The College concurs with the finding, and will conduct an information security risk assessment based on GLBA guidelines. The risk assessment will be performed by the Associate Vice Chancellor for Information Technology and will help determine procedures needed to improve internal controls. Additionally, an information security training course will be implemented by the AVC for IT. Appropriate staff will attend this required training in order to become familiar with the regulations under GLBA.

**Anticipated Completion Date:** An Information Security course for employee training will be established and required for all College employees in 2021.

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|---|---|
| **Finding Number:** | **2020-012 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas State University Three Rivers** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **84.007 – Federal Supplemental Educational Opportunity Grants**<br>**84.033 – Federal Work Study Program**<br>**84.063 – Federal Pell Grant Program**<br>**84.268 – Federal Direct Student Loans**<br>**(Student Financial Assistance Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Education** |
| **Federal Award Number(s):** | **Various** |
| **Federal Award Year(s):** | **2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

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|---|---|
| **Finding Number:** | **2020-013** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.659 – Adoption Assistance** |
| **Federal Awarding Agency:** | **U.S. Department of Human Services** |
| **Federal Award Number(s):** | **2001ARADPT; 1901ARADPT; 1801ARADPT** |
| **Federal Award Year(s):** | **2018, 2019, and 2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Significant Deficiency** |

**Repeat Finding:**
Not applicable

**Criteria:**
In accordance with 42 USC § 673(a)(4)(A) and (B), a payment may not be made to parents, with respect to a child, if the state determines that the parents are no longer legally responsible for the support of the child or the child is no longer receiving any support from the parents. Parents who have been receiving adoption assistance payments shall keep the state responsible for administering the program informed of circumstances that would make them ineligible for the payments.

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:**
When an adoptive parent is no longer legally responsible for the support of the child (i.e., death of parent, termination of parental rights, child no longer receiving support from parent), the Adoption Unit must be notified in order to end the adoption subsidy. However, the notifications are not always timely, and the required information entered into the Children's Reporting and Information System (CHRIS) is delayed, resulting in payments made to parents past the subsidy end date. As a result, the Agency established internal control procedures to identify these types of payments and forward the overpayment information to the accounts receivable department for collection.

ALA obtained a report from CHRIS staff that contained all subsidy overpayments for the year ended June 30, 2020. The report contained subsidy overpayments for 33 clients. ALA reviewed documentation for 5 clients to ensure the overpayments were researched and properly submitted for collection.

The following deficiencies were noted:

- For 2 clients, the adoption subsidy continued for six months following the death of the adoptive parent. Agency staff were unaware that the six monthly checks had been cashed and did not perform research procedures to determine if the accounts receivable department should be notified of an overpayment. *Questioned costs totaled $3,610.*
- For 2 clients, the Agency was not notified timely that parental rights had been terminated. Additionally, when the termination was discovered, the overpayment information sent to the accounts receivable department was not complete because it did not include the entire overpayment period, voided warrants, or uncashed warrants. *Questioned costs totaled $10,467.*

Further discussion with the Agency revealed that required overpayment adjustments have not been made on the quarterly federal financial reports or communicated with the federal awarding agency.

In addition, the Agency acknowledged that its documented internal control procedures have not been updated since 2015.

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| **Finding Number:** | **2020-013 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.659 – Adoption Assistance** |
| **Federal Awarding Agency:** | **U.S. Department of Human Services** |
| **Federal Award Number(s):** | **2001ARADPT; 1901ARADPT; 1801ARADPT** |
| **Federal Award Year(s):** | **2018, 2019, and 2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Significant Deficiency** |

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
State fiscal year 2020 - $5,604
State fiscal year 2019 - $5,492
State fiscal year 2018 - $2,981

**Cause:**
The internal control process for identifying, researching, calculating, and submitting overpayments to accounts receivable is inadequate. Additionally, the Adoption Unit is not notified timely of events requiring an adoption subsidy to end.

**Effect:**
The Agency does not have an adequate process in place to accurately identify and calculate overpayments and properly notify the accounts receivable department that an overpayment has occurred. Additionally, the federal awarding agency may require a refund.

**Recommendation:**
ALA staff recommend the Agency immediately update its documented internal control procedures regarding the overpayment process and provide relevant training to staff. In addition, ALA staff recommend the Agency immediately develop procedures for notifying the Adoption Unit regarding termination of adoptive parent parental rights to ensure subsidy end date information is processed timely.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. The Division of Children and Family Services (DCFS) has reviewed and updated the internal control procedures to include overpayment processes. Additional training has been provided to the adoption staff responsible for reviewing overpayments. DCFS has also worked with the Office of Information Technology to create a new report to identify when the termination of parental rights has been entered in CHRIS for a dissolved adoption. The report will allow the adoption staff to complete the subsidy end date in CHRIS and review for any overpayment.

**Anticipated Completion Date:** April 30, 2021

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|---|---|
| **Finding Number:** | **2020-014** |
| **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**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-014**.

**Criteria:**
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.

Also, in accordance with 42 CFR § 433.320, an agency must refund the federal share of overpayments that are subject to recovery by recording a credit on its Quarterly Statement of Expenditures (Form CMS-64). An agency must credit the federal share of overpayments on the earlier of (1) the CMS-64 submission due for the quarter in which the overpayment is recovered from the provider or (2) the quarter in which the one-year period following discovery, established in accordance with 42 CFR § 433.316, ends. A credit on the CMS-64 must be made whether or not the state has recovered the overpayment from the provider.

Finally, 42 CFR § 457.628(a) states that the requirements for the Medicaid program under 42 CFR §§ 433.312 - 433.322 also apply to the Children's Health Insurance Program (CHIP).

**Condition and Context:**
ALA review of the Agency's process for reporting provider overpayments due to fraud resulted in the discovery of four overpayments, totaling $72,686, that were not reported on the CMS-64 as required. In addition, three of the four overpayments were never entered into the Agency's QuickBooks system, intended to be the Agency's monitoring mechanism for its receivables.

The Agency confirmed that it does not identify the program from which overpayments were originally paid (i.e., Medicaid or CHIP). Therefore, ALA was unable to determine that all reported overpayments, which were not recouped through ICN level adjustments in MMIS, were appropriately applied to the Medicaid program.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Medicaid - $72,686
CHIP - Unknown

**Cause:**
Individuals involved in the collecting and reporting of provider overpayments did not have an adequate understanding of the federal regulations governing the reporting of identified overpayments.

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| **Finding Number:** | **2020-014 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.767 – Children's Health Insurance Program**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Effect:**
The Agency failed to report all identified overpayments and to report the overpayments timely. 42 CFR § 433.320(a)(4) states that if the federal share of an overpayment is not refunded, the state will be liable for interest on the amount equal to the federal share of the non-recovered, non-refunded overpayment amount. Interest during this period will be at the Current Value of Funds Rate and will accrue beginning on the day after the end of the one-year period following discovery until the last day of the quarter for which the CMS-64 is submitted, refunding the federal share of the overpayment.

**Recommendation:**
ALA staff recommend the Agency provide adequate training to ensure staff responsible for identifying and reporting provider overpayments fully understand the reporting requirements for overpayments that are identified by the Office of Medicaid Inspector General and the Medicaid Fraud Control Unit. ALA further recommends the Agency strengthen controls to ensure all identified overpayments are included on the appropriate CMS-64 and reported timely.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. The agency updated its procedures for processing Medicaid provider overpayments received from OMIG and MFCU on February 19, 2020. The payments noted in the findings were received from MFCU prior to the agency's implementation of corrective action.

The agency will attach funding codes to overpayments that can be identified as Medicaid or CHIP for reporting.

**Anticipated Completion Date:** June 30, 2021

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| **Finding Number:** | **2020-015** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.767 – Children's Health Insurance Program**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)** |
| **Type of Finding:** | **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 documented Medical Loss Ratio (MLR) internal controls for the Dental managed care program. After further inquiry to gain an understanding of the Agency's control processes, ALA was unable to identify any internal controls and could not perform MLR control testing on the Dental managed care program.

ALA was able to identify and test MLR controls for the Provider-Led Arkansas Shared Savings Entity (PASSE) managed care program. MLR reports are a requirement of each PASSE. These reports must be submitted to the Agency by April 30 and meet certain requirements outlined in the PASSE agreement as follows:

a) Total incurred claims.
b) Expenditures on quality improving activities.
c) Expenditures related to activities compliant with program integrity requirements.
d) Non-claims costs.
e) Premium revenue.
f) Taxes.
g) Licensing fees.
h) Regulatory fees.
i) Methodologies for allocation of expenditures.
j) Any credibility adjustment applied.
k) The calculated MLR.
l) Any remittance owed to the state, if applicable.

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| **Finding Number:** | **2020-015 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.767 – Children's Health Insurance Program**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)** |
| **Type of Finding:** | **Material Weakness** |

**Condition and Context (Continued):**

m) A comparison of the information reported with the audited financial report.

n) A description of the aggregation method used to calculate total incurred claims.

o) The number of member months.

Our testing revealed that adequate documentation was not provided to support that the required MLR reports were submitted timely and contained complete and accurate information. As a result, ALA was unable to determine if there was sufficient, appropriate evidence documenting that this control was operating effectively.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
None

**Cause:**
The Agency did not adequately develop or document internal control procedures for its staff regarding MLR for the Dental managed care program. Adequate oversight was not in place regarding MLR for PASSE.

**Effect:**
Failure to adequately document and implement appropriate internal control procedures limits the Agency's ability to adequately monitor the program to ensure compliance.

**Recommendation:**
ALA staff recommend the Agency develop and document internal controls regarding MLR for the Dental managed care program. In addition, ALA recommends the Agency strengthen the PASSE internal controls for MLR to ensure consistent operating effectiveness of the controls.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. The agency contracts with a vendor to perform an actuarial analysis of Medical Loss Ratio (MLR reports) for PASSE and Dental Managed Care. The vendor produces a report of this analysis. The agency will develop written controls addressing the actuarial review, submission, and completion of MLR reports for PASSE and Dental Managed Care.

**Anticipated Completion Date:** April 30, 2021

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| **Finding Number:** | **2020-015 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.767 – Children's Health Insurance Program**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)** |
| **Type of Finding:** | **Material Weakness** |

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

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| **Finding Number:** | **2020-016** |
| **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**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Repeat Finding:**
Not applicable

**Criteria:**
In a final rule, published in the Federal Register on May 6, 2016 (81 FR 27498), CMS adopted Medical Loss Ratio (MLR) requirements for Medicaid and CHIP managed care programs. One of the requirements is that a state must require each Medicaid managed care plan to calculate and report an MLR for rating periods starting on or after July 1, 2017. Each CHIP managed care plan is required to calculate and report an MLR for rating periods for state fiscal years beginning on or after July 1, 2018.

Additionally, 42 CFR § 438.8(e)(4) defines the requirements regarding fraud prevention activities for the numerator of the MLR calculation.

Finally, with regard to capitation rate setting for certain Managed Care Organization (MCO) plans, **prior** approval must be obtained as required in accordance with the regulations below:

- 42 CFR § 438.4(b) - Capitation rates for MCOs must be reviewed and approved by CMS as actuarially sound and must be provided to CMS in an approved format and within a timeframe that meets the requirements defined by 42 CFR § 438.7.
- 42 CFR § 438.7(a) - States must submit all MCO rate certifications concurrent with the review and approval process for contracts as specified in 42 CFR § 438.3(a).
- 42 CFR § 438.3(a) - CMS must review and approve all contracts, including those contracts that are not subject to the prior approval requirements in 42 CFR § 438.806. For states seeking approval of contracts prior to a specific effective date, proposed final contracts must be submitted to CMS for review no later than 90 days prior to the effective date of the contract.
- 42 CFR § 438.3(c) - The capitation rate and the receipt of capitation payments under the contract must be specifically identified in the applicable contract submitted for CMS review and approval.
- 42 CFR § 438.806(b) - For MCO contracts, prior approval by CMS is a condition of Federal Financial Participation (FFP) under any MCO contract that has a value equal to or greater than the following threshold amounts: $1,000,000 for 1998 (the value for all subsequent years is increased by the percentage increase in the consumer price index). FFP is not available in an MCO contract that does not have prior approval from CMS.

**Condition and Context:**
ALA reviewed the Dental managed care program and the Provider-Led Arkansas Shared Savings Entity (PASSE) managed care program for compliance with the various managed care MLR requirements. As result of procedures performed, the following deficiencies were noted:

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| **Finding Number:** | **2020-016 (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**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Condition and Context (Continued):**

*Dental Managed Care:*

Two entities participate in the Dental managed care program: Delta Dental and Managed Care of North America (MCNA). ALA review of the MLR requirements regarding these entities revealed the following:

- No documentation was provided to substantiate that the MLR calculation for calendar year 2018 was performed by MCNA and provided to the Agency.
- Although fraud prevention expenses were included in the numerator of the MLR calculation for Delta Dental for both calendar years 2018 and 2019, there was no Agency review of the calculation; therefore, whether the amounts included were in accordance with the amounts allowed could not be determined.
- Although it is assumed that the MLR reported for a rating period was calculated by using data from that rating period, this could not be verified as there was no Agency review of the accuracy/appropriateness of the MLR calculations performed by Delta Dental and MCNA for calendar years 2018 and 2019.

*PASSE:*

- No documentation was provided to substantiate that the Agency received prior approval from CMS for the revised calendar year 2019 rates prior to implementing the revised rates in October 2019.
- No documentation was provided to substantiate that the Agency received prior approval from CMS for the revised calendar year 2020 rates prior to implementing the revised rates in June 2020.

**Statistically Valid Sample:**
Not applicable

**Questioned Costs:**
Unknown

**Cause:**
The Agency did not adequately develop or implement procedures to ensure that the various managed care MLR requirements were met.

**Effect:**
Failure to adequately develop and implement appropriate internal control procedures limits the Agency's ability to adequately monitor the program to ensure compliance.

**Recommendation:**
ALA staff recommend the Agency develop and implement control procedures for managed care MLR requirements for both the Dental and PASSE managed care programs to ensure compliance.

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| **Finding Number:** | **2020-016 (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**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

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

DHS concurs with this finding. The agency contracts with a vendor to perform an actuarial analysis of Medical Loss Ratio (MLR reports) for PASSE and Dental Managed Care. The vendor produces a report of this analysis. The agency will develop written controls addressing the actuarial review, submission, and completion of MLR reports for PASSE and Dental Managed Care.

The agency timely submitted capitation rates to CMS pursuant to 42 CFR § 438.3 for calendar years 2019 and 2020. The agency will work with the CMS to avoid any future delays in rate approval.

**Anticipated Completion Date:** April 30, 2021

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|---|---|
| **Finding Number:** | **2020-017** |
| **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**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **US Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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 **2019-017**.

**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 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:**
Procedures implemented by the Agency to monitor state general revenues and other non-federal revenues used to "match" the federal grant award monies are not sufficiently detailed to determine that state match requirements were met for the MAP and CHIP.

The Agency does not maintain documentation identifying the original source of revenues categorized as other non-federal. State general revenues used to meet match requirements are transferred to the paying funds once available. The Agency utilizes an outside accounting system, Lotus 1-2-3, to maintain and trace state general revenue and other non-federal funds available. Agency staff manually key information into this system daily; however, no reviews or controls are in place to ensure the accuracy of this information or the funding category balances.

ALA's prior-year testing revealed that accounting records maintained in the Lotus 1-2-3 system included one-sided adjustments to state general revenue and other non-federal funds, causing the ending balances of both funding categories to be inaccurate. Periodic reconciliations of fund balances in the Lotus 1-2-3 system were only performed "in total" and not by the funding source (i.e., federal, state, or other non-federal).

Finally, Agency procedures implemented to monitor the use of state general revenue and other non-federal funding sources are completed at the Division level instead of the federal program level (i.e., Medicaid, CHIP, etc.).

As a result, sufficient, appropriate evidence could not be provided for ALA to perform testing to determine if the State met the required match in accordance with federal regulations.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Unknown

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| **Finding Number:** | **2020-017 (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**<br>**93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **US Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5021; 05-2005AR5021 (Children's Health Insurance Program)**<br>**05-1905AR5MAP; 05-2005AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Matching, Level of Effort, Earmarking** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Cause:**
Internal controls and monitoring procedures regarding the identification of revenue sources used for matching are inadequate to effectively monitor state match requirements at the federal program level.

**Effect:**
Compliance with the matching compliance requirement cannot be determined.

**Recommendation:**
ALA recommends the Agency review and strengthen internal controls to allow the Agency to appropriately identify funding sources used to meet state match requirements.

**Views of Responsible Officials and Planned Corrective Action:**
DHS disputes in part and concurs in part with this finding. While the agency maintains documentation identifying funds classified as "other non-federal" in its fund control *ledgers, the funds and sources could be documented with greater specificity. The agency will update its process to* provider greater specificity in tracking "other non-federal" funds.

The agency is in the process of reviewing general ledger systems to replace Lotus 1-2-3. This system will contain enhanced controls to support maintaining and documenting the accuracy of fund balances.

While the agency is not able to provide the level of detail requested by ALA, we maintain that the current process meets the State match obligation and complies with GAAP and state and federal law.

**Anticipated Completion Date:** December 31, 2021

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|---|---|
| **Finding Number:** | **2020-018** |
| **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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Material 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, individuals must have an independent assessment (IA) performed that designates them at the appropriate level of need to participate in the program.

The 1915(c) Home and Community-Based Services Waiver, applicable to the DD population, requires that an IA be performed at least every three years.

Section 1915(i) of the Social Security Act, applicable to the BH population, which provides states the option to offer home and community-based services through the state's plan, requires that an IA be performed at least every 12 months. In addition, 42 CFR § 441.720(b) states that for reassessments, the IA 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:**
From a population of over 7,000 PASSE recipients, ALA selected a sample of 60 (classified as BH) to determine if the following attributes had been met:

- An open eligibility segment for the recipient during the dates of service.
- A valid IA on file in effect for the dates of service.
- Appropriate amount paid in accordance with the actuarially determined rates.

ALA's review revealed exceptions affecting payments for 29 recipients as detailed below:

*The following 11 exceptions occurred because the Agency could not provide documentation supporting that an IA was updated or in effect for the payments made representing all dates of service. As a result, payments were made outside an approved/updated IA.*

- Sample item 1: The IA expired on July 2, 2019, and payments for this recipient continued for dates of service through September 30, 2019. *Questioned costs totaled $8,187.*
- Sample item 3: The IA expired on May 31, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $8,138.*
- Sample item 12: The IA expired on July 22, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $6,431.*
- Sample item 14: The IA expired on April 19, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $1,998.*
- Sample item 25: The IA expired on March 8, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $2,798.*
- Sample item 26: The IA expired on March 29, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $3,129.*

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| **Finding Number:** | **2020-018 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Condition and Context (Continued):**

- Sample item 31: The IA expired on May 2, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $2,996.*
- Sample item 38: The IA expired on April 22, 2019, and payments for this recipient continued for dates of service through June 4, 2019. *Questioned costs totaled $133.*
- Sample item 40: The IA for this recipient became effective on June 28, 2019, and a payment for this recipient was made representing dates of service that were prior to the effective date of the IA. *Questioned costs totaled $899.*
- Sample item 42: The IA expired on May 31, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $8,138.*
- Sample item 49: The IA expired on November 20, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $1,710.*

*The following 18 exceptions occurred because an IA was not updated timely, resulting in payments made for dates of service outside an approved/updated IA.*

- Sample item 2: The IA expired on August 12, 2019, and was not updated until November 12, 2019. Payments for this recipient continued for dates of service from August 13, 2019 through November 11, 2019. *Questioned costs totaled $9,093.*
- Sample item 4: The IA expired on September 4, 2019, and was not updated until January 2, 2020. Payments for this recipient continued for dates of service from September 5, 2019 through January 1, 2020. *Questioned costs totaled $5,009.*
- Sample item 7: The IA expired on June 21, 2019, and was not updated until August 22, 2019. Payments for this recipient continued for dates of service from June 22, 2019 through August 21, 2019. *Questioned costs totaled $1,845.*
- Sample item 9: The IA expired on August 9, 2019, and was not updated until January 13, 2020. Payments for this recipient continued for dates of service from August 10, 2019 through January 12, 2020. *Questioned costs totaled $5,851.*
- Sample item 11: The IA expired on May 29, 2019, and was not updated until August 23, 2019. Payments for this recipient continued for dates of service from May 30, 2019 through August 22, 2019. *Questioned costs totaled $2,707.*
- Sample item 13: The IA expired on March 15, 2019, and was not updated until July 10, 2019. Payments for this recipient continued for dates of service from March 16, 2019 through July 9, 2019. *Questioned costs totaled $1,289.*
- Sample item 17: The IA expired on June 19, 2019, and was not updated until July 11, 2019. Payments for this recipient continued for dates of service from June 20, 2019 through July 10, 2019. *Questioned costs totaled $643.*
- Sample item 21: The IA expired on August 5, 2019, and was not updated until October 17, 2019. Payments for this recipient continued for dates of service from August 6, 2019 through October 16, 2019. *Questioned costs totaled $1,837.*
- Sample item 24: The IA expired on March 21, 2019, and was not updated until August 28, 2019. Payments for this recipient continued for dates of service from March 22, 2019 through August 27, 2019. *Questioned costs totaled $2,678.*

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| **Finding Number:** | **2020-018 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Condition and Context (Continued):**

- Sample item 29: The IA expired on May 24, 2019, and was not updated until July 3, 2019. Payments for this recipient continued for dates of service from May 25, 2019 through July 2, 2019. *Questioned costs totaled $1,058.*
- Sample item 36: The IA expired on August 23, 2019, and was not updated until August 30, 2019. Payments for this recipient continued for dates of service from August 24, 2019 through August 29, 2019. *Questioned costs totaled $193.*
- Sample item 39: The IA expired on May 15, 2019, and was not updated until July 12, 2019. Payments for this recipient continued for dates of service from May 16, 2019 through July 11, 2019. *Questioned costs totaled $1,253.*
- Sample item 44: The IA expired on June 13, 2019, and was not updated until November 25, 2019. Payments for this recipient continued for dates of service from June 14, 2019 through November 24, 2019. *Questioned costs totaled $6,048.*
- Sample item 55: The IA expired on June 6, 2019, and was not updated until July 8, 2019. Payments for this recipient continued for dates of service from June 7, 2019 through July 7, 2019. *Questioned costs totaled $1,025.*
- Sample item 56: The IA expired on July 25, 2019, and was not updated until October 9, 2019. Payments for this recipient continued for dates of service from July 26, 2019 through October 8, 2019. *Questioned costs totaled $2,377.*
- Sample item 57: The IA expired on July 12, 2019, and was not updated until July 22, 2019. Payments for this recipient continued for dates of service from July 13, 2019 through July 21, 2019. *Questioned costs totaled $290.*
- Sample item 59: The IA expired on April 25, 2019, and was not updated until July 18, 2019. Payments for this recipient continued for dates of service from April 26, 2019 through July 17, 2019. *Questioned costs totaled $3,966.*
- Sample item 60: The IA expired on April 30, 2019, and was not updated until September 17, 2019. Payments for this recipient continued for dates of service from May 1, 2019 through September 16, 2019. *Questioned costs totaled $2,996.*

**Questioned Costs:**
$94,715

**Cause:**
The full-risk PASSE program began in March 2019. Rather than being performed evenly throughout the year, the majority of the BH assessments were performed by the Agency's contractor, Optum, in large groupings during calendar year 2018. To more evenly distribute the assessment workload throughout the year, the Agency and its contractor spread the assessments out over the full 12 months. Due to the timing of this process, there were still instances of late BH assessments noted during fiscal year 2020.

**Effect:**
Gaps were revealed in the performance of the required independent assessments for the BH population. As a result, payments were made outside the approved/updated dates of service for numerous recipients.

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| **Finding Number:** | **2020-018 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Recommendation:**
ALA staff recommend the Agency review and strengthen its independent assessment procedures to ensure they are completed timely and in accordance with federal regulations.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with the finding. As of January 1, 2020, the agency has updated its independent assessment process to ensure timely completion of reassessments. The scheduling process for assessments begins 60 days from the due date of assessment and beneficiaries may call to schedule an assessment up to six months prior to the assessment due date. Members that are not assessed prior to their reassessment date will be removed from the PASSE. (Note: Members are not being removed from the PASSE for lack of reassessment during the COVID-19 federal public health emergency).

**Anticipated Completion Date:** Complete

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| **Finding Number:** | **2020-019** |
| **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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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 **2019-006**.

**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 40 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 11 of the provider files as follows:

*Moderate-risk category:*

- Sample item 23: The Agency failed to perform the additional screening requirement (site visit). *Questioned costs totaled $1,978.*
- Sample item 29: The provider's revalidation was due by February 19, 2020, but was not performed until April 13, 2020. In addition, a site visit was never performed supporting the 2015 revalidation. (Subsequent site visits were suspended on March 4, 2020, due to the COVID-19 pandemic.) *Questioned costs totaled $5,155.*
- Sample item 30: The Agency failed to perform the additional screening requirement (site visit). *Questioned costs totaled $523.*
- Sample item 33: The provider's revalidation was due by June 25, 2016, but was not performed until June 6, 2019. *Questioned costs totaled $1,120.*

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| **Finding Number:** | **2020-019 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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):**

- Sample item 36: The provider's revalidation was due by September 25, 2016, but was not performed until May 7, 2019. *Questioned costs totaled $280.*

*Limited-risk category:*

- Sample item 9: The provider's revalidation was due by September 25, 2016, but was never performed. According to the Agency, the provider was to be terminated, but due to the COVID-19 pandemic, no providers have been terminated. *Questioned costs totaled $126.*
- Sample item 24: The provider's revalidation was due by April 30, 2017, but was not performed until May 3, 2019. *Questioned costs totaled $480.*
- Sample item 25: The provider's revalidation was due by September 25, 2016, but was not performed until August 29, 2019. In addition, there was not an application on file that covered the entire enrollment period. *Questioned costs totaled $2,206.*
- Sample item 26: The provider's revalidation was due by September 25, 2016, but was not performed until August 29, 2019. In addition, there was not an application on file that covered the entire enrollment period. *Questioned costs totaled $5,607.*
- Sample item 34: The provider's revalidation was due by June 21, 2017, but was not performed until October 25, 2019. *Questioned costs totaled $570.*
- Sample item 38: The Agency did not provide documentation of the provider's certification that covered the entire enrollment period. *Questioned costs totaled $2,665.*

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$20,710

**Cause:**
The Agency had asserted that, effective May 31, 2019, it 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. However, due to timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2020.

**Effect:**
Claims were processed and paid to providers that did not meet all the required elements and, therefore, were ineligible.

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

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| **Finding Number:** | **2020-019 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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:**

DHS concurs with this 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 DHS Office of Payment Integrity and Internal Audit also conducts regular provider eligibility compliance reviews and reports its findings to DMS.

Eight of the eleven deficient provider files relate to non-compliance with revalidation requirements pre-dating May 31, 2019. The deficiencies noted that occurred prior to May 31, 2019 will be corrected upon revalidation for the provider.

Two of the eleven deficient providers revalidated after the established revalidation deadline in SFY2020. These providers submitted applications for revalidation which were not able to be processed by the revalidation deadline due to incomplete information on the application. The providers were not terminated as they submitted the missing information at the request of the agency.

One of the eleven deficient providers did not have the required proof of grant award required for eligibility. The agency sends an automatic notification when a provider's grant award on file expires. If the updated award is not received within 60 days of the expiration date the provider is terminated. This provider was not terminated as the expiration of award occurred during the federal COVID-19 public health emergency.

**Anticipated Completion Date:** Complete

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| **Finding Number:** | **2020-020** |
| **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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-007**.

**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 (PASSE) managed care program. ALA review revealed deficiencies with 19 of the provider files as follows:

*High-risk category:*

- Sample item 38: The Agency did not perform the additional screening requirements (site visit and fingerprint background check) or provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $65,070.*

*Moderate-risk category:*

- Sample item 18: The Agency did not perform the additional screening requirement (site visit) or provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $183.*

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| **Finding Number:** | **2020-020 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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):**

- Sample item 19: The Agency did not perform the additional screening requirement (site visit). *Ineligible costs totaled $80.*
- Sample item 20: The Agency did not perform the additional screening requirement (site visit). *Ineligible costs totaled $2,352.*
- Sample item 21: The Agency did not perform the additional screening requirement (site visit). *Ineligible costs totaled $309.*
- Sample item 23: The Agency did not perform the additional screening requirement (site visit) or provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $3,568.*
- Sample item 30: The provider's revalidation was due by December 12, 2019, but was not performed until February 4, 2020. In addition, the Agency did not perform the additional screening requirement (site visit) for the 2014 re-enrollment. *Ineligible costs totaled $18,466.*
- Sample item 39: The provider's revalidation was due by September 25, 2016, but was not performed until October 31, 2019. *Ineligible costs totaled $1,598.*

*Limited-risk category:*

- Sample item 2: The provider's revalidation was due by September 25, 2016, but was not performed until May 22, 2019. In addition, the Agency could not provide the required W-9 that covered the entire enrollment period. *Ineligible costs totaled $153.*
- Sample item 3: The provider's revalidation was due by September 25, 2016, but was not performed until July 26, 2019. *Ineligible costs totaled $213.*
- Sample item 4: The provider's revalidation was due by September 17, 2017, but was not performed until August 2, 2019. *Ineligible costs totaled $58.*
- Sample item 7: No documentation was provided for this testing item. *Ineligible costs totaled $304.*
- Sample item 8: The provider's revalidation was due by September 25, 2016, but was not performed until July 8, 2019. *Ineligible costs totaled $65.*
- Sample item 12: The provider's revalidation was due by September 25, 2016, but was not performed until March 4, 2020. *Ineligible costs totaled $330.**
- Sample item 22: The provider's revalidation was due by September 25, 2016, but was not performed until August 22, 2019. In addition, the Agency could not provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $1,082.*
- Sample item 24: The provider's revalidation was due by September 25, 2016, but was not performed until June 19, 2019. *Ineligible costs totaled $60.*
- Sample item 27: The provider's revalidation was due by May 22, 2017, but was not performed until August 16, 2019. *Ineligible costs totaled $50.*
- Sample item 31: The provider's revalidation was due by September 25, 2019, but was not performed until December 11, 2019. *Ineligible costs totaled $31.*
- Sample item 34: The provider's revalidation was due by September 25, 2016, but was not performed until August 14, 2019. *Ineligible costs totaled $1,808.**

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| **Finding Number:** | **2020-020 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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):**
Dental Managed Care* payments for the deficiencies noted above totaled $2,138. PASSE payments totaled $93,642.

*NOTE: Because these providers are participating in the managed care portion of CHIP, 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

**Questioned Costs:**
Unknown

**Cause:**
The Agency had asserted that, effective May 31, 2019, it 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. However, due to timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2020.

**Effect:**
Claims were processed and paid to the managed care entities for providers that did not meet all required criteria.

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

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. 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. Fifteen of the nineteen deficient provider files relate to non-compliance with revalidation requirements pre-dating May 31, 2019. The deficiencies noted that occurred prior to May 31, 2019 will be corrected upon revalidation for the provider. The DHS Office of Payment Integrity and Internal Audit also conducts regular provider eligibility compliance reviews and reports its findings to DMS.

Two of the nineteen deficient providers revalidated after the established revalidation deadline in SFY2020. These providers submitted applications for revalidation which were not able to be processed by the revalidation deadline due to incomplete information on the application. The providers were not terminated as they submitted the missing information at the request of the agency.

Two of the nineteen deficient providers did not have the required proof of certification on file. The agency sends an automatic notification when a provider's certification on file expires. If the certification is not received within 60 days of the expiration date the provider is terminated. One provider submitted the requested certification during SFY20. The other provider has not submitted the requested certification but was not terminated due to the federal COVID-19 public health emergency.

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| **Finding Number:** | **2020-020 (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):** | **05-1905AR5021; 05-2005AR5021** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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:** Complete

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| **Finding Number:** | **2020-021** |
| **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):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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 **2019-011**.

**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 the 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 reviewed data for 40 beneficiaries to determine if a valid PCSP was in effect for all dates of service for which claims were paid and if attendant care services were provided in accordance with the beneficiary's PCSP and did not exceed the frequency or the maximum amount allowed. This review revealed the following deficiencies regarding 28 beneficiaries:

- Sample item 2: Claims were paid without a valid PCSP for dates of service beginning May 27, 2019 through October 25, 2019. *Questioned costs totaled $3,053.*
- Sample item 3: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through January 21, 2020. *Questioned costs totaled $6,187.*
- Sample item 6: Claims were paid without a valid PCSP for dates of service beginning June 4, 2019 through February 13, 2020. *Questioned costs totaled $1,373.*
- Sample item 7: Claims were paid without a valid PCSP for dates of service beginning June 1, 2019 through May 30, 2020. *Questioned costs totaled $19,274* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 9: Claims were paid without a valid PCSP for dates of service beginning May 27, 2019 through August 22, 2019. *Questioned costs totaled $1,840.*
- Sample item 10: Claims were paid without a valid PCSP for dates of service beginning June 4, 2019 through May 29, 2020. *Questioned costs totaled $11,857* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 11: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through October 18, 2019. *Questioned costs totaled $4,828.*
- Sample item 13: Claims were paid without a valid PCSP for dates of service beginning April 3, 2019 through April 28, 2020. *Questioned costs totaled $14,444* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.

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| **Finding Number:** | **2020-021 (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):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices Waiver)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Condition and Context (Continued):**

- Sample item 14: Claims were paid without a valid PCSP for dates of service beginning February 6, 2019 through June 5, 2020. *Questioned costs totaled $7,097* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 15: Claims were paid without a valid PCSP for dates of service beginning October 22, 2019 through January 24, 2020. *Questioned costs totaled $268.*
- Sample item 16: Claims were paid without a valid PCSP for dates of service beginning June 18, 2019 through November 4, 2019. *Questioned costs totaled $1,119.*
- Sample item 19: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through October 25, 2019. *Questioned costs totaled $4,338.*
- Sample item 21: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through September 9, 2019. *Questioned costs totaled $2,350.*
- Sample item 22: Claims were paid without a valid PCSP for dates of service beginning June 10, 2019 through August 17, 2019. *Questioned costs totaled $2,153.*
- Sample item 23: Claims were paid without a valid PCSP for dates of service beginning October 15, 2018 through June 12, 2020. *Questioned costs totaled $7,106* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 24: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through January 2, 2020. *Questioned costs totaled $11,581.*
- Sample item 26: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through February 7, 2020. *Questioned costs totaled $13,090.*
- Sample item 27: Claims were paid without a valid PCSP for dates of service beginning May 1, 2019 through November 25, 2019. *Questioned costs totaled $12,678.*
- Sample item 28: Claims were paid without a valid PCSP for dates of service beginning May 1, 2019 through October 25, 2019. *Questioned costs totaled $5,957.*
- Sample item 29: Claims were paid without a valid PCSP for dates of service beginning June 10, 2019 through June 12, 2020. *Questioned costs totaled $9,221* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 30: Claims were paid without a valid PCSP for dates of service beginning August 9, 2019 through October 4, 2019. *Questioned costs totaled $1,252.*
- Sample item 31: Claims were paid without a valid PCSP for dates of service beginning April 19, 2019 through October 28, 2019. *Questioned costs totaled $6,090.*
- Sample item 32: Claims were paid without a valid PCSP for dates of service beginning October 16, 2019 through March 11, 2020. *Questioned costs totaled $3,412.*
- Sample item 33: Claims were paid without a valid PCSP for dates of service beginning January 28, 2020 through February 28, 2020. *Questioned costs totaled $506.*
- Sample item 34: Claims were paid without a valid PCSP for dates of service beginning June 16, 2019 through June 13, 2020. *Questioned costs totaled $14,222* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.

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| **Finding Number:** | **2020-021 (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):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices Waiver)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Condition and Context (Continued):**

- Sample item 37: Claims were paid without a valid PCSP for dates of service beginning June 1, 2019 through September 8, 2019. *Questioned costs totaled $908.*
- Sample item 38: Claims were paid without a valid PCSP for dates of service beginning June 17, 2019 through June 12, 2020. *Questioned costs totaled $16,577* but were only calculated through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 39: Claims were paid without a valid PCSP for dates of service beginning June 16, 2019 through February 17, 2020. *Questioned costs totaled $14,563.*

*NOTE: In accordance with the Families First Coronavirus Response Act (FFCRA), states must provide continuous coverage, through the end of the month in which the emergency period ends, to all Medicaid beneficiaries who were enrolled in Medicaid on or after March 18, 2020, regardless of any changes in circumstances or redeterminations at scheduled renewals that otherwise would result in termination.*

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$197,344

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

**Effect:**
Amounts paid were in excess of amounts authorized.

**Recommendation:**
ALA staff recommend the Agency review and strengthen its policies and procedures to ensure that all amounts paid are in accordance with amounts authorized and that amounts authorized are supported by both a current and valid PCSP 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. On July 20, 2020, the agency implemented a workflow management system and strategy to track and report re-evaluation activities that will ensure timely completion of Person-Centered Service Plans for ARChoices beneficiaries.

**Anticipated Completion Date:** Complete

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| **Finding Number:** | **2020-021 (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):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices Waiver)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

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

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| **Finding Number:** | **2020-022** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-012**.

**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, individuals must have an independent assessment performed that designates them at the appropriate level of need to participate in the program.

The 1915(c) Home and Community-Based Services Waiver, applicable to the DD population, requires that an IA be performed at least every three years.

Section 1915(i) of the Social Security Act, applicable to the BH population, provides states the option to offer home and community-based services through the state's plan and requires that an IA be performed at least every 12 months. In addition, 42 CFR § 441.720(b) states that, for reassessments, the IA 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 (50 BH recipients and 10 DD recipients) to determine if the following attributes had been met:

- An open eligibility segment for the recipient during the dates of service.
- A valid IA on file in effect for the dates of service.
- Appropriate amount paid in accordance with the actuarially determined rates.

Our review revealed exceptions affecting payments for 22 BH recipients as detailed below:

*The following six exceptions occurred because the Agency could not provide documentation supporting that an IA was updated or in effect for the payments made representing all dates of service. As a result, payments were made outside an approved/updated IA.*

- Sample item 6: The IA expired on May 9, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $1,973.*
- Sample item 19: The IA expired on May 14, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $1,973.*
- Sample item 25: The IA expired on April 18, 2019, and payments for this recipient continued for dates of service through August 31, 2019. *Questioned costs totaled $1,973.*
- Sample item 36: The IA expired on October 11, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $2,852.*
- Sample item 45: The IA expired on December 9, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $1,863.*
- Sample item 52: The IA expired on June 11, 2019, and payments for this recipient continued for dates of service through December 31, 2019. *Questioned costs totaled $5,793.*

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| **Finding Number:** | **2020-022 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Condition and Context (Continued):**
*The following 16 exceptions occurred because an IA was not updated timely, resulting in payments made for dates of service outside an approved/updated IA.*

- Sample item 1: The IA expired on December 19, 2019, and was not updated until February 19, 2020. Payments for this recipient continued for dates of service from December 20, 2019 through February 18, 2020. *Questioned costs totaled $417.*
- Sample item 8: The IA expired on February 26, 2019, and was not updated until May 11, 2020. Payments for this recipient continued for dates of service from February 27, 2019 through May 10, 2020. *Questioned costs, totaling $9,037*, were calculated beginning February 27, 2019 through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 10: The IA expired on June 10, 2019, and was not updated until June 1, 2020. Payments for this recipient continued for dates of service from June 11, 2019 through May 31, 2020. *Questioned costs, totaling $18,882*, were calculated beginning June 11, 2019 through March 17, 2020, *to ensure adherence to the guidance contained in the note below*.
- Sample item 14: The IA expired on September 17, 2019, and was not updated until December 6, 2019. Payments for this recipient continued for dates of service from September 18, 2019 through December 5, 2019. *Questioned costs totaled $6,524.*
- Sample item 15: The IA expired on August 1, 2019, and was not updated until September 23, 2019. Payments for this recipient continued for dates of service from August 2, 2019 through September 22, 2019. *Questioned costs totaled $8,129.*
- Sample item 22: The IA expired on October 17, 2019, and was not updated until October 30, 2019. Payments for this recipient continued for dates of service from October 18, 2019 through October 29, 2019. *Questioned costs totaled $1,124.*
- Sample item 31: The IA expired on June 3, 2019, and was not updated until July 2, 2019. Payments for this recipient continued for dates of service from June 4, 2019 through July 1, 2019. *Questioned costs totaled $4,211.*
- Sample item 35: The IA expired on June 14, 2019, and was not updated until September 20, 2019. Payments for this recipient continued for dates of service from June 15, 2019 through September 19, 2019. *Questioned costs totaled $1,620.*
- Sample item 40: The IA expired on March 28, 2019, and was not updated until June 21, 2019. Payments for this recipient continued for dates of service from March 29, 2019 through June 20, 2019. *Questioned costs totaled $470.*
- Sample item 44: The IA expired on May 24, 2019, and was not updated until August 22, 2019. Payments for this recipient continued for dates of service from May 25, 2019 through August 21, 2019. *Questioned costs totaled $5,265.*
- Sample item 46: The IA expired on September 4, 2019, and was not updated until November 26, 2019. Payments for this recipient continued for dates of service from September 5, 2019 through November 25, 2019. *Questioned costs totaled $2,587.*
- Sample item 50: The IA expired on August 29, 2019, and was not updated until November 18, 2019. Payments for this recipient continued for dates of service from August 30, 2019 through November 17, 2019. *Questioned costs totaled $9,636.*

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| **Finding Number:** | **2020-022 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Condition and Context (Continued):**

- Sample item 54: The IA expired on June 25, 2019, and was not updated until July 29, 2019. Payments for this recipient continued for dates of service from June 26, 2019 through July 28, 2019. *Questioned costs totaled $753.*
- Sample item 55: The IA expired on July 22, 2019, and was not updated until February 13, 2020. Payments for this recipient continued for dates of service from July 23, 2019 through February 12, 2020. *Questioned costs totaled $18,613.*
- Sample item 58: The IA expired on October 23, 2019, and was not updated until December 23, 2019. Payments for this recipient continued for dates of service from October 24, 2019 through December 22, 2019. *Questioned costs totaled $3,553.*
- Sample item 60: The IA expired on October 11, 2019, and was not updated until December 3, 2019. Payments for this recipient continued for dates of service from October 12, 2019 through December 2, 2019. *Questioned costs totaled $1,712.*

*NOTE: In accordance with the Families First Coronavirus Response Act (FFCRA), states must provide continuous coverage, through the end of the month in which the emergency period ends, to all Medicaid beneficiaries who were enrolled in Medicaid on or after March 18, 2020, regardless of any changes in circumstances or redeterminations at scheduled renewals that otherwise would result in termination.*

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$108,960

**Cause:**
The full-risk PASSE program began in March 2019. Rather than being performed evenly throughout the year, the majority of the BH assessments were performed by the Agency's contractor, Optum, in large groupings during calendar year 2018. To more evenly distribute the assessment workload throughout the year, the Agency and its contractor spread the assessments out over the full 12 months. Due to the timing of this process, there were still instances of late BH assessments noted during fiscal year 2020.

**Effect:**
Gaps were revealed in the performance of the required independent assessments for the BH population. As a result, payments were made outside the approved/updated dates of service for numerous recipients.

**Recommendation:**
ALA staff recommend the Agency review and strengthen its independent assessment procedures to ensure they are completed timely and in accordance with federal regulations.

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| **Finding Number:** | **2020-022 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Activities Allowed or Unallowed – Managed Care (PASSE)** |
| **Type of Finding:** | **Noncompliance and Material Weakness** |

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. As of January 1, 2020, the agency has updated its independent assessment process to ensure timely completion of reassessments. The scheduling process for assessments begins 60 days from the due date of assessment and beneficiaries may call to schedule an assessment up to six months prior to the assessment due date. Members that are not assessed prior to their reassessment date will be removed from the PASSE. (Note: Members are not being removed from the PASSE for lack of reassessment during the COVID-19 federal public health emergency).

**Anticipated Completion Date:** Complete

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| **Finding Number:** | **2020-023** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1805AR5MAP; 05-1905AR5MAP; 05-2005ARMAP** |
| **Federal Award Year(s):** | **2018, 2019, and 2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-016**.

**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 § 435.914 that states, "The Agency must include in each applicant's case record facts to support the Agency's decision...."

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

States are required, per Section 1940 of the Social Security Act (42 USC 139w), to have a mechanism in place to verify assets by accessing information held by financial institutions. This information is to be used to determine or renew Medicaid eligibility for aged, blind, and disabled Medicaid applicants or recipients when an asset test is required.

**Condition and Context:**
ALA staff reviewed 19 traditional Medicaid recipient files in the ANSWER system and 41 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 108 claims totaling $47,578, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 80 claims. *Questioned costs totaled $25,478.*

  The annual reevaluation was also not completed timely. The 2020 reevaluation, due in August 2019, was not completed until November 8, 2019. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file, with 46 claims totaling $131, was for an individual who was deceased at the time of the claims and, therefore, not eligible, affecting all 46 claims. *Questioned costs totaled $98.*

  In addition, 33 claims paid in 2019 and 2018 were also affected. Questioned costs totaled $89 and $20, respectively. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file, with 62 claims totaling $1,029, did not contain disability verification, affecting 2 claims. *Questioned costs totaled less than $1.*

  In addition, 13 claims paid in 2019 were also affected. Questioned costs totaled $565. (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child) (Non-MAGI/ANSWER)
- One client file, with 117 claims totaling $14,940, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 58 claims. *Questioned costs totaled $5,481.* (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file, with 19 claims totaling $32,962, did not contain adequate documentation supporting the income and resources criteria, affecting 3 claims. *Questioned costs totaled $12,090.*

  The initial eligibility determination was also not completed timely. The application was received on September 26, 2019, but not approved until April 29, 2020, exceeding the 45-day limit. (Aid to the Aged) (Non-MAGI/ANSWER)

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| **Finding Number:** | **2020-023 (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; 05-2005ARMAP** |
| **Federal Award Year(s):** | **2018, 2019, and 2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Condition and Context (Continued):**

- One client file, with 341 claims totaling $19,289, did not contain a DCO-704 signed by a registered nurse verifying medical necessity, affecting 55 claims. *Questioned costs totaled $2,837.* (Disabled Tax Equity and Fiscal Responsibility Act [TEFRA] Child) (Non-MAGI/ANSWER)
- One client file, with 15 claims totaling $1,679, did not contain documentation proving income eligibility, affecting all 15 claims. *Questioned costs totaled $1,561.*

  The annual reevaluation was also not completed timely. The 2020 reevaluation, due in September 2019 was not completed until December 17, 2019. (Adult Expansion) (MAGI/CURAM)

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

- One client file did not have a timely eligibility determination. The application was received on July 5, 2019, but was not approved until September 19, 2019, exceeding the 45-day limit. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file did not have a timely eligibility determination. The application was received on November 5, 2019, but was not approved until February 18, 2020, exceeding the 90-day limit. (Aid to the Disabled) (Non-MAGI/ANSWER)

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) for dates of services between the time the reevaluation was due and the day before it was performed is noted below to show what could have been paid in error if the recipient had ultimately been deemed ineligible:

- One client file did not have a timely reevaluation, as it was due in January 2020 but was not completed until February 12, 2020. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $5,492 in state fiscal year 2020. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file did not have a timely reevaluation, as it was due in July 2019 but was not completed until October 11, 2019. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $15,768 in state fiscal year 2020. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file did not have a timely reevaluation, as it was due in October 2019 but was not completed until November 13, 2019. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $5,955 in state fiscal year 2020. (Aid to the Aged) (Non-MAGI/ANSWER)
- One client file did not have a timely reevaluation, as it was due in June 2019 but was not completed until July 19, 2019. The claims paid for dates of services between when the reevaluation was due and the day before it was performed totaled $2,243 in state fiscal year 2020. (Aid to the Aged) (Non-MAGI/ANSWER)

Additionally, for 1 of 19 traditional Medicaid determinations reviewed, there was no evidence in the file to show that the Asset Verification System was utilized during the eligibility determination.

**Statistically Valid Sample:**
Not a statistically valid sample

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| **Finding Number:** | **2020-023 (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; 05-2005ARMAP** |
| **Federal Award Year(s):** | **2018, 2019, and 2020** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Questioned Costs:**
State fiscal year 2020 - $47,546
State fiscal year 2019 - $654
State fiscal year 2018 - $20

**Cause:**
The Agency had previously asserted that the root cause of the deficiencies resulted from the Division of Aging, Adult, and Behavioral Health Services and the Agency's contractor, Optum, being unable to complete the reassessments timely. Although the Agency asserted that a new business process was being developed to ensure timely eligibility determinations, deficiencies continued to exist during fiscal year 2020.

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 with 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 this finding. These deficiencies were a result of staff's non-compliance with agency eligibility processes and policy. Staff will receive training focused on correcting the noted deficiencies and compliance with policy will be monitored.

**Anticipated Completion Date:** April 30, 2021

**Contact Person:**
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| **Finding Number:** | **2020-024** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **US Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5ADM; 05-2005AR5ADM** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Reporting** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-018**.

**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. Amounts reported on the CMS-64 must be an accurate and complete accounting of actual expenditures.

**Condition and Context:**
ALA staff performed testing of expenditures reported on the CMS-64 for the quarters ended December 31, 2019, and March 31, 2020, 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, 2019, CMS-64 report, six line items totaling $67,693,380 and representing 92% of administrative expenditures were selected. ALA identified uncorrected errors on four items, resulting in an **overstatement** of the federal portion of expenditures totaling $357,875.
- From the March 31, 2020, CMS-64 report, seven line items totaling $98,034,106 and representing 92% of administrative expenditures were selected. ALA identified uncorrected errors on 3 items, resulting in an **overstatement** of the federal portion of expenditures totaling $137,546.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$495,421

**Cause:**
The Agency implemented new procedures for calculating amounts to be reported on the quarterly CMS-64 expenditure reports. When designing this process, the Agency failed to adequately review and verify the accuracy of formulas used to determine the expenditure amounts for each report line. Additionally, the Agency failed to adequately review report calculations for accuracy prior to submitting the quarterly reports.

**Effect:**
The Agency failed to properly report expenditures on the CMS-64 quarterly reports, resulting in the Agency claiming excess federal funds.

**Recommendation:**
ALA staff recommend the Agency review the Excel workbooks used to assist in completing the CMS-64 reports and verify the accuracy and necessity of formulas used to allocate expenditures to the appropriate report lines. ALA further recommends the Agency correct identified errors by entering prior period adjustments on subsequent CMS-64 reports.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. The agency has corrected the errors to the formulas used to allocate expenditures on the CMS-64 and will correct the identified errors by making prior period adjustments on the upcoming quarterly submission of the CMS-64. There will be no impact to federal financial participation with these adjustments.

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| **Finding Number:** | **2020-024 (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):** | **05-1905AR5ADM; 05-2005AR5ADM** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Reporting** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

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

**Anticipated Completion Date:** April 30, 2021

**Contact Person:**

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| **Finding Number:** | **2020-025** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2015, 2016, 2017, 2018, 2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions – Capitation Payments Paid Subsequent to Recipient Death** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-019**.

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

**Condition and Context:**
The Arkansas Department of Health provided ALA with a listing of deceased individuals, which ALA used to identify individuals who had capitation payments paid or adjusted in state fiscal year 2020 with dates of service after their date of death.

ALA staff review of 40 recipients with capitation payments for dates of service subsequent to the date of death revealed the following:

- Twenty-nine recipients had capitation payments paid representing dates of service after their date of death. These payments had not been recouped as of fieldwork date November 16, 2020. *Questioned costs totaled $7,239.*
- For seven recipients, MMIS did not have a date of death recorded, or the date of death was not correct as of fieldwork date December 2, 2020.
- For eight recipients, capitation payments were paid more than six months past the date of death and ranged from 9 to 63 months.

As a result of testing performed, a system issue with the Arkansas's Network System for Welfare, Eligibility and Reporting (ANSWER) was revealed. The ANSWER system automatically opened a non-SSI eligibility segment for one recipient after the SSI eligibility segment for that recipient was closed due to the recipient's death. As a result, capitation payments began again for that recipient at the beginning of the next calendar year, months after the recipient's death.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
State fiscal year 2020 - $698
State fiscal year 2019 - $6,311
State fiscal year 2018 - $154
State fiscal year 2017 - $31
State fiscal year 2016 - $36
State fiscal year 2015 - $9

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| **Finding Number:** | **2020-025 (Continued)** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1505AR5MAP; 05-1605AR5MAP; 05-1705AR5MAP; 05-1805AR5MAP; 05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2015, 2016, 2017, 2018, 2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions – Capitation Payments Paid Subsequent to Recipient Death** |
| **Type of Finding:** | **Noncompliance and Significant Deficiency** |

**Cause:**
The Agency is not receiving timely notification of recipient deaths. Additional delays involve the time required to confirm the date of death after receiving notification. An automatic retrospective review is completed in MMIS to identify payments for recoupment that were made subsequent to the date of death. However, if an eligibility segment is closed for another reason prior to receiving notification of date of death and the date of death is not updated in MMIS, the payments will not be recouped. Although the Agency has indicated that it is reviewing all date of death discrepancies between the eligibility systems and MMIS, these deficiencies continued to exist during fiscal year 2020.

**Effect:**
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 capitation payments for dates of service subsequent to the date of death are not paid.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with the finding. The deficiencies noted can be attributed to the following factors:

- The incorrect date of death was received from the Social Security Administration
- The agency did not receive the date of death file prior to case closure
- The ANSWER system automatically opened an eligibility segment in error

The agency's new integrated eligibility system (ARIES) will prevent many system errors with dates of death related to the transfer of information between multiple eligibility systems. The entire Medicaid population for the state will be operational in ARIES by April 12, 2021.

It was also identified that claims were paid subsequent to a recipient's death when MMIS contained a date of death. 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 and reconciliation is completed in the MMIS to identify claims for recoupment that were paid subsequent to date of death. All deficiencies identified are NET and PCCM capitation payments. The retrospective review and reconciliation for NET is completed on annual basis in January and the agency is in the process of activating the review and reconciliation for PCCM. The PCCM review and reconciliation will be completed annually in June.

**Anticipated Completion Date:** June 30, 2021

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| **Finding Number:** | **2020-026** |
| **State/Educational Agency(s):** | **Arkansas Department of Human Services** |
| **Pass-Through Entity:** | **Not Applicable** |
| **CFDA Number(s) and Program Title(s):** | **93.778 – Medical Assistance Program (Medicaid Cluster)** |
| **Federal Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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 **2019-006**.

**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 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 40 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 24 of the provider files as follows:

*High-risk category:*

- Sample item 34: The Agency failed to perform the additional screening requirements (site visit or finger print background check). *Questioned costs totaled $31,205.*
- Sample item 35: The Agency failed to perform the additional screening requirements (site visit or finger print background check). In addition, the Agency did not provide documentation of the provider's certification that covered the entire enrollment period. *Questioned costs totaled $13,321.*
- Sample item 36: The provider's revalidation was due by October 30, 2019, but was not performed until December 12, 2019. In addition, the Agency did not perform the additional screening requirements (site visit or finger print background check). *Questioned costs totaled $66,177.*

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| **Finding Number:** | **2020-026 (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; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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):**

- Sample item 39: The Agency failed to perform the additional screening requirements (site visit or finger print background check). *Questioned costs totaled $132,732.*
- Sample item 40: The provider's revalidation was due by March 23, 2020, but was not performed until July 29, 2020. In addition, the Agency did not perform the additional screening requirements (site visit or finger print background check). *Questioned costs totaled $620,884.*

*Moderate-risk category:*

- Sample item 19: The Agency failed to perform the additional screening requirement (site visit). In addition, the Agency did not provide documentation of the provider's certification that covered the entire enrollment period. *Questioned costs totaled $7,399.*
- Sample item 20: The Agency failed to perform the additional screening requirement (site visit). In addition, the Agency did not provide documentation of the provider's certification that covered the entire enrollment period. *Questioned costs totaled $4,405.*
- Sample item 21: The Agency failed to perform the additional screening requirement (site visit). *Questioned costs totaled $1,825.*
- Sample item 22: The Agency failed to perform the additional screening requirement (site visit). *Questioned costs totaled $9,999.*
- Sample item 28: The Agency failed to perform the additional screening requirement (site visit). In addition, the Agency did not provide documentation of the provider's professional license that covered the entire enrollment period. *Questioned costs totaled $550,058.*
- Sample item 29: The Agency failed to perform the additional screening requirement (site visit). *Questioned costs totaled $3,394.*
- Sample item 31: The provider's revalidation was due by March 8, 2018, but was not performed until August 20, 2019. In addition, the Agency was unable to provide the Lexis Nexis reports associated with the provider's initial 2013 enrollment. *Questioned costs totaled $1,543.*
- Sample item 38: The provider's revalidation was due by July 15, 2019, but was never performed. In addition, the Agency did not perform the additional screening requirement (site visit). *Questioned costs totaled $590.*

*Limited-risk category:*

- Sample item 2: The provider's revalidation was due by April 21, 2020, but was not performed until October 19, 2020. *Questioned costs totaled $70.*
- Sample item 8: The provider's revalidation was due by September 25, 2016, but was not performed until August 17, 2019. *Questioned costs totaled $128,381.*
- Sample item 9: The provider's revalidation was due by September 25, 2016, but was not performed until July 20, 2019. *Questioned costs totaled $9,540.*
- Sample item 10: The provider's revalidation was due by September 25, 2016, but was not performed until September 5, 2019. *Questioned costs totaled $152.*

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| **Finding Number:** | **2020-026 (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; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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):**

- Sample item 12: The provider's revalidation was due by September 25, 2016, but was not performed until February 18, 2020. In addition, the provider did not have a contract on file covering the entire enrollment period. *Questioned costs totaled $167,374.*
- Sample item 13: The provider's revalidation was due by September 25, 2016, but was not performed until January 29, 2020. *Questioned costs totaled $251,559.*
- Sample item 16: The provider's revalidation was due by September 10, 2018, but was not performed until January 10, 2019. *Questioned costs totaled $27,302.*
- Sample item 24: The provider's revalidation was due by September 25, 2016, but was not performed until May 2, 2019. *Questioned costs totaled $6.*
- Sample item 25: The provider's revalidation was due by September 25, 2016, but was not performed until May 3, 2019. In addition, the Agency failed to provide the required W-9 tax form associated with the 2019 revalidation. *Questioned costs totaled $50,946.*
- Sample item 27: The provider's revalidation was due by September 25, 2016, but was not performed until January 28, 2020. *Questioned costs totaled $393,991.*
- Sample item 33: The provider's revalidation was due by September 25, 2016, but was not performed until September 25, 2019. In addition, the Agency failed to provide the required W-9 tax form associated with the 1990 enrollment and disclosures associated with the 2019 revalidation. *Questioned costs totaled $4,545.*

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
$2,477,398

**Cause:**
The Agency had asserted that, effective May 31, 2019, it 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. However, due to timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2020.

**Effect:**
Claims were processed and paid to providers that did not meet all the required elements and, therefore, were ineligible.

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

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| **Finding Number:** | **2020-026 (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; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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:**

DHS concurs with this 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. Fifteen of the twenty-four deficient provider files relate to non-compliance with revalidation requirements pre-dating May 31, 2019. The deficiencies noted that occurred prior to May 31, 2019 will be corrected upon revalidation for the provider. The DHS Office of Payment Integrity and Internal Audit also conducts regular provider eligibility compliance reviews.

Five of the twenty-four deficient providers did not have the required proof of certification or licensure. The agency sends an automatic notification when a provider's licensure or certification on file expires. If the licensure or certification is not received within 60 days of the expiration date the provider is terminated. One provider submitted the requested certification during SFY20. The other providers have not submitted the requested proof license or certification but were not terminated due to the COVID-19 federal public health emergency.

Three of the twenty-four deficient providers revalidated after the established revalidation deadline in SFY2020. These providers submitted applications for revalidation which were not able to be processed by the revalidation deadline due to incomplete information on the application. The providers were not terminated as they submitted the missing information at the request of the agency.

One of twenty-four deficient providers failed to complete revalidation requirements in SFY2020. The provider submitted an incomplete application and did not respond to requests for additional information requested by DHS. DHS has not terminated the provider due to the suspension of terminations during the COVID-19 federal public health emergency.

**Anticipated Completion Date:** Complete

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|---|---|
| **Finding Number:** | **2020-027** |
| **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 Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Repeat Finding:**
A similar issue was reported in prior-year finding **2019-007**.

**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 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 40 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 Shared Savings Entity (PASSE), managed care program. ALA review revealed deficiencies with 10 of the provider files as follows:

*Moderate-risk category:*

- Sample item 20: The provider's revalidation was due by September 25, 2016, but was not performed until February 7, 2018. In addition, the Agency did not perform the additional screening requirement (site visit) or provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $200.*
- Sample item 21: The provider's revalidation was due by May 20, 2020, but was never performed. In addition, the Agency did not perform the additional screening requirement (site visit) or provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $6.*

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| **Finding Number:** | **2020-027 (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; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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):**

- Sample item 22: The Agency did not provide documentation of the provider's certification that covered the entire enrollment period. *Ineligible costs totaled $4,415.*
- Sample item 26: The Agency did not perform the additional screening requirement (site visit). *Ineligible costs totaled $70.*
- Sample item 30: The provider's revalidation was due by May 30, 2020, but was never performed. In addition, the Agency did not could not provide documentation supporting that the additional screening requirement (site visit) was performed supporting the 2015 revalidation. *Ineligible costs totaled $415,082.*
- Sample item 38: The provider's revalidation was due by September 25, 2016, but was not performed until September 13, 2019. *Ineligible costs totaled $18,172.*

*Limited-risk category:*

- Sample item 6: The provider's revalidation was due by September 25, 2016, but was never performed. Due to the COVID-19 pandemic, no providers have been terminated. *Ineligible costs totaled $252.*
- Sample item 7: The provider's revalidation was due by September 25, 2016, but was not performed until January 13, 2020. *Ineligible costs totaled $6,123.*
- Sample item 14: The provider's revalidation was due by September 25, 2016, but was not performed until October 7, 2019. *Ineligible costs totaled $3,798.**
- Sample item 27: The Agency did not provide documentation of the provider's professional license that covered the entire enrollment period. *Ineligible costs totaled $609.*

Dental Managed Care* payments for the deficiencies noted above totaled $3,798. PASSE payments totaled $444,929.

*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

**Questioned Costs:**
Unknown

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| **Finding Number:** | **2020-027 (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; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **Compliance Requirement(s) Affected:** | **Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)** |
| **Type of Finding:** | **Material Noncompliance and Material Weakness** |

**Cause:**
The Agency had asserted that, effective May 31, 2019, it 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. However, due to timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2020.

**Effect:**
Claims were processed and paid to the managed care entities for providers that did not meet all required criteria.

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

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with this finding. 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. Five of the ten deficient provider files relate to non-compliance with revalidation requirements pre-dating May 31, 2019. The deficiencies noted that occurred prior to May 31, 2019 will be corrected upon revalidation for the provider. The DHS Office of Payment Integrity and Internal Audit also conducts regular provider eligibility compliance reviews.

Two of the ten deficient providers failed to complete revalidation requirements in SFY2020. The providers submitted an incomplete application and did not respond to requests for additional information requested by DHS. DHS has not terminated the providers due to the suspension of terminations during the COVID-19 federal public health emergency.

Three of the ten deficient providers did not have the required proof of certification or licensure. The agency sends an automatic notification when a provider's licensure or certification on file expires. If the licensure or certification is not received within 60 days of the expiration date the provider is terminated. One provider submitted the requested certification during SFY20. The other providers have not submitted the requested proof license or certification but were not terminated due to the COVID-19 federal public health emergency.

**Anticipated Completion Date:** Complete

**Contact Person:**
Janet Mann
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
501-320-6270
Janet.mann@dhs.arkansas.gov

| | |
|---|---|
| **Finding Number:** | **2020-028** |
| **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 Awarding Agency:** | **U.S. Department of Health and Human Services** |
| **Federal Award Number(s):** | **05-1905AR5MAP; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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:**
A similar issue was reported in prior-year finding **2019-021**.

**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 qualified review (EQR) is performed for each MCO or PAHP.

In addition, 42 CFR § 438.364 states that the EQR results 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 Managed Care of North America (MCNA). An EQR is required for both entities and was due by April 30, 2020.

The Provider-Led Arkansas Shared Savings Entity (PASSE) transitioned to a full-risk MCO effective March 1, 2019. Three entities participate in the PASSE program: AR Total Care, Empower, and Summit. An EQR is required for all three entities and was due by April 30, 2020.

ALA inquiry and request for the annual reports revealed that a contract to perform the EQRs was not put into place until July 1, 2020. The first EQRs are expected to be provided by April 30, 2021.

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
None

**Cause:**
The Agency has experienced staff turnover and did not implement steps to procure a contract for the EQRs timely.

**Effect:**
The contract to perform the EQRs was not implemented timely, and the EQRs were not performed as required.

**Recommendation:**
ALA staff recommend the Agency develop procedures to aid in ensuring compliance with the program, including those related to external quality reviews.

**Views of Responsible Officials and Planned Corrective Action:**
DHS concurs with the finding. The contract start date for the vendor performing external quality reviews was July 1, 2020 and the vendor is required to submit reports to the agency by April 30, 2021.

| | |
|---|---|
| **Finding Number:** | **2020-028 (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; 05-2005AR5MAP** |
| **Federal Award Year(s):** | **2019 and 2020** |
| **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:** Completed

**Contact Person:**

Janet Mann
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
501-320-6270
Janet.mann@dhs.arkansas.gov

# *Schedule of Expenditures of Federal Awards*

# *For the Year Ended June 30, 2020*

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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 | | | $ 664,362,589 | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | | 37,103,718 | $ 264,241 |
| **US Department of Agriculture Total** | | | | **701,466,307** | **264,241** |
| **SNAP Cluster Total** | | | | **701,466,307** | **264,241** |
| **Child Nutrition Cluster** | | | | | |
| **US Department of Agriculture** | | | | | |
| School Breakfast Program | 10.553 | | | 57,301,244 | 57,277,244 |
| National School Lunch Program | 10.555 | | | 157,896,366 | 129,241,658 |
| Summer Food Service Program for Children | 10.559 | | | 3,665,991 | |
| **US Department of Agriculture Total** | | | | **218,863,601** | **186,518,902** |
| **Child Nutrition Cluster Total** | | | | **218,863,601** | **186,518,902** |
| **Food Distribution Cluster** | | | | | |
| **US Department of Agriculture** | | | | | |
| Commodity Supplemental Food Program | 10.565 | | | 1,374,120 | 557,143 |
| Emergency Food Assistance Program (Administrative Costs) | 10.568 | | | 1,328,546 | 890,354 |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | | | 8,082,504 | |
| **US Department of Agriculture Total** | | | | **10,785,170** | **1,447,497** |
| **Food Distribution Cluster Total** | | | | **10,785,170** | **1,447,497** |
| **Forest Service Schools and Roads Cluster** | | | | | |
| **US Department of Agriculture** | | | | | |
| Schools and Roads - Grants to States | 10.665 | | | 5,603,216 | 5,603,216 |
| **US Department of Agriculture Total** | | | | **5,603,216** | **5,603,216** |
| **Forest Service Schools and Roads Cluster Total** | | | | **5,603,216** | **5,603,216** |
| **Community Facilities Loans and Grants Cluster** | | | | | |
| **US Department of Agriculture** | | | | | |
| Community Facilities Loans and Grants | 10.766 | | | 75,253 | |
| **US Department of Agriculture Total** | | | | **75,253** | |
| **Community Facilities Loans and Grants Cluster Total** | | | | **75,253** | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Economic Development Cluster** | | | | | |
| **US Department of Commerce** | | | | | |
| Economic Adjustment Assistance | 11.307 | | | $ 328,703 | $ 38,900 |
| **US Department of Commerce Total** | | | | **328,703** | **38,900** |
| **Economic Development Cluster Total** | | | | **328,703** | **38,900** |
| | | | | | |
| **CDBG – Entitlement Grants Cluster** | | | | | |
| **US Department of Housing and Urban Development** | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | | 384,866 | 382,677 |
| **US Department of Housing and Urban Development Total** | | | | **384,866** | **382,677** |
| **CDBG – Entitlement Grants Cluster Total** | | | | **384,866** | **382,677** |
| | | | | | |
| **Fish and Wildlife Cluster** | | | | | |
| **US Department of the Interior** | | | | | |
| Sport Fish Restoration | 15.605 | | | 5,291,641 | |
| Wildlife Restoration and Basic Hunter Education | 15.611 | | | 12,270,734 | 982,904 |
| Enhanced Hunter Education and Safety | 15.626 | | | 73,178 | |
| **US Department of the Interior Total** | | | | **17,635,553** | **982,904** |
| **Fish and Wildlife Cluster Total** | | | | **17,635,553** | **982,904** |
| | | | | | |
| **Employment Service Cluster** | | | | | |
| **US Department of Labor** | | | | | |
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | | | 5,454,611 | |
| Jobs for Veterans State Grants | 17.801 | | | 1,171,243 | |
| Local Veterans' Employment Representative Program | 17.804 | | | 230,226 | |
| **US Department of Labor Total** | | | | **6,856,080** | |
| **Employment Service Cluster Total** | | | | **6,856,080** | |
| | | | | | |
| **WIOA Cluster** | | | | | |
| **US Department of Labor** | | | | | |
| WIOA Adult Program | 17.258 | | | 6,705,389 | 5,813,005 |
| WIOA Youth Activities | 17.259 | | | 7,178,742 | 5,940,994 |
| WIOA Dislocated Worker Formula Grants | 17.278 | | | 7,673,232 | 3,983,698 |
| **US Department of Labor Total** | | | | **21,557,363** | **15,737,697** |
| **WIOA Cluster Total** | | | | **21,557,363** | **15,737,697** |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Highway Planning and Construction Cluster** | | | | | |
| **US Department of Transportation** | | | | | |
| Highway Planning and Construction | 20.205 | | | $ 512,451,048 | $ 18,664,406 |
| Recreational Trails Program | 20.219 | | | 1,038,483 | 804,917 |
| Federal Lands Access Program | 20.224 | | | 2,290,200 | 292,582 |
| **US Department of Transportation Total** | | | | **515,779,731** | **19,761,905** |
| **Highway Planning and Construction Cluster Total** | | | | **515,779,731** | **19,761,905** |
| **Federal Motor Carrier Safety Assistance (FMCSA) Cluster** | | | | | |
| **US Department of Transportation** | | | | | |
| Motor Carrier Safety Assistance | 20.218 | | | 4,439,221 | |
| **US Department of Transportation Total** | | | | **4,439,221** | |
| **Federal Motor Carrier Safety Assistance (FMCSA) Cluster Total** | | | | **4,439,221** | |
| **Federal Transit Cluster** | | | | | |
| **US Department of Transportation** | | | | | |
| Federal Transit Formula Grants | 20.507 | | | 362,577 | |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | | | 3,707,003 | 605,114 |
| **US Department of Transportation Total** | | | | **4,069,580** | **605,114** |
| **Federal Transit Cluster Total** | | | | **4,069,580** | **605,114** |
| **Transit Services Programs Cluster** | | | | | |
| **US Department of Transportation** | | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | | | 2,728,704 | |
| **US Department of Transportation Total** | | | | **2,728,704** | |
| **Transit Services Programs Cluster Total** | | | | **2,728,704** | |
| **Highway Safety Cluster** | | | | | |
| **US Department of Transportation** | | | | | |
| State and Community Highway Safety | 20.600 | | | 3,581,431 | 717,812 |
| National Priority Safety Programs | 20.616 | | | 4,379,936 | 645,997 |
| **US Department of Transportation Total** | | | | **7,961,367** | **1,363,809** |
| **Highway Safety Cluster Total** | | | | **7,961,367** | **1,363,809** |
| **Clean Water State Revolving Fund Cluster** | | | | | |
| **Environmental Protection Agency** | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | | | 12,416,299 | 12,024,136 |
| **Environmental Protection Agency Total** | | | | **12,416,299** | **12,024,136** |
| **Clean Water State Revolving Fund Cluster Total** | | | | **12,416,299** | **12,024,136** |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Drinking Water State Revolving Fund Cluster** | | | | | |
| **Environmental Protection Agency** | | | | | |
| Capitalization Grants for Drinking Water State Revolving Fund | 66.468 | | | $ 21,310,670 | $ 17,433,930 |
| **Environmental Protection Agency Total** | | | | **21,310,670** | **17,433,930** |
| **Drinking Water State Revolving Fund Cluster Total** | | | | **21,310,670** | **17,433,930** |
| **Special Education Cluster (IDEA)** | | | | | |
| **US Department of Education** | | | | | |
| Special Education Grants to States | 84.027 | | | 121,149,254 | 117,839,830 |
| Special Education Preschool Grants | 84.173 | | | 5,470,546 | 5,470,545 |
| **US Department of Education Total** | | | | **126,619,800** | **123,310,375** |
| **Special Education Cluster (IDEA) Total** | | | | **126,619,800** | **123,310,375** |
| **TRIO Cluster** | | | | | |
| **US Department of Education** | | | | | |
| TRIO Student Support Services | 84.042 | | | 7,225,292 | |
| TRIO Talent Search | 84.044 | | | 4,328,697 | |
| TRIO Upward Bound | 84.047 | | | 6,433,557 | |
| TRIO Educational Opportunity Centers | 84.066 | | | 2,172,543 | |
| TRIO McNair Post-Baccalaureate Achievement | 84.217 | | | 471,046 | |
| **US Department of Education Total** | | | | **20,631,135** | |
| **TRIO Cluster Total** | | | | **20,631,135** | |
| **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 | | | 3,661,961 | 3,017,944 |
| Special Programs for the Aging Title III, Part C Nutrition Services | 93.045 | | | 5,674,984 | 5,674,984 |
| Nutrition Services Incentive Program | 93.053 | | | 2,100,480 | 2,085,343 |
| **US Department of Health and Human Services Total** | | | | **11,437,425** | **10,778,271** |
| **Aging Cluster Total** | | | | **11,437,425** | **10,778,271** |
| **CCDF Cluster** | | | | | |
| **US Department of Health and Human Services** | | | | | |
| Child Care and Development Block Grant | 93.575 | | | 50,231,771 | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | | | 25,588,724 | |
| **US Department of Health and Human Services Total** | | | | **75,820,495** | |
| **CCDF Cluster Total** | | | | **75,820,495** | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Head Start Cluster** | | | | | |
| **US Department of Health and Human Services** | | | | | |
| Head Start | 93.600 | | | $ 12,893,858 | $ 3,045,624 |
| **US Department of Health and Human Services Total** | | | | **12,893,858** | **3,045,624** |
| **Head Start Cluster Total** | | | | **12,893,858** | **3,045,624** |
| **Medicaid Cluster** | | | | | |
| **US Department of Health and Human Services** | | | | | |
| State Medicaid Fraud Control Units | 93.775 | | | 1,778,981 | |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 93.777 | | | 6,617,319 | |
| Medical Assistance Program | 93.778 | | | 5,528,612,258 | |
| **US Department of Health and Human Services Total** | | | | **5,537,008,558** | |
| **Medicaid Cluster Total** | | | | **5,537,008,558** | |
| **Foster Grandparent/Senior Companion Cluster** | | | | | |
| **Corporation for National and Community Service** | | | | | |
| Foster Grandparent Program | 94.011 | | | 236,565 | |
| **Corporation for National and Community Service Total** | | | | **236,565** | |
| **Foster Grandparent/Senior Companion Cluster Total** | | | | **236,565** | |
| **Disability Insurance/SSI Cluster** | | | | | |
| **Social Security Administration** | | | | | |
| Social Security Disability Insurance | 96.001 | | | 710,320 | |
| Supplemental Security Income | 96.006 | | | 88,578 | |
| **Social Security Administration Total** | | | | **798,898** | |
| **Disability Insurance/SSI Cluster Total** | | | | **798,898** | |
| **Research and Development Cluster** | | | | | |
| **US Department of Agriculture** | | | | | |
| Agricultural Research Basic and Applied Research | 10.001 | | | 2,313,523 | 194,304 |
| Pass-Through from Arkansas Children's Research Institute | 10.001 | | 034516 | 19,717 | |
| Pass-Through from United Soybean Board | 10.001 | | 59-5070-7-004 | 34,154 | |
| Pass-Through from United Soybean Board | 10.001 | | 59-6070-0-005 | 17,449 | |
| Pass-Through from United Soybean Board | 10.001 | | 59-6070-0-016 | 41,809 | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | | | 343,030 | |
| Specialty Crop Block Grant Program - Farm Bill | 10.170 | | | 303,979 | 64,873 |
| Grants for Agricultural Research, Special Research Grants | | | | | |
| Pass-Through from University of Florida | 10.200 | | 1800574479 | 477 | |
| Payments to 1890 Land-Grant Colleges and Tuskegee University | 10.205 | | | 2,422,057 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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 | | | $ 238,543 | $ 22,111 |
| Pass-Through from University of Georgia | 10.215 | | rd309-137/s001446 | 340 | |
| Pass-Through from University of Georgia | 10.215 | | S001419 / RD309-137 | 14,698 | |
| Pass-Through from University of Georgia | 10.215 | | SUB00001799 | 2,198 | |
| Pass-Through from University of Georgia | 10.215 | | SUB00002008 | 17,105 | |
| Pass-Through from University of Georgia | 10.215 | | SUB00002112 | 11,060 | |
| Pass-Through from University of Georgia | 10.215 | | SUB00002114 | 7,545 | |
| 1890 Institution Capacity Building Grants | 10.216 | | | 1,034,339 | 41,733 |
| Higher Education - Institution Challenge Grants Program | 10.217 | | | 227,174 | 107,846 |
| Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations | 10.250 | | | 47,396 | |
| Consumer Data and Nutrition Research | 10.253 | | | 61,206 | |
| Agricultural and Food Policy Research Centers | 10.291 | | | 103,567 | |
| Integrated Programs | 10.303 | | | 12,886 | 12,886 |
| Organic Agriculture Research and Extension Initiative | 10.307 | | | 41,121 | |
| Specialty Crop Research Initiative | 10.309 | | | 797,143 | 415,455 |
| Pass-Through from Virginia Polytechnic Institute and State University | 10.309 | | 422652-19D21 | 44,439 | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | | | 2,385,703 | 676,237 |
| Pass-Through from University of Delaware | 10.310 | | 49553 | 38,599 | |
| Beginning Farmer and Rancher Development Program | 10.311 | | | 223,223 | 86,319 |
| Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA) | 10.326 | | | 376,897 | 42,908 |
| National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program | 10.328 | | | 101,712 | 55,203 |
| Crop Protection and Pest Management Competitive Grants Program | 10.329 | | | 1,066 | |
| Pass-Through from Kansas State University | 10.329 | | S190039 | 59,647 | |
| Value-Added Producer Grants | 10.352 | | | 54,558 | |
| Child and Adult Care Food Program | 10.558 | | | 29,837 | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | | 262,634 | |
| Team Nutrition Grants | 10.574 | | | 68,165 | |
| Forestry Research | 10.652 | | | 472,070 | |
| Cooperative Forestry Assistance | | | | | |
| Pass-Through from Forestry Endowment | 10.664 | | E19-61 | 99,997 | |
| Wood Utilization Assistance | 10.674 | | | 4,979 | |
| Forest Health Protection | 10.680 | | | 15,461 | |
| Partnership Agreements | 10.699 | | | 50,836 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| Delta Health Care Services Grant Program | | | | | |
| Pass-Through from Winrock International | 10.874 | | 6918-19-A-02 | $ 62,306 | |
| Pass-Through from Winrock International | 10.874 | | 6918-19-A-03 | 12,856 | |
| Soil and Water Conservation | 10.902 | | | 501,989 | |
| Pass-Through from Alcorn State University | 10.902 | | 68_7482_17_014 | 57,860 | |
| Soil Survey | 10.903 | | | 787 | |
| Environmental Quality Incentives Program | 10.912 | | | 327,672 | $ 15,460 |
| Pass-Through from The Conservation Fund | 10.912 | | 69-3A75-17-275 | 26,214 | |
| Conservation Stewardship Program | 10.924 | | | 41,474 | |
| Agricultural Conservation Easement Program | 10.931 | | | 107,882 | |
| Miscellaneous US Department of Agriculture Programs | 10.RD | 15-JV-11330129-032 | | 7,355 | |
| **US Department of Agriculture Total** | | | | **13,548,734** | **1,735,335** |
| **US Department of Commerce** | | | | | |
| Measurement and Engineering Research and Standards | 11.609 | | | 16,119 | |
| **US Department of Commerce Total** | | | | **16,119** | |
| **US Department of Defense** | | | | | |
| Issue of Department of Defense excess equipment | 12.000 | | | 66,454 | |
| Collaborative Research and Development | 12.114 | | | 22,341 | |
| Basic and Applied Scientific Research | 12.300 | | | 761,273 | 76,452 |
| Pass-Through from Carnegie Mellon University | 12.300 | | 1141302-387586 | 127,764 | |
| Scientific Research - Combating Weapons of Mass Destruction | 12.351 | | | 55,537 | |
| Military Medical Research and Development | 12.420 | | | 3,493,817 | 1,109,234 |
| Pass-Through from University of North Carolina - Chapel Hill - School of Medicine | 12.420 | | W81XWH1920046 Sub 5115674 | 14,779 | |
| Pass-Through from University of Washington | 12.420 | | UWSC9137 | 21,060 | |
| Basic Scientific Research | 12.431 | | | 803,039 | |
| Pass-Through from Intelligent Automation | 12.431 | | N6833519C0359 | 38,360 | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | | | 209,189 | |
| Air Force Defense Research Sciences Program | 12.800 | | | 1,391,103 | 622,529 |
| Information Security Grant Program | 12.902 | | | 665 | |
| Research and Technology Development | 12.910 | | | 475,153 | 24,461 |
| Pass-Through from Wesleyan University | 12.910 | | WESU5011106131 | 45,076 | |
| **US Department of Defense Total** | | | | **7,525,610** | **1,832,676** |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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 the Interior** | | | | | |
| Cultural and Paleontological Resources Management | 15.224 | | | $ 6,184 | |
| Threatened and Endangered Species | 15.246 | | | 15,233 | |
| Fish and Wildlife Management Assistance | 15.608 | | | 9,628 | |
| Wildlife Restoration and Basic Hunter Education | 15.611 | | | 332,706 | |
| Cooperative Endangered Species Conservation Fund | 15.615 | | | 20,094 | |
| State Wildlife Grants | 15.634 | | | 280,940 | |
| Pass-Through from Oklahoma Department of Wildlife | 15.634 | | F19AF00904 (T-115-R-1) | 3,816 | |
| Fish and Wildlife Coordination and Assistance | 15.664 | | | 2,401 | |
| Cooperative Ecosystems Studies Units | 15.678 | | | 23,875 | |
| Assistance to State Water Resources Research Institutes | 15.805 | | | 132,519 | $ 16,874 |
| Earthquake Hazards Program Assistance | 15.807 | | | 3,150 | |
| U.S. Geological Survey_ Research and Data Acquisition | 15.808 | | | 28,918 | |
| Cooperative Research Units | 15.812 | | | 25,967 | |
| National Center for Preservation Technology and Training | 15.923 | | | 17,838 | 12,808 |
| Preservation of Japanese American Confinement Sites | 15.933 | | | 67,202 | |
| Cooperative Research and Training Programs Resources of the National Park System | 15.945 | | | 75,825 | |
| Miscellaneous US Department of the Interior Programs | 15.RD | 140F0418P0281 | | 5,179 | |
| **US Department of the Interior Total** | | | | **1,051,475** | **29,682** |
| **US Department of Justice** | | | | | |
| Juvenile Justice and Delinquency Prevention Allocation to States | 16.540 | | | 38,716 | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | | | 385,815 | 110,582 |
| Crime Victim Assistance | 16.575 | | | 88,928 | |
| Crime Victim Assistance/Discretionary Grants | 16.582 | | | 440,162 | |
| Edward Byrne Memorial Justice Assistance Grant Program | | | | | |
| Pass-Through from City of Little Rock | 16.738 | | N/A | 2,032 | |
| Miscellaneous US Department of Justice Programs | 16.RD | 15JCIV19P0000004 | | 984 | |
| **US Department of Justice Total** | | | | **956,637** | **110,582** |
| **US Department of Transportation** | | | | | |
| Highway Research and Development Program | 20.200 | | | 3,351 | |
| Highway Planning and Construction | 20.205 | | | 64,050 | 32,532 |
| Highway Training and Education | 20.215 | | | 28,371 | |
| State and Community Highway Safety | 20.600 | | | 25,884 | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **US Department of Transportation (Continued)** | | | | | |
| University Transportation Centers Program | 20.701 | | | $ 1,231,340 | $ 688,993 |
| Pass-Through from Louisiana State University | 20.701 | | 0000028887/19BASU02 | 25,044 | |
| Pass-Through from Louisiana State University | 20.701 | | 0000028887/19CASU03 | 12,494 | |
| Pass-Through from Louisiana State University | 20.701 | | 0000028887/19GTASU01 | 37,518 | |
| Pass-Through from Louisiana State University | 20.701 | | PO-0000028687/18-ASU-02 | 1,955 | |
| Pass-Through from Louisiana State University | 20.701 | | PO-0000028687/18-ASU-03 | 1,300 | |
| Pass-Through from Louisiana State University | 20.701 | | PO-0000028687/18-ASU-1 | 1,217 | |
| Pass-Through from Louisiana State University | 20.701 | | 2014-29 | 2,941 | |
| **US Department of Transportation Total** | | | | **1,435,465** | **721,525** |
| **Library of Congress** | | | | | |
| Miscellaneous Library of Congress Programs | | | | | |
| Pass-Through from Illinois State University | 42.RD | GA08C0017 Sub A08-0002-S033 | | 14,549 | |
| **Library of Congress Total** | | | | **14,549** | |
| **National Aeronautics and Space Administration** | | | | | |
| Science | 43.001 | | | 748,395 | (1,001) |
| Pass-Through from Massachusetts Institute of Technology | 43.001 | | 5710003043904 | 20,332 | |
| Pass-Through from University Space Research Association | 43.001 | | 02284-02 | 16,214 | |
| Aeronautics | | | | | |
| Pass-Through from University of Illinois | 43.002 | | 097265-17588 | 177,182 | |
| Exploration | 43.003 | | | 338,530 | 112,797 |
| Pass-Through from Baylor College of Medicine | 43.003 | | 7000000807 | 470,485 | |
| Space Operations | 43.007 | | | 7,242 | |
| Education | 43.008 | | | 922,176 | 104,910 |
| Pass-Through from Arkansas Space Grant Consortium | 43.008 | | UAMS27021 | 16 | |
| Miscellaneous National Aeronautics and Space Administration Programs | | | | | |
| Pass-Through from Arkansas Space Grant Consortium | 43.RD | 242031-19UAMS | | 3,680 | |
| Pass-Through from Nanomatronix, LLC | 43.RD | 80NSSC19C0565 | | 40,157 | |
| **National Aeronautics and Space Administration Total** | | | | **2,744,409** | **216,706** |
| **National Endowment for the Arts** | | | | | |
| Promotion of the Arts Grants to Organizations and Individuals | 45.024 | | | 82,403 | |
| Promotion of the Arts Partnership Agreements | | | | | |
| Pass-Through from Mid-America Arts Alliance | 45.025 | | FY2020-00107287 | 5,000 | |
| **National Endowment for the Arts Total** | | | | **87,403** | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **National Endowment for the Humanities** | | | | | |
| Promotion of the Humanities Research | | | | | |
| Pass-Through from Arkansas Humanities Council | 45.161 | | RG107835 | $ 3,782 | |
| Promotion of the Humanities Public Programs | 45.164 | | | 24,558 | |
| **National Endowment for the Humanities Total** | | | | **28,340** | |
| **National Science Foundation** | | | | | |
| Engineering | 47.041 | | | 3,386,875 | $ 67,397 |
| Pass-Through from AMBOTS | 47.041 | | 2019 UA NSF FED#1914249 | 27,992 | |
| Pass-Through from University of Illinois | 47.041 | | 073708-16164 | 258,828 | |
| Pass-Through from University of Illinois | 47.041 | | 073708-16496 | 17,576 | |
| Pass-Through from University of Illinois | 47.041 | | 073708-16520 RET | 27,234 | |
| Pass-Through from University of Illinois | 47.041 | | 073708-16521 REU | 739 | |
| Pass-Through from University of Illinois | 47.041 | | 073708-17030 MOD1 YOUNG S | 9,698 | |
| Pass-Through from University of Illinois | 47.041 | | 088653-17019 REU | 16,033 | |
| Pass-Through from University of Illinois | 47.041 | | EEC-1449548 | 442,712 | |
| Pass-Through from University of Illinois | 47.041 | | EEC-144954804 | 148,391 | |
| Mathematical and Physical Sciences | 47.049 | | | 1,563,600 | 184,386 |
| Astronomical, Atmospheric, Earth and Ocean Sciences | 47.050 | | | 687,671 | 16,742 |
| Computer and Information Science and Engineering | 47.070 | | | 1,103,332 | 28,485 |
| Pass-Through from Emory University | 47.070 | | T674802 | 21,495 | |
| Pass-Through from Louisiana State University and A&M College | 47.070 | | PO-0000086549 | 16,385 | |
| Pass-Through from The Board of Supervisors of Louisiana State University and A&M College | 47.070 | | 1842679 | 27,195 | |
| Pass-Through from University of Nebraska - Lincoln | 47.070 | | 26-6331-0310-005 | 5,000 | |
| Pass-Through from Washington State University | 47.070 | | 136757G004078 | 56,054 | |
| Biological Sciences | 47.074 | | | 2,823,000 | 72,086 |
| Social, Behavioral, and Economic Sciences | 47.075 | | | 574,972 | 14,883 |
| Education and Human Resources | 47.076 | | | 2,034,026 | 235,614 |
| Pass-Through from Concord Consortium | 47.076 | | 276 | 37,807 | |
| Pass-Through from Concord Consortium | 47.076 | | 276.20.02 | 94,362 | |
| Pass-Through from University of Nebraska | 47.076 | | 25-6321-0333-003 | 6,090 | |
| Pass-Through from University of North Carolina - Chapel Hill | 47.076 | | N/A | 352 | |
| Office of International Science and Engineering | 47.079 | | | 122,158 | |
| Office of Experimental Program to Stimulate Competitive Research | 47.081 | | | 106,524 | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **National Science Foundation (Continued)** | | | | | |
| Integrative Activities | 47.083 | | | $ 2,870,433 | |
| Pass-Through from University of Nebraska - Lincoln | 47.083 | | 25-6222-0852-002 | 360,371 | |
| Pass-Through from West Virginia University | 47.083 | | 19-473-UA | 16,225 | |
| Pass-Through from West Virginia University Research Corporation | 47.083 | | 19-473-UALR | 49,632 | |
| Pass-Through from Louisiana Tech University | 47.083 | | 32-0965-54132-UAMS | 221,856 | |
| **National Science Foundation Total** | | | | **17,134,618** | $ **619,593** |
| **US Department of Veterans Affairs** | | | | | |
| Research and Development | | | | | |
| Pass-Through from Central AR Veterans Healthcare System (CAVHS) | 64.054 | | RX002961-01A1 | 15,667 | |
| **US Department of Veterans Affairs Total** | | | | **15,667** | |
| **Environmental Protection Agency** | | | | | |
| Nonpoint Source Implementation Grants | 66.460 | | | 620,483 | |
| **Environmental Protection Agency Total** | | | | **620,483** | |
| **US Department of Energy** | | | | | |
| Office of Science Financial Assistance Program | 81.049 | | | 1,410,808 | 62,393 |
| Pass-Through from Ozark Integrated Circuits | 81.049 | | DE-SC0017732-UA1 | 37,064 | |
| Renewable Energy Research and Development | 81.087 | | | 1,017,696 | 95,802 |
| Pass-Through from Raytheon Technologies | 81.087 | | 1229257 | 77,477 | |
| Pass-Through from SurfTec, LLC | 81.087 | | DOE0001 | 3,401 | |
| Pass-Through from Texas Tech University | 81.087 | | 210437-01 | 140,875 | |
| Pass-Through from University of Central Florida | 81.087 | | 18226104-02 | 3,010 | |
| Fossil Energy Research and Development | | | | | |
| Pass-Through from Siemens | 81.089 | | DE-FE0026348 | 77,700 | |
| National Industrial Competitiveness through Energy, Environment, and Economics | | | | | |
| Pass-Through from Honeywell Federal Manufacturing & Technologies | 81.105 | | DE-NA0002839 | 12,432 | |
| Electricity Delivery and Energy Reliability, Research, Development and Analysis | 81.122 | | | 1,547,710 | 623,941 |
| Advanced Research and Projects Agency - Energy | 81.135 | | | 954,960 | 297,076 |
| **US Department of Energy Total** | | | | **5,283,133** | **1,079,212** |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **US Department of Education** | | | | | |
| Undergraduate International Studies and Foreign Language Programs | 84.016 | | | $ 12,319 | |
| Special Education Grants to States | 84.027 | | | 566,370 | |
| Career and Technical Education -- Basic Grants to States | 84.048 | | | 3,800 | |
| Graduate Assistance in Areas of National Need | 84.200 | | | 147,137 | |
| Education Research, Development and Dissemination | 84.305 | | | 22,055 | $ 21,277 |
| Child Care Access Means Parents in School | 84.335 | | | 148,463 | |
| English Language Acquisition State Grants | 84.365 | | | 661,467 | |
| Mathematics and Science Partnerships | 84.366 | | | 57,574 | |
| Promoting Readiness of Minors in Supplemental Security Income | 84.418 | | | 637,479 | |
| **US Department of Education Total** | | | | **2,256,664** | **21,277** |
| **US Department of Health and Human Services** | | | | | |
| Innovations in Applied Public Health Research | 93.061 | | | 331,402 | |
| Birth Defects and Developmental Disabilities - Prevention and Surveillance | 93.073 | | | 1,006,569 | 21,349 |
| Family Smoking Prevention and Tobacco Control Act Regulatory Research | | | | | |
| Pass-Through from Virginia Commonwealth University | 93.077 | | FP00006477-SA002 | 109,654 | |
| Food and Drug Administration Research | 93.103 | | | 244,299 | |
| Pass-Through from Clinical Data Interchange Standards Consortium | 93.103 | | HHSF223201510105C | 167,434 | 37,774 |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | | | 687,423 | 77,619 |
| Pass-Through from Children's Hospital of Philadelphia | 93.110 | | 3208960819-S1/26649762 | 3,890 | |
| Centers for Research and Demonstration for Health Promotion and Disease Prevention | 93.135 | | | 203,115 | |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | | | 212,497 | |
| Human Genome Research | 93.172 | | | 56,880 | |
| Research Related to Deafness and Communication Disorders | | | | | |
| Pass-Through from Fauxsee Innovations, LLC | 93.173 | | 2018 SBIR Sub Agreement | 6,124 | |
| Telehealth Programs | 93.211 | | | 19,193 | |
| Research and Training in Complementary and Integrative Health | | | | | |
| Pass-Through from Northern California Institute for Research | 93.213 | | SEAL2078.06 | 18,866 | |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | | | 254,125 | 58,877 |
| National Center on Sleep Disorders Research | 93.233 | | | 15,120 | |
| Mental Health Research Grants | 93.242 | | | 330,365 | 63,414 |
| Pass-Through from Actualize Therapy, LLC | 93.242 | | R44MH114725 | 20,858 | |
| Pass-Through from Duke University | 93.242 | | A031076 | 53,591 | |
| Pass-Through from University of Rochester | 93.242 | | 417724G UR FAO GR511044 | 23,218 | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **US Department of Health and Human Services (Continued)** | | | | | |
| Mental Health Research Grants (Continued) | | | | | |
| Pass-Through from University of Washington | 93.242 | | UWSC11556 | $ 7,932 | |
| Pass-Through from Washington/Madison County Adult Drug Court | 93.242 | | TI080136 | 65,020 | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | | | 284,810 | $ 134,305 |
| Pass-Through from Benton County Drug Court | 93.243 | | TI080172 | 75,073 | |
| Pass-Through from Empact | 93.243 | | TAA1904125 | 11,054 | |
| Pass-Through from University of Texas - Austin | 93.243 | | 1H79T1080203 Sub UTA17-000811 | 15,096 | |
| Occupational Safety and Health Program | | | | | |
| Pass-Through from University of Texas Health | 93.262 | | 11059A | 1,147 | |
| Alcohol Research Programs | 93.273 | | | 1,228,955 | 369,744 |
| Pass-Through from University Oklahoma Health Science Center | 93.273 | | RS20131943-07 | 138,753 | 30,000 |
| Drug Abuse and Addiction Research Programs | 93.279 | | | 3,090,837 | 49,151 |
| Pass-Through from Cornell University | 93.279 | | 182864 | 6,245 | |
| Pass-Through from InterVexion Therapeutics, LLC | 93.279 | | 40665 | (5,548) | |
| Pass-Through from InterVexion Therapeutics, LLC | 93.279 | | 52164 | 280,504 | |
| Pass-Through from InterVexion Therapeutics, LLC | 93.279 | | 53.89 | 28,366 | |
| Pass-Through from Miriam Hospital | 93.279 | | 7109993MZ-2 | 3,799 | |
| Pass-Through from Miriam Hospital | 93.279 | | 7109993MZ | 6,542 | |
| Pass-Through from University of Kentucky Research Foundation | 93.279 | | 3200002060-19-052 | 26,403 | |
| Pass-Through from University of Texas - Dallas | 93.279 | | GMO 200606 PO#00000 | 2,235 | |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | | | 168,498 | |
| Pass-Through from Rensselear Polytechnic Institute | 93.286 | | 1R56EB026490-01A1 Sub A20-0049 | 11,623 | |
| Pass-Through from Ressler Polytechnic Institute | 93.286 | | R01EB025241 A18-0135-S001 | 3,674 | |
| Pass-Through from Vanderbilt | 93.286 | | VUMC78538 | 5,542 | |
| Loan Repayment for Health Disparities Research | 93.307 | | | 2,415,605 | 174,372 |
| Pass-Through from Arkana Laboratories | 93.307 | | R43 MD014110 | 62,906 | |
| Pass-Through from University of North Carolina - Chapel Hill | 93.307 | | 5111631 | 18,217 | |
| Trans-NIH Research Support | | | | | |
| Pass-Through from Duke University | 93.310 | | A03-2484 and A03-2485 | 114,627 | 34,144 |
| Pass-Through from Duke University | 93.310 | | A03-2484 | 52,754 | |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | | | 7,199 | |
| National Center for Advancing Translational Sciences | 93.350 | | | 480,638 | |
| Pass-Through from Duke University | 93.350 | | A031705 | 87,090 | |
| Pass-Through from University of Pittsburgh | 93.350 | | 0055353 (129324-26) | 36,807 | |
| Pass-Through from University of Southern California | 93.350 | | 119679618 | 100,802 | |
| Research Infrastructure Programs | 93.351 | | | 759,469 | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **US Department of Health and Human Services (Continued)** | | | | | |
| Cancer Cause and Prevention Research | 93.393 | | | $ 920,161 | $ 108,001 |
| Pass-Through from Alliance for Clinical Trials in Oncology | 93.393 | | A041701 | 26,793 | |
| Pass-Through from Southwest Oncology Group | 93.393 | | 207217 | 4,800 | |
| Pass-Through from Southwest Oncology Group | 93.393 | | 239482 | 500 | |
| Pass-Through from Southwest Oncology Group | 93.393 | | 239475 | 13,858 | |
| Pass-Through from Southwest Oncology Group | 93.393 | | SWOG 1404 | 25,125 | |
| Pass-Through from University of California - Berkeley | 93.393 | | 7456431 | 24,847 | |
| Cancer Detection and Diagnosis Research | 93.394 | | | 3,367,494 | 1,596,625 |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.394 | | 20X023F | 547,327 | |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.394 | | 20X023F TO 2 | 153,667 | |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.394 | | 20X023F TO 5 | 18,654 | |
| Pass-Through from Radiation Monitoring Devices, Inc. | 93.394 | | C17-27 | 22,494 | |
| Cancer Treatment Research | 93.395 | | | 1,463,561 | 256,898 |
| Pass-Through from Oregon Health & Science University | 93.395 | | 1013080_UAMS | 5,988 | |
| Pass-Through from University of California - Los Angeles | 93.395 | | 1568 G TA614 | 528,505 | |
| Pass-Through from University of Florida | 93.395 | | UFDSP00012380 | 10,527 | |
| Pass-Through from University of Texas - MD Anderson Cancer | 93.395 | | 3001355557 | 144,721 | 17,786 |
| Cancer Biology Research | 93.396 | | | 43,481 | |
| Pass-Through from Medical College of Wisconsin | 93.396 | | 7R01CA151354-08 | 6,989 | |
| Cancer Centers Support Grants | | | | | |
| Pass-Through from Mayo Clinic | 93.397 | | ARK-208331/PO#67075839 | 54,319 | |
| Pass-Through from Mayo Clinic | 93.397 | | UNI-208331-01 | 63,500 | |
| Pass-Through from Washington University | 93.397 | | WU-18-96 | 1,269 | |
| Pass-Through from Washington University | 93.397 | | WU-20-331 | 43,497 | |
| Cancer Research Manpower | 93.398 | | | 180,546 | |
| COVID19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19 | 93.665 | | | 8,190 | |
| Opioid STR | 93.788 | | | 1,915,630 | |
| Cardiovascular Diseases Research | 93.837 | | | 477,777 | 7,232 |
| Pass-Through from University of Alabama - Birmingham | 93.837 | | 000503570-036 A1 | 7,384 | |
| Blood Diseases and Resources Research | 93.839 | | | 129,182 | 42,532 |
| Pass-Through from University of Kentucky Research Foundation | 93.839 | | 3200001341-18-078 | 38,669 | |
| Pass-Through from University of Pennsylvania | 93.839 | | 574756 | 46,892 | |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | | | 912,317 | |
| Pass-Through from Kitware Incorporated | 93.846 | | K002704-00-S02 | 21,690 | |
| Pass-Through from Kitware Incorporated | 93.846 | | R44AR075481 | 43,831 | |
| Pass-Through from University of Memphis | 93.846 | | 5-40387 | 134,152 | |
| Pass-Through from University of Tennessee | 93.846 | | 9500074677 | 35,461 | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **US Department of Health and Human Services (Continued)** | | | | | |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | | | $ 1,217,795 | $ 151,814 |
| Pass-Through from University of Alabama - Birmingham | 93.847 | | 518751-SP008-003 | 63,211 | |
| Pass-Through from Vanderbilt University | 93.847 | | 1UNIV60433 | 5,162 | |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | | | 608,474 | 9,199 |
| Pass-Through from Duke University | 93.853 | | 7U01NS102353-02 Sub A032269 | 8,414 | |
| Pass-Through from Medical University of South Carolina | 93.853 | | FAIN: 1713601 | 4,385 | |
| Pass-Through from Stanford University | 93.853 | | 6185505-125439 | 17,248 | |
| Pass-Through from University of Cincinnati | 93.853 | | 260036 | 250 | |
| Pass-Through from University of Cincinnati | 93.853 | | 012043-138777 | 250 | |
| Allergy and Infectious Diseases Research | 93.855 | | | 3,721,554 | 572,687 |
| Pass-Through from East Carolina University | 93.855 | | A20-0051-S002 | 46,942 | |
| Pass-Through from Indiana University | 93.855 | | 8441_UA | 17,659 | |
| Pass-Through from Indiana University | 93.855 | | IN-4689797UAMS | (109) | |
| Pass-Through from Indiana University | 93.855 | | 87813 | 28,668 | |
| Pass-Through from Innovation Pathways | 93.855 | | UAMS 001 | 59,743 | |
| Pass-Through from Johns Hopkins University | 93.855 | | 2004362216 | (2,500) | |
| Pass-Through from Miriam Hospital | 93.855 | | 7147159SAM | 51,252 | |
| Pass-Through from University of Alabama - Birmingham | 93.855 | | 000504111-001 | 52,676 | |
| Pass-Through from University of California - San Diego | 93.855 | | 124519281 | 20,208 | |
| Pass-Through from Washington University | 93.855 | | 128936_G003692 | 58,948 | |
| Pharmacology, Physiology | 93.859 | | | 12,023,543 | 565,687 |
| Pass-Through from Arkansas Children's Hospital | 93.859 | | 034485 | 227,892 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | 034973 | 4,538 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | 034973 | 14,868 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | 034974 | 43,774 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | GR034487 | 63,868 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | GR034974 | 20,642 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | 034975 | 38,469 | |
| Pass-Through from Arkansas Children's Research Institute | 93.859 | | GR034486 | 66,576 | |
| Pass-Through from Johns Hopkins University | 93.859 | | 2003311362 | 33,102 | |
| Pass-Through from University of New Mexico | 93.859 | | 3REY1 | 14,968 | |
| Child Health and Human Development Extramural Research | 93.865 | | | 10,097,938 | 2,670,978 |
| Pass-Through from University of Alabama - Birmingham | 93.865 | | 000507132-SC001 | 43,399 | |
| Aging Research | 93.866 | | | 2,866,582 | 175,251 |
| Pass-Through from Duke University | 93.866 | | A030505 | (2,492) | |
| Pass-Through from Duke University | 93.866 | | A030523 | (765) | |
| Pass-Through from Essential Blends | 93.866 | | 2R42AG050375-02 | (9,974) | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Research and Development Cluster (Continued)** | | | | | |
| **US Department of Health and Human Services (Continued)** | | | | | |
| Aging Research (Continued) | | | | | |
| Pass-Through from Oregon Health & Science University | 93.866 | | 1011170_UAMS | $ 20,795 | |
| Pass-Through from The Medical University of South Carolina | 93.866 | | MUSC17-031-8A840 | 14,276 | |
| Pass-Through from The Medical University of South Carolina | 93.866 | | MUSC14-076 | 57,143 | |
| Pass-Through from University of Washington | 93.866 | | 11658SC | 35,648 | |
| Medical Library Assistance | 93.879 | | | 314,804 | $ 202,031 |
| Pass-Through from University of North Texas Health Science Center | 93.879 | | HS763-0000151538 | 38,948 | |
| Pass-Through from University of North Texas Health Science Center | 93.879 | | HS763-0000151064 | 12,252 | |
| Pass-Through from University of Pennsylvania | 93.879 | | 572635 | 59,883 | |
| Pass-Through from University of Washington | 93.879 | | WU-16-371-MOD-3 | 127,490 | |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement | | | | | |
| Pass-Through from Arkansas Rural Health Partnership | 93.912 | | G25RH32922 | 49,246 | |
| Pass-Through from Winthrop Rockefeller Center | 93.912 | | 1 P10RH33056-01-00 | 22,028 | |
| Assistance Programs for Chronic Disease Prevention and Control | 93.945 | | | 41,154 | |
| COVID19 - PPHF Geriatric Education Centers | 93.969 | | | 887 | |
| Preventive Health and Health Services Block Grant | 93.991 | | | 62,309 | |
| Miscellaneous US Department of Health and Human Services Programs | 93.RD | HHSF223201610079 | | 72 | |
| Miscellaneous US Department of Health and Human Services Programs | 93.RD | 4501849913 | | (66) | |
| Pass-Through from Alliance for Clinical Trials in Oncology | 93.RD | 228436 | | 7,200 | |
| Pass-Through from American Academy of Child and Adolescent | 93.RD | HHSN271201700059C | | 9,824 | |
| Pass-Through from Arkansas Research Alliance | 93.RD | CLIN 0002-BIO3 | | 409,932 | |
| Pass-Through from Arkansas Research Alliance | 93.RD | Bio2 | | 133,761 | |
| Pass-Through from Capital Consulting Corporation | 93.RD | HHSH25020170038G | | 2,385 | |
| Pass-Through from Cyto Wave Technology, LLC | 93.RD | R441AI138690 | | 126,651 | |
| Pass-Through from Indiana University - Purdue University - Indianapolis | 93.RD | 11000850-024 | | 64,923 | |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.RD | 20X023F TO 1 | | 12,230 | |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.RD | 16X011 | | 153,661 | |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.RD | 16X011 | | 269,907 | |
| Pass-Through from Duke University | 93.RD | A030662 | | 176,846 | |
| Pass-Through from Duke University | 93.RD | Advance Account | | (214) | |
| Pass-Through from University of Alabama - Birmingham | 93.RD | 000500918-T013-003 | | (780) | |
| Pass-Through from University of Kentucky Research Foundation | 93.RD | 3200003129-20-277 | | 12,893 | |
| Pass-Through from University of Utah | 93.RD | 10051759-ARK | | 77,965 | |
| **US Department of Health and Human Services Total** | | | | **58,642,306** | **7,427,470** |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| **Corporation for National and Community Service** | | | | | |
| AmeriCorps | | | | | |
| Pass-Through from Volunteer Arkansas and AmeriCorps Arkansas | 94.006 | | N/A | $ 62,107 | |
| **Corporation for National and Community Service Total** | | | | **62,107** | |
| **Department of Homeland Security** | | | | | |
| Pre-Disaster Mitigation | 97.047 | | | 709,611 | |
| Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection | 97.077 | | | 26,314 | |
| **Department of Homeland Security Total** | | | | **735,925** | |
| **Agency for International Development** | | | | | |
| USAID Foreign Assistance for Programs Overseas | | | | | |
| Pass-Through from International Center for Tropical Agriculture | 98.001 | | C-124-19 | 44,692 | |
| **Agency for International Development Total** | | | | **44,692** | |
| **Research and Development Cluster Total** | | | | **112,204,336** | $ **13,794,058** |
| **Student Financial Assistance Cluster** | | | | | |
| **US Department of Education** | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | | 5,121,550 | |
| Federal Work-Study Program | 84.033 | | | 6,113,825 | |
| Federal Student Loan - Capital Contribution | 84.038 | | | 770,134 | |
| Federal Pell Grant Program | 84.063 | | | 224,462,995 | |
| Federal Direct Student Loans | 84.268 | | | 497,711,081 | |
| Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | 84.379 | | | 945,169 | |
| **US Department of Education Total** | | | | **735,124,754** | |
| **US Department of Health and Human Services** | | | | | |
| Nurse Faculty Loan Program (NFLP) | 93.264 | | | 116,033 | |
| Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students | 93.342 | | | 5,740,752 | |
| Nursing Student Loans | 93.364 | | | 432,744 | |
| **US Department of Health and Human Services Total** | | | | **6,289,529** | |
| **Student Financial Assistance Cluster Total** | | | | **741,414,283** | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **US Department of Agriculture** | | | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | | | $ 1,275,410 | |
| Wildlife Services | 10.028 | | | 241 | |
| Conservation Reserve Program | | | | | |
| Pass-Through from National Fish and Wildlife Foundation | 10.069 | | 0801.17.060806 | 47,327 | |
| Wetlands Reserve Program | 10.072 | | | 26,314 | |
| Market News | 10.153 | | | 23,643 | |
| Market Protection and Promotion | 10.163 | | | 22,800 | |
| Wholesale Farmers and Alternative Market Development | 10.164 | | | 16,407 | $ 10,000 |
| Farmers Market Promotion Program | 10.168 | | | 124,741 | 20,267 |
| Specialty Crop Block Grant Program - Farm Bill | 10.170 | | | 133,750 | 54,101 |
| Organic Certification Cost Share Programs | 10.171 | | | 5,036 | 5,036 |
| Local Food Promotion Program | 10.172 | | | 175,925 | 4,258 |
| Trade Mitigation Program Eligible Recipient Agency Operational Funds | 10.178 | | | 16,950,568 | 811,235 |
| Sustainable Agriculture Research and Education | | | | | |
| Pass-Through from University of Georgia | 10.215 | | SUB00002007 | 204 | |
| 1890 Institution Capacity Building Grants | 10.216 | | | 40,706 | 906 |
| Higher Education - Institution Challenge Grants Program | 10.217 | | | 19,519 | |
| Homeland Security Agricultural | | | | | |
| Pass-Through from University of Florida | 10.304 | | UFDSP00011544 | 31,825 | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | | | 11,487 | |
| Pass-Through from University of Kentucky Research Foundation | 10.310 | | 3200001832-18-313 | 26,295 | |
| Beginning Farmer and Rancher Development Program | 10.311 | | | 129,565 | |
| National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program | | | | | |
| Pass-Through from University of Florida | 10.328 | | UFDSP00012361 | 1,156 | |
| Crop Protection and Pest Management Competitive Grants Program | 10.329 | | | 130,216 | |
| Veterinary Services Grant Program | 10.336 | | | 36,320 | |
| Rural Business Development Grant | 10.351 | | | 45,734 | |
| Rural Rental Housing Loans | 10.415 | | | 3,113,898 | 202,111 |
| State Mediation Grants | 10.435 | | | 60,388 | |
| Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers | 10.443 | | | 76,884 | |
| Cooperative Extension Service | 10.500 | | | 11,140,447 | 716,058 |
| Pass-Through from Kansas State University | 10.500 | | A00-0983-S051 | 2,440 | |
| Pass-Through from Kansas State University | 10.500 | | S19057 | 25,064 | |
| Pass-Through from Texas Agricultural Extension Service | 10.500 | | 622233 | (60) | |
| Renewable Resources Extension Act and National Focus Fund Projects | 10.515 | | | 4,926 | |
| WIC Special Supplemental Nutrition Program for Women, Infants and Children | 10.557 | | | 49,278,879 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| Child and Adult Care Food Program | 10.558 | | | $ 40,153,583 | |
| State Administrative Expenses for Child Nutrition | 10.560 | | | 4,228,373 | |
| WIC Farmers' Market Nutrition Program (FMNP) | 10.572 | | | 77,719 | |
| Senior Farmers Market Nutrition Program | 10.576 | | | 76,966 | $ 76,966 |
| WIC Grants To States (WGS) | 10.578 | | | 2,295 | |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | | | 347,324 | 347,322 |
| Fresh Fruit and Vegetable Program | 10.582 | | | 2,139,479 | 2,064,119 |
| Child Nutrition Direct Certification Performance Awards | 10.589 | | | 11,600 | |
| Forestry Research | 10.652 | | | 84,870 | |
| Cooperative Forestry Assistance | 10.664 | | | 1,448,981 | 22,301 |
| Wood Utilization Assistance | 10.674 | | | 50,000 | |
| Urban and Community Forestry Program | 10.675 | | | 2,547 | |
| Forest Legacy Program | 10.676 | | | 1,414,918 | |
| Forest Stewardship Program | 10.678 | | | 833,361 | 100,794 |
| Forest Health Protection | 10.680 | | | 109,383 | 81,515 |
| National Fish and Wildlife Foundation | | | | | |
| Pass-Through from Pheasants Forever | 10.683 | | MFFI 201-02 | 4,800 | |
| State & Private Forestry Hazardous Fuel Reduction Program | 10.697 | | | 80,200 | |
| Soil and Water Conservation | 10.902 | | | 2,123,026 | 904,245 |
| Environmental Quality Incentives Program | 10.912 | | | 302,985 | 84,932 |
| Pass-Through from Environmental Quality Incentives Program | 10.912 | | N/A | 4,748 | |
| Pass-Through from U.S. Endowment for Forestry and Communities | 10.912 | | NR187103XXXXC061 | 21,515 | |
| Miscellaneous US Department of Agriculture Programs | 10.U01 | N/A | | 39,401 | |
| **US Department of Agriculture Total** | | | | **136,536,129** | **5,506,166** |
| **US Department of Commerce** | | | | | |
| Cluster Grants | 11.020 | | | 34,981 | |
| Economic Development Technical Assistance | 11.303 | | | 339,489 | |
| Manufacturing Extension Partnership | 11.611 | | | 1,122,118 | 23,695 |
| **US Department of Commerce Total** | | | | **1,496,588** | **23,695** |
| **US Department of Defense** | | | | | |
| Issue of Department of Defense excess equipment | 12.000 | | | 6,657,615 | |
| Procurement Technical Assistance For Business Firms | 12.002 | | | 555,811 | |
| Payments to States in Lieu of Real Estate Taxes | 12.112 | | | 1,128,145 | 1,128,145 |
| Military Construction, National Guard | 12.400 | | | 1,385,031 | |
| National Guard Military Operations and Maintenance (O&M) Projects | 12.401 | | | 46,988,673 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **US Department of Defense (Continued)** | | | | | |
| National Guard ChalleNGe Program | 12.404 | | | $ 3,006,317 | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | | | 1,892 | |
| **US Department of Defense Total** | | | | **59,723,484** | $ **1,128,145** |
| **US Department of Housing and Urban Development** | | | | | |
| Manufactured Home Dispute Resolution | 14.171 | | | 98,146 | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | | | 8,247,242 | 7,741,677 |
| Emergency Solutions Grant Program | 14.231 | | | 2,028,355 | 1,895,219 |
| Home Investment Partnerships Program | 14.239 | | | 11,738,683 | 11,092,713 |
| Housing Opportunities for Persons with AIDS | 14.241 | | | 804,464 | 788,189 |
| Housing Trust Fund | 14.275 | | | 1,475,384 | 1,434,693 |
| Fair Housing Assistance Program State and Local | 14.401 | | | 788,178 | |
| **US Department of Housing and Urban Development Total** | | | | **25,180,452** | **22,952,491** |
| **US Department of the Interior** | | | | | |
| Indian Education Higher Education Grant | 15.114 | | | 235,681 | |
| Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | 15.250 | | | 53,171 | |
| Abandoned Mine Land Reclamation (AMLR) Program | 15.252 | | | 1,220,056 | |
| Flood Control Act Lands | 15.433 | | | 87,786 | 87,786 |
| Minerals Leasing Act | 15.437 | | | 307,281 | 174,266 |
| National Forest Acquired Lands | 15.438 | | | 194,653 | 194,653 |
| Fish and Wildlife Management Assistance | 15.608 | | | 46,775 | |
| Cooperative Endangered Species Conservation Fund | 15.615 | | | 665,671 | 35,635 |
| Clean Vessel Act. | 15.616 | | | 710,662 | 658,755 |
| Sportfishing and Boating Safety Act | 15.622 | | | 7,300 | 7,300 |
| State Wildlife Grants | 15.634 | | | 364,633 | 167,111 |
| Endangered Species Conservation Recovery Implementation Funds | 15.657 | | | 24,682 | |
| U.S. Geological Survey_ Research and Data Acquisition | 15.808 | | | 45,675 | |
| National Cooperative Geologic Mapping | 15.810 | | | 71,933 | |
| National Geological and Geophysical Data Preservation | 15.814 | | | 30,653 | |
| Historic Preservation Fund Grants-In-Aid | 15.904 | | | 845,363 | 82,667 |
| Outdoor Recreation Acquisition, Development and Planning | 15.916 | | | 1,143,953 | |
| Native American Graves Protection and Repatriation Act | 15.922 | | | 5,731 | |
| Cooperative Research and Training Programs Resources of the National Park System | 15.945 | | | 551 | |

**State of Arkansas**
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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **US Department of the Interior (Continued)** | | | | | |
| National Park Service Conservation, Protection, Outreach, and Education | | | | | |
| Pass-Through from National Writing Project | 15.954 | | 97-AR02-NPS2018 | $ 878 | |
| Water Use and Data Research | 15.981 | | | 40,718 | |
| **US Department of the Interior Total** | | | | **6,103,806** | $ **1,408,173** |
| | | | | | |
| **US Department of Justice** | | | | | |
| Sexual Assault Services Formula Program | 16.017 | | | 358,073 | 358,073 |
| COVID-19 - Coronavirus Emergency Supplement Funding Program | 16.034 | | | (1,974) | |
| Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus | 16.525 | | | 128,978 | |
| Juvenile Justice and Delinquency Prevention Allocation to States | 16.540 | | | 176,472 | 120,936 |
| Missing Children's Assistance | 16.543 | | | 390,540 | |
| National Criminal History Improvement Program (NCHIP) | 16.554 | | | 93,001 | |
| Crime Victim Assistance | 16.575 | | | 21,082,096 | 20,417,783 |
| Crime Victim Compensation | 16.576 | | | 1,200,452 | |
| Crime Victim Assistance/Discretionary Grants | 16.582 | | | 99,552 | |
| Drug Court Discretionary Grant Program | 16.585 | | | 348,698 | |
| Pass-Through from Midsouth Health Systems | 16.585 | | N/A | 27,510 | |
| Violence Against Women Formula Grants | 16.588 | | | 2,024,195 | 1,624,822 |
| Residential Substance Abuse Treatment for State Prisoners | 16.593 | | | 254,772 | 124,537 |
| State Criminal Alien Assistance Program | 16.606 | | | 27,986 | |
| Project Safe Neighborhoods | 16.609 | | | 83,691 | 55,985 |
| Juvenile Mentoring Program | | | | | |
| Pass-Through from National 4-H Council | 16.726 | | 2018-JU-FX-0005 | 24,513 | |
| Pass-Through from National 4-H Council | 16.726 | | 2019-MU-FX-002 | 1,778 | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | | 1,598,139 | 1,461,587 |
| DNA Backlog Reduction Program | 16.741 | | | 914,710 | |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | | | 57,125 | |
| Criminal and Juvenile Justice and Mental Health Collaboration Program | | | | | |
| Pass-Through from Midsouth Health Systems | 16.745 | | N/A | 6,190 | |
| Harold Rogers Prescription Drug Monitoring Program | 16.754 | | | 903,676 | 232,735 |
| John R. Justice Prosecutors and Defenders Incentive Act | 16.816 | | | 36,156 | |
| Justice Reinvestment Initiative | 16.827 | | | 9,712 | |
| Comprehensive Opioid Abuse Site-Based Program | 16.838 | | | 425,924 | |
| STOP School Violence | 16.839 | | | 979 | |
| Equitable Sharing Program | 16.922 | | | 300,637 | |
| Miscellaneous US Department of Justice Programs | 16.U01 | N/A | | 8,520 | |
| **US Department of Justice Total** | | | | **30,582,101** | **24,396,458** |

**State of Arkansas**
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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **US Department of Labor** | | | | | |
| Labor Force Statistics | 17.002 | | | $ 768,443 | |
| Compensation and Working Conditions | 17.005 | | | 106,276 | |
| Registered Apprenticeship | 17.201 | | | 88,990 | $ 63,278 |
| Unemployment Insurance | 17.225 | | | 345,251,691 | |
| COVID-19 - Unemployment Insurance | 17.225 | | | 1,065,396,248 | |
| Senior Community Service Employment Program | 17.235 | | | 1,264,783 | 1,249,904 |
| Trade Adjustment Assistance | 17.245 | | | 2,789,343 | |
| H-1B Job Training Grants | 17.268 | | | 867,345 | 677,743 |
| Pass-Through from Arkansas Community Colleges (ACC) | 17.268 | | ACC ASUMH AAPI2 | 34,485 | |
| Pass-Through from Greater Memphis Alliance for a Competitive Workforce | 17.268 | | HG-30131-17-60-A-47 | 243,519 | |
| Work Opportunity Tax Credit Program (WOTC) | 17.271 | | | 168,679 | |
| Temporary Labor Certification for Foreign Workers | 17.273 | | | 179,839 | |
| YOUTHBUILD | 17.274 | | | 5,331 | |
| WIOA National Dislocated Worker Grants / WIA National Emergency Grants | 17.277 | | | 1,282,023 | 394,157 |
| WIOA Dislocated Worker National Reserve Demonstration Grants | 17.280 | | | 139,062 | |
| Apprenticeship USA Grants | 17.285 | | | 183,866 | 77,085 |
| Occupational Safety and Health Susan Harwood Training Grants | 17.502 | | | 71,921 | |
| Consultation Agreements | 17.504 | | | 964,212 | |
| Mine Health and Safety Grants | 17.600 | | | 122,339 | |
| **US Department of Labor Total** | | | | **1,419,928,395** | **2,462,167** |
| **US Department of State** | | | | | |
| Academic Exchange Programs - Undergraduate Programs | 19.009 | | | 873 | |
| Academic Exchange Programs - Teachers | | | | | |
| Pass-Through from International Research and Exchange Board | 19.408 | | FY20-FTEA-UA-01 | 219,733 | 192,728 |
| Professional and Cultural Exchange Programs - Citizen Exchanges | 19.415 | | | 44,182 | |
| **US Department of State Total** | | | | **264,788** | **192,728** |
| **US Department of Transportation** | | | | | |
| Airport Improvement Program | 20.106 | | | 19,514 | 19,514 |
| Commercial Driver's License Program Implementation Grant | 20.232 | | | 322,894 | |
| Railroad Development | 20.314 | | | 284,742 | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | | | 2,519,233 | 2,449,314 |
| Formula Grants for Rural Areas and Tribal Transit Program | 20.509 | | | 13,022,571 | 12,289,316 |
| Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program | 20.528 | | | 122,887 | 56,041 |

**State of Arkansas**
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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **US Department of Transportation (Continued)** | | | | | |
| Alcohol Open Container Requirements | 20.607 | | | $ 1,925 | |
| National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements | 20.614 | | | 125,828 | |
| Pipeline Safety Program State Base Grant | 20.700 | | | 555,535 | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | | | 312,722 | $ 40,000 |
| **US Department of Transportation Total** | | | | **17,287,851** | **14,854,185** |
| **US Department of the Treasury** | | | | | |
| Low Income Taxpayer Clinics | 21.008 | | | 104,388 | |
| COVID19 - Coronavirus Relief Fund | 21.019 | | | 264,597,541 | |
| **US Department of the Treasury Total** | | | | **264,701,929** | |
| **General Services Administration** | | | | | |
| Donation of Federal Surplus Personal Property | 39.003 | | | 4,825,296 | |
| **General Services Administration Total** | | | | **4,825,296** | |
| **Library of Congress** | | | | | |
| Miscellaneous Library of Congress Programs | | | | | |
| Pass-Through from University of Illinois | 42.U01 | A08-0002-S028 | | 6,711 | |
| **Library of Congress Total** | | | | **6,711** | |
| **National Aeronautics and Space Administration** | | | | | |
| Miscellaneous National Aeronautics and Space Administration Programs | 43.U01 | NNX15AR71H | | 13,898 | |
| **National Aeronautics and Space Administration Total** | | | | **13,898** | |
| **Institute of Museum and Library Services** | | | | | |
| Grants to States | 45.310 | | | 1,973,607 | |
| **Institute of Museum and Library Services Total** | | | | **1,973,607** | |
| **National Endowment for the Arts** | | | | | |
| Promotion of the Arts Grants to Organizations and Individuals | 45.024 | | | 95,000 | |
| Pass-Through from NEA Big Read Arts Midwest | 45.024 | | 00019900 | 8,404 | |
| Promotion of the Arts Partnership Agreements | 45.025 | | | 561,126 | 486,015 |
| **National Endowment for the Arts Total** | | | | **664,530** | **486,015** |

**State of Arkansas**
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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **National Endowment for the Humanities** | | | | | |
| Promotion of the Humanities Federal/State Partnership | | | | | |
| Pass-Through from Arkansas Humanities Council | 45.129 | | 20005 | $ 1,481 | |
| Pass-Through from Arkansas Humanities Council | 45.129 | | 2019--Min-19-07 | 1,787 | |
| Pass-Through from Arkansas Humanities Council | 45.129 | | 2020--Min-20-002 | 1,778 | |
| Pass-Through from Arkansas Humanities Council | 45.129 | | N/A | 658 | |
| Pass-Through from Arkansas Humanities Council | 45.129 | | RG3075 | (57) | |
| Promotion of the Humanities Challenge Grants | 45.130 | | | 26,208 | |
| Promotion of the Humanities Division of Preservation and Access | 45.149 | | | 76,338 | |
| Promotion of the Humanities Professional Development | 45.163 | | | 15,631 | |
| **National Endowment for the Humanities Total** | | | | **123,824** | |
| **National Science Foundation** | | | | | |
| Engineering | | | | | |
| Pass-Through from Cell Biology Education Consortium | 47.041 | | 1827066 | 1,038 | |
| Education and Human Resources | 47.076 | | | 1,269,605 | $ 67,276 |
| Office of International Science and Engineering | 47.079 | | | 13,695 | |
| Integrative Activities | 47.083 | | | 715,698 | 177,878 |
| **National Science Foundation Total** | | | | **2,000,036** | **245,154** |
| **Small Business Administration** | | | | | |
| Small Business Development Centers | 59.037 | | | 1,446,268 | |
| Federal and State Technology Partnership Program | 59.058 | | | 141,757 | |
| State Trade Expansion | 59.061 | | | 125,453 | |
| **Small Business Administration Total** | | | | **1,713,478** | |
| **US Department of Veterans Affairs** | | | | | |
| Veterans State Nursing Home Care | 64.015 | | | 14,520,351 | |
| Post-9/11 Veterans Educational Assistance | 64.027 | | | 181,925 | |
| Post-9/11 Veterans Educational Assistance | 64.028 | | | 184,826 | |
| Burial Expenses Allowance for Veterans | 64.101 | | | 385,248 | |
| Vocational Rehabilitation for Disabled Veterans | 64.116 | | | 12,054 | |
| All-Volunteer Force Educational Assistance | 64.124 | | | 277,332 | |
| Veterans Cemetery Grants Program | 64.203 | | | 2,184,765 | |
| Miscellaneous US Department of Veterans Affairs Programs | 64.U01 | N/A | | 81,455 | |
| **US Department of Veterans Affairs Total** | | | | **17,827,956** | |

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| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Environmental Protection Agency** | | | | | |
| Air Pollution Control Program Support | 66.001 | | | $ 1,108,935 | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 66.034 | | | 311,138 | |
| State Clean Diesel Grant Program | 66.040 | | | 214,644 | $ 201,950 |
| Multipurpose Grants to States and Tribes | 66.204 | | | 24,061 | |
| Water Pollution Control State, Interstate, and Tribal Program Support | 66.419 | | | 2,413,215 | |
| State Public Water System Supervision | 66.432 | | | 894,418 | |
| State Underground Water Source Protection | 66.433 | | | 45,254 | |
| Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act the Safe Drinking Water Act | | | | | |
| Pass-Through from University of Wisconsin System | 66.436 | | PO0000000146 | 11,225 | |
| Water Quality Management Planning | 66.454 | | | 104,433 | |
| Nonpoint Source Implementation Grants | 66.460 | | | 1,814,988 | 1,076,998 |
| Gulf of Mexico Program | | | | | |
| Pass-Through from Mississippi State University | 66.475 | | 080300.341765.04 | 51,948 | |
| Consolidated Pesticide Enforcement Cooperative Agreements | 66.700 | | | 403,751 | |
| TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals | 66.707 | | | 194,953 | |
| Pollution Prevention Grants Program | 66.708 | | | 10,301 | |
| Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies | | | | | |
| Pass-Through from Extension Foundation | 66.716 | | N/A | 1,759 | |
| Pass-Through from Extension Foundation | 66.716 | | SA-2020-41 | 10,973 | |
| Hazardous Waste Management State Program Support | 66.801 | | | 749,876 | |
| Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements | 66.802 | | | 30,882 | |
| Underground Storage Tank (UST) Prevention, Detection and Compliance Program | 66.804 | | | 246,218 | |
| Leaking Underground Storage Tank Trust Fund Corrective Action Program | 66.805 | | | 323,663 | |
| State and Tribal Response Program Grants | 66.817 | | | 425,798 | |
| Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core) | 66.961 | | | 132,294 | |
| **Environmental Protection Agency Total** | | | | **9,524,727** | **1,278,948** |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **US Department of Energy** | | | | | |
| State Energy Program | 81.041 | | | $ 36,393 | $ 16,000 |
| Weatherization Assistance for Low-Income Persons | 81.042 | | | 1,790,526 | 1,677,183 |
| Conservation Research and Development | 81.086 | | | 622 | |
| Fossil Energy Research and Development | | | | | |
| Pass-Through from The University of Texas - Austin | 81.089 | | UTA18-001356 | 13,278 | |
| State Energy Program Special Projects | 81.119 | | | 38,239 | 3,306 |
| **US Department of Energy Total** | | | | **1,879,058** | **1,696,489** |
| **US Department of Education** | | | | | |
| Adult Education - Basic Grants to States | 84.002 | | | 5,230,732 | 2,256,327 |
| Title I Grants to Local Educational Agencies | 84.010 | | | 157,179,919 | 156,025,975 |
| Migrant Education State Grant Program | 84.011 | | | 4,743,273 | 4,452,074 |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | 84.013 | | | 289,864 | 81,154 |
| Overseas Programs - Group Projects Abroad | 84.021 | | | 101,091 | |
| Higher Education Institution Aid | 84.031 | | | 5,924,001 | |
| Federal Family Education Loans | 84.032 | | | 163,223,417 | |
| Career and Technical Education -- Basic Grants to States | 84.048 | | | 11,897,138 | 8,006,426 |
| Pass-Through from Arkansas STEM Coalition | 84.048 | | N/A | 12,943 | |
| Pass-Through from Jonesboro Public School System | 84.048 | | VA48A200004 | 97,483 | |
| Fund for the Improvement of Postsecondary Education | | | | | |
| Pass-Through from The University of California | 84.116 | | A19-2776-S006 | 53,982 | |
| Rehabilitation Services Vocational Rehabilitation Grants to States | 84.126 | | | 35,907,916 | |
| Rehabilitation Long-Term Training | 84.129 | | | 226,129 | |
| Rehabilitation Services Independent Living Services for Older Individuals Who are Blind | 84.177 | | | 236,407 | |
| Special Education-Grants for Infants and Families | 84.181 | | | 3,484,110 | |
| Supported Employment Services for Individuals with the Most Significant Disabilities | 84.187 | | | 315,844 | |
| Education for Homeless Children and Youth | 84.196 | | | 870,886 | 745,372 |
| Twenty-First Century Community Learning Centers | 84.287 | | | 7,980,386 | 7,538,437 |
| Special Education - State Personnel Development | 84.323 | | | 1,011,461 | 1,001,046 |
| Pass-Through from Great Rivers Educational Coop | 84.323 | | H323A150013 | 385,282 | |
| Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | 84.325 | | | 363,072 | 8,921 |
| Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | 84.326 | | | 95,559 | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | | | 705,281 | |
| Child Care Access Means Parents in School | 84.335 | | | 91,996 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| Rural Education | 84.358 | | | $ 2,988,855 | $ 2,988,848 |
| English Language Acquisition State Grants | 84.365 | | | 4,771,861 | 3,336,071 |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | | | 21,407,771 | 20,617,128 |
| Grants for State Assessments and Related Activities | 84.369 | | | 203,698 | |
| Comprehensive Literacy Development | 84.371 | | | 163,970 | 85,395 |
| School Improvement Grants | 84.377 | | | 3,230,636 | 3,110,154 |
| Strengthening Minority-Serving Institutions | 84.382 | | | 1,527,417 | |
| ARRA - Special Education Grants to States, Recovery Act | 84.391 | | | (9,250) | (9,250) |
| Preschool Development Grants | 84.419 | | | 13 | |
| Student Support and Academic Enrichment Program | 84.424 | | | 10,450,700 | 10,429,941 |
| COVID19 - Education Stabilization Fund - CARES Act | 84.425D | | | 2,622,223 | 2,622,221 |
| COVID19 - Education Stabilization Fund - CARES Act | 84.425E | | | 38,327,729 | |
| COVID19 - Education Stabilization Fund - CARES Act | 84.425F | | | 15,139,531 | |
| COVID19 - Education Stabilization Fund - CARES Act | 84.425J | | | 70,482 | |
| COVID19 - Education Stabilization Fund - CARES Act | 84.425M | | | 779,771 | |
| COVID19 - Education Stabilization Fund - CARES Act Subtotal | 84.425 | | | 56,939,736 | 2,622,221 |
| American Printing House for the Blind | 84.906 | | | 59,181 | |
| Disaster Recovery Assistance for Education | 84.938 | | | 2,420 | 2,420 |
| Javits Gifted and Talented Students Education | 84.206A | | | 439,642 | 30,250 |
| **US Department of Education Total** | | | | **502,604,822** | **223,328,910** |
| **Consumer Product Safety Commission** | | | | | |
| Consumer Product Safety Commission Contract | 87.001 | | | 51,201 | |
| **Consumer Product Safety Commission Total** | | | | **51,201** | |
| **Delta Regional Authority** | | | | | |
| Delta Regional Development | 90.200 | | | 244,243 | |
| Delta Area Economic Development | 90.201 | | | 293,498 | |
| Pass-Through from Winrock International | 90.201 | | 6796-18-C-27 | 509 | |
| States' Economic Development Assistance Program | 90.204 | | | 109,672 | |
| **Delta Regional Authority Total** | | | | **647,922** | |
| **US Election Assistance Commission** | | | | | |
| Help America Vote Act Requirements Payments | 90.401 | | | 11,915 | |
| 2018 HAVA Election Security Grants | 90.404 | | | 810,590 | |
| **US Election Assistance Commission Total** | | | | **822,505** | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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** | | | | | |
| Special Programs for the Aging Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | | | $ 31,315 | |
| Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals | 93.042 | | | 142,560 | $ 142,098 |
| Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services | 93.043 | | | 157,776 | 157,776 |
| Special Programs for the Aging Title IV and Title II Discretionary Projects | 93.048 | | | 225,359 | 20,000 |
| National Family Caregiver Support, Title III, Part E | 93.052 | | | 1,498,962 | 1,498,962 |
| Sexual Risk Avoidance Education | 93.060 | | | 203,173 | 68,200 |
| Public Health Emergency Preparedness | 93.069 | | | 5,594,113 | |
| Medicare Enrollment Assistance Program | 93.071 | | | 281,618 | 116,392 |
| Lifespan Respite Care Program | 93.072 | | | 119,067 | |
| Birth Defects and Developmental Disabilities - Prevention and Surveillance | 93.073 | | | 1,478 | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 93.074 | | | 676,391 | |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 93.079 | | | 90,335 | |
| Sodium Reduction in Communities | 93.082 | | | 466,534 | |
| Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 | | | 394,591 | 329,069 |
| Food and Drug Administration Research | 93.103 | | | 569,633 | |
| Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | 93.104 | | | 25,587 | |
| Area Health Education Centers | 93.107 | | | 931,727 | |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | | | 705,223 | 281,890 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | | | 700,738 | |
| Acquired Immunodeficiency Syndrome (AIDS) Activity | 93.118 | | | 57,094 | |
| Emergency Medical Services for Children | 93.127 | | | 116,718 | |
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | 93.130 | | | 146,001 | |
| Centers for Research and Demonstration for Health Promotion and Disease Prevention | 93.135 | | | 9,054 | |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | | | 1,520,548 | 85,919 |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | | | 226,017 | 226,017 |
| Disabilities Prevention | 93.184 | | | 404,210 | |
| Graduate Psychology Education | 93.191 | | | 287,134 | |
| Telehealth Programs | 93.211 | | | 761,435 | |
| Family Planning Services | 93.217 | | | 5,335,951 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| Traumatic Brain Injury State Demonstration Grant Program | 93.234 | | | $ 141,185 | |
| Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program | 93.235 | | | 652,566 | $ 638,406 |
| State Capacity Building | 93.240 | | | 303,126 | |
| State Rural Hospital Flexibility Program | 93.241 | | | 448,375 | 162,777 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | | | 8,083,284 | 2,082,234 |
| Pass-Through from Craighead County | 93.243 | | N/A | 925 | |
| Pass-Through from Midsouth Health Systems | 93.243 | | 1H79SM061557-01 | 16,008 | |
| Pass-Through from Midsouth Health Systems | 93.243 | | N/A | 92,034 | |
| Advanced Nursing Education Workforce Grant Program | 93.247 | | | 600,095 | |
| Early Hearing Detection and Intervention | 93.251 | | | 261,857 | 73,451 |
| Poison Center Support and Enhancement Grant | 93.253 | | | 171,388 | |
| Immunization Cooperative Agreements | 93.268 | | | 42,746,383 | 79,253 |
| Viral Hepatitis Prevention and Control | 93.270 | | | 168,470 | 73,062 |
| Drug-Free Communities Support Program Grants | 93.276 | | | 114,798 | |
| Pass-Through from Out of the Dark, Inc. | 93.276 | | N/A | 9,933 | |
| State Partnership Grant Program to Improve Minority Health | 93.296 | | | 162,072 | |
| Small Rural Hospital Improvement Grant Program | 93.301 | | | 224,180 | 187,851 |
| 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 | | | 855,290 | |
| Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program | 93.314 | | | 136,515 | |
| Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas | 93.319 | | | 684,944 | |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | | | 2,809,190 | 110,143 |
| State Health Insurance Assistance Program | 93.324 | | | 476,425 | |
| National Center for Advancing Translational Sciences | 93.350 | | | 4,149,568 | 213,211 |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | | | 3,174,469 | 133,209 |
| State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes | 93.366 | | | 339,800 | 162,979 |
| Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs | 93.367 | | | 226,414 | |
| ACL Independent Living State Grants | 93.369 | | | 330,529 | |
| The State Flexibility to Stabilize the Market Grant Program | 93.413 | | | 169,453 | |
| Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke | 93.426 | | | 1,313,755 | 219,928 |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| ACL National Institute on Disability, Independent Living, and Rehabilitation Research | 93.433 | | | | |
| Pass-Through from Memorial Hermann Health | 93.433 | | 19-1688 | $ 14,747 | |
| Pass-Through from Memorial Hermann Health | 93.433 | | 20-1688 | 16,240 | |
| Every Student Succeeds Act/Preschool Development Grants | 93.434 | | | 313,299 | |
| Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN) | 93.436 | | | 253,969 | |
| State Physical Activity and Nutrition (SPAN) | 93.439 | | | 655,466 | |
| Food Safety and Security Monitoring Project | 93.448 | | | 336,066 | |
| ACL Assistive Technology | 93.464 | | | 476,077 | |
| Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program | | | | | |
| Pass-Through from Arkansas Children's Hospital | 93.505 | | D89MC23141-02-00 | 347,079 | |
| 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 | | | 77,724 | |
| Teaching Health Center Graduate Medical Education Payment | 93.530 | | | 264,634 | |
| PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds | 93.539 | | | 94,795 | $ 6,305 |
| Promoting Safe and Stable Families | 93.556 | | | 518,062 | |
| Temporary Assistance for Needy Families | 93.558 | | | 54,703,222 | 10,355,237 |
| Child Support Enforcement | 93.563 | | | 24,748,600 | |
| Refugee and Entrant Assistance State Administered Programs | 93.566 | | | 1,273 | |
| Low-Income Home Energy Assistance | 93.568 | | | 27,812,341 | 27,549,787 |
| Community Services Block Grant | 93.569 | | | 8,680,112 | 8,197,660 |
| Refugee and Entrant Assistance Discretionary Grants | 93.576 | | | 56,225 | |
| State Court Improvement Program | 93.586 | | | 271,063 | |
| Community-Based Child Abuse Prevention Grants | 93.590 | | | 248,829 | |
| Grants to States for Access and Visitation Programs | 93.597 | | | 89,538 | |
| Chafee Education and Training Vouchers Program (ETV) | 93.599 | | | 167,741 | |
| Adoption and Legal Guardianship Incentive Payments | 93.603 | | | 333,578 | |
| Developmental Disabilities Basic Support and Advocacy Grants | 93.630 | | | 768,971 | 249,582 |
| University Centers for Excellence in Developmental Disabilities Education, Research and Service | 93.632 | | | 569,518 | |
| Children's Justice Grants to States | 93.643 | | | 185,708 | |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | | | 265,089 | |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| Child Welfare Research Training or Demonstration | | | | | |
| Pass-Through from The State University of New York - Albany - Research Foundation | 93.648 | | 12-82905 | $ 42,278 | |
| Pass-Through from The State University of New York - Albany - Research Foundation | 93.648 | | 12-86154 | 105,594 | |
| Foster Care Title IV-E | 93.658 | | | 38,713,456 | |
| Adoption Assistance | 93.659 | | | 31,490,888 | |
| Social Services Block Grant | 93.667 | | | 14,336,919 | |
| Child Abuse and Neglect State Grants | 93.669 | | | 107,963 | |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671 | | | 1,151,167 | $ 1,094,558 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | | | 431,406 | |
| Medical Student Education | 93.680 | | | 692,638 | 28,334 |
| Mental and Behavioral Health Education and Training Grants | 93.732 | | | 411,330 | |
| State Public Health Approaches for Ensuring Quitline Capacity Funded in part by Prevention and Public Health Funds (PPHF) | 93.735 | | | 165,595 | |
| PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds | 93.738 | | | 800,379 | |
| 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 | | | 292,112 | |
| Elder Abuse Prevention Interventions Program | 93.747 | | | 92,430 | |
| Children's Health Insurance Program | 93.767 | | | 220,678,588 | |
| Pass-Through from Arkansas Children's Hospital | 93.767 | | D89MC23141-02-00 | 155,231 | |
| Opioid STR | 93.788 | | | 6,325,945 | 3,171,050 |
| Money Follows the Person Rebalancing Demonstration | 93.791 | | | 706,353 | |
| State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid | 93.796 | | | 4,051,977 | |
| Organized Approaches to Increase Colorectal Cancer Screening | 93.800 | | | 317,060 | 63,927 |
| Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities | 93.817 | | | 351,274 | 17,518 |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | | | 230,486 | |
| Pharmacology, Physiology | 93.859 | | | 9,423 | |
| Pass-Through from University of Florida | 93.859 | | SUB00002143 | 7,333 | |
| Maternal, Infant and Early Childhood Homevisiting Grant | 93.870 | | | 6,986,791 | |
| National Bioterrorism Hospital Preparedness Program | 93.889 | | | 1,779,475 | 1,347,592 |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | 93.898 | | | 2,713,220 | 169,613 |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| 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)** | | | | | |
| Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement | | | | | |
| Pass-Through from Greater Delta Alliance for Health, Inc. | 93.912 | | 51453 | $ 10,397 | |
| Grants to States for Operation of State Offices of Rural Health | 93.913 | | | 121,773 | |
| HIV Care Formula Grants | 93.917 | | | 6,820,571 | $ 2,215,992 |
| Healthy Start Initiative | 93.926 | | | 1,150,007 | |
| HIV Prevention Activities Health Department Based | 93.940 | | | 1,877,131 | 256,813 |
| Assistance Programs for Chronic Disease Prevention and Control | 93.945 | | | 155,152 | |
| Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs | 93.946 | | | 150,633 | |
| Block Grants for Community Mental Health Services | 93.958 | | | 8,169,878 | 8,150,433 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | | 10,346,782 | 5,943,284 |
| PPHF Geriatric Education Centers | 93.969 | | | 665,094 | 46,611 |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants | 93.977 | | | 998,470 | |
| Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools | 93.981 | | | 307,227 | 74,279 |
| Preventive Health and Health Services Block Grant | 93.991 | | | 1,168,828 | 139,636 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | | | 7,325,812 | |
| Autism and Other Developmental Disabilities, Surveillance, Research, and Prevention | 93.998 | | | 504,899 | |
| Test for Suppression Effects of Advanced Energy | 93.999 | | | 10,000 | |
| Miscellaneous US Department of Health and Human Services Programs | 93.U01 | N/A | | 5,042,881 | |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.U02 | 16X011-#2 | | 463,499 | 38,282 |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.U03 | 16X011-#3 | | 50,910 | 25,097 |
| Pass-Through from Leidos Biomedical Research, Inc. | 93.U04 | 16X011-#5 | | 1,486 | |
| Pass-Through from University of North Texas Health Science Center | 93.U05 | 51.740 | | (7) | |
| **US Department of Health and Human Services Total** | | | | **591,302,073** | **76,204,417** |
| **Corporation for National and Community Service** | | | | | |
| AmeriCorps | 94.006 | | | 1,414,979 | 1,224,118 |
| Pass-Through from Jumpstart for Young Children | 94.006 | | 120200 | 7,264 | |
| Commission Investment Fund | 94.008 | | | 322,770 | 19,233 |
| Volunteers in Service to America | 94.013 | | | 44,899 | |
| **Corporation for National and Community Service Total** | | | | **1,789,912** | **1,243,351** |

**State of Arkansas**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended June 30, 2020**

| Cluster Name/Federal Grantor/Program Name/Pass-Through Entity | CFDA | Other Identifying # | Pass-Through Identifying # | Expenditure | Amount Provided to Subrecipients |
|---|---|---|---|---|---|
| **Department of Homeland Security** | | | | | |
| State and Local Homeland Security National Training Program | 97.005 | | | $ 733,214 | $ 426,597 |
| Pass-Through from Center for Rural Development | 97.005 | | EMW-2015-CA-00190-S01 | 26,919 | |
| Pass-Through from Center for Rural Development | 97.005 | | EMW-2016-CA-00097-S01 | 207,634 | |
| Pass-Through from Center for Rural Development | 97.005 | | EMW-2017-CA-00052-S01 | 129,376 | |
| Pass-Through from Center for Rural Development | 97.005 | | EMW-2018-CA-00075-S01 | 35,016 | |
| Pass-Through from Center for Rural Development | 97.005 | | EMW-2019-CA-00048-S01 | 3,337 | |
| Pass-Through from Norwich University | 97.005 | | EMW-2017-CA-00051-S01 | 11,646 | |
| Pass-Through from University of Texas - San Antonio | 97.005 | | EMW-2016-CA-00124 | (8,268) | |
| Homeland Security Preparedness Technical Assistance Program | 97.007 | | | 45,081 | |
| Non-Profit Security Program | 97.008 | | | 49,581 | 49,581 |
| Boating Safety Financial Assistance | 97.012 | | | 1,390,176 | |
| Community Assistance Program State Support Services Element (CAP-SSSE) | 97.023 | | | 136,683 | 5,000 |
| Flood Mitigation Assistance | 97.029 | | | 604,615 | 590,512 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | | | 11,105,838 | 9,996,938 |
| COVID19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | | | 12,809,994 | |
| Hazard Mitigation Grant | 97.039 | | | 2,900,471 | 2,769,365 |
| National Dam Safety Program | 97.041 | | | 3,080 | |
| Emergency Management Performance Grants | 97.042 | | | 5,791,503 | 2,878,343 |
| State Fire Training Systems Grants | 97.043 | | | 3,496 | |
| Assistance to Firefighters Grant | 97.044 | | | 411,128 | |
| Cooperating Technical Partners | 97.045 | | | 44,567 | |
| Pre-Disaster Mitigation | 97.047 | | | 1,010,309 | 877,807 |
| Homeland Security Grant Program | 97.067 | | | 3,599,309 | 2,826,342 |
| Earthquake Consortium | 97.082 | | | 2,098 | |
| **Department of Homeland Security Total** | | | | **41,046,803** | **20,420,485** |
| **Total Expenditures of Federal Awards** | | | | **$ 11,331,950,919** | **$ 810,921,233** |

# *Notes to Schedule of Expenditures of Federal Awards*

## *For the Year Ended June 30, 2020*

# State of Arkansas
# Notes to Schedule of Expenditures of Federal Awards
# For The Year Ended June 30, 2020

## (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:** | | |
| Rural Rental Housing Loans | 10.415 | $3,113,898 |
| Housing Trust Fund | 14.275 | $1,475,384 |
| Federal Family Education Loans | 84.032 | $163,223,417 |
| **State of Arkansas Construction Assistance Revolving Loan Fund:** | | |
| Clean Water State Revolving Fund Cluster | 66.458 | $12,416,299 |
| **State of Arkansas Drinking Water Revolving Loan Fund:** | | |
| Drinking Water State Revolving Fund Cluster | 66.468 | $21,310,670 |
| **University of Arkansas for Medical Sciences:** | | |
| Student Financial Assistance Cluster | various | $59,287,203 |

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

# State of Arkansas
# Notes to Schedule of Expenditures of Federal Awards
# For The Year Ended June 30, 2020

## (1) Summary of Significant Accounting Policies (Continued)

### *(a) 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 $30,000,000 in disbursements, expenditures, or distributions. Major and non-major programs are determined using the risk-based approach outlined in Uniform Guidance.

### *(b) 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.

### *(c) Indirect Cost Rate*

The State has elected not to use the 10% 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, 2020, 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 | $8,298,153 |
| 84.038 | Federal Perkins Loan Program_Federal Capital Contributions | 260,989 |
| 93.264 | Nurse Faculty Loan Program (NFLP) | 116,033 |
| 93.342 | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students | 4,943,332 |
| 93.364 | Nursing Student Loans | 370,182 |
| | Total | $13,988,689 |

**(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, 2020, Direct Loans totaling $497,711,081 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, 2020, was $145,729,453.

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 Corporation (Great Lakes), United Student Aid Funds (USAF), or the U.S. Department of Education (USDE). Student loans guaranteed by the USDE are considered noncash awards, which amounted to $162,398,001 at July 1, 2019. 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 multi-family 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 $2,715,244 for the year ended June 30, 2020. Total disbursements for loans made to subrecipients totaled $202,111 during the year ended June 30, 2020. [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, 2020. No disbursements were made for repayable loans to subrecipients during the year ended June 30, 2020.[1]

Expenditures reflected in CFDA 14.239, HOME Investment Partnerships Program, include loans to contractors and borrowers for development of single-family and multi-family housing. The funding source for these loans includes federal grant funds and revolving program funds. The funds are disbursed to the subrecipients after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable balance from subrecipients was $112,187,139 for the year ended June 30, 2020. Total disbursements of federal funds for repayable loans made to subrecipients totaled $7,830,148 during the year ended June 30, 2020.[1]

Expenditures reflected in CFDA 14.275, Housing Trust Fund include loans to contractors for development or redevelopment of affordable housing, particularly rental housing, for extremely low income and very low income households. 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 balance from subrecipients was $1,351,463 for the year ended June 30, 2020. Total disbursements for repayable loans made to subrecipients totaled $1,022,354 during the year ended June 30, 2020.[1]

Expenditures reflected in CFDA 66.458, Capitalization Grants for the 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 $293.9 million for the year ended June 30, 2020. During fiscal 2020, approximately $6.0 million of loans were forgiven. Total federal disbursements totaled approximately $12.0 million during fiscal year 2020, which represented funding for principal forgiveness and repayable loans. For the year ended June 30, 2020 the Program received $392,000 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 $171.6 million for the year ended June 30, 2020. Total federal loan disbursements totaled $17.4 million during fiscal year 2020. Total loans forgiven totaled $2.6 million during fiscal year 2020. For the year ended June 30, 2020, the Program received $3.9 million 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 Schedule 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 2020. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2020, totaled $4,513,634. Total disbursements for new loans made during fiscal year 2020 totaled $39,549.

**(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:

| CFDA Number | Program Name | Amount |
|---|---|---|
| 10.U01 | Miscellaneous U.S. Department of Agriculture Programs | $ 39,401 |
| 10.178 | Trade Mitigation Program Eligible Recipient Operational Funds | 16,139,333 |
| 10.555 | National School Lunch Program (Child Nutrition Cluster) | 19,469,089 |
| 10.558 | Child and Adult Care Food Program | 13,889 |
| 10.565 | Commodity Supplemental Food Program | 816,977 |
| 10.569 | Emergency Food Assistance Program (Food Commodities) (Food Distribution Cluster) | 8,082,504 |
| 12.000 | Issue of Department of Defense excess equipment | 6,657,615 |
| 39.003 | Donation of Federal Surplus Personal Property | 4,825,296 |
| 84.906 | American Printing House for the Blind | 59,181 |
| 93.268 | Immunization Cooperative Agreements | 39,460,814 |
| 97.036 | COVID19 – Disaster Grants – Public Assistance – (Presidentially Declared Disasters) | 12,809,994 |
| | Total | $ 108,374,093 |

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

During fiscal year 2020, the State received cash rebates totaling $24,645,669 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 350,483 more persons than could have been 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, 2020. This entity is not included in the Schedule because the audit is based on the federal fiscal year which ends September 30, 2019. The audit firm was Stan Parks, CPA, which issued an audit report for October 1, 2018, through September 30, 2019. The audit for the period ended September 30, 2020 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 Schedule under CFDA Number 17.225. The $1,410,647,939 of expenditures reported on the Schedule is comprised of $1,089,233,826 of federal funds and $321,414,113 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, 2020, consists of: [1]

| CFDA Number | Program Name | Outstanding Balance at June 30, 2020 |
|---|---|---|
| 10.415 | Preservation Revolving Loan Fund | $ 2,735,864 |

**(9) Coronavirus Relief Fund**

In March 2020, the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided funding for several economic assistance programs to address the impact of the COVID-19 outbreak. The CARES Act established the Coronavirus Relief Fund (CRF) to provide assistance to states and other local and tribal governments with necessary expenditures incurred to address the public health emergency. The assistance had to be applied to allowable expenditures incurred in the period beginning March 1, 2020, and ending December 30, 2020. The State of Arkansas received CRF assistance in the amount of $1.25 billion. Any CRF funds not expended by December 30, 2020, must be returned to the U. S. Treasury. Because of the requirement to return unexpended CRF funds, the State accrued a liability of $640.6 million for CRF funds unexpended as of June 30, 2020. In December 2020, the Federal government enacted the Consolidated Appropriations Act, 2021, that included an extension of the time frame to expend CRF funds through December 31, 2021. As of December 31, 2020, the State of Arkansas had expended $1.1 billion of the CRF assistance received.

[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, 2020*

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

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, 2020, is located on **page 128** and includes all findings from the prior audit, June 30, 2019, and certain findings from previous audits, including the year ended June 30, 2018.

| Federal Program Name | Page Number(s) |
|---|---|
| Child and Adult Care Food Program | 129 - 130; 183 - 184 |
| State Administrative Expenses for Child Nutrition | 129 - 130 |
| Medicaid Cluster | 131 - 147; 150 - 182; 185 - 191 |
| Children's Health Insurance Program | 131 - 149; 185 - 189 |

STATE OF ARKANSAS
**Department of Finance and Administration**

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August 3, 2020

Roger A. Norman
Legislative Auditor
Arkansas Legislative Audit
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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, 2019, 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, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency corrected dashboard coding and updated its daily draw procedures to revise the process for completing ad hoc draws in February 2020. The process has been tested through the agency's internal monitoring review process.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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

**Contact Person:**
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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected. The agency developed a process to review samples of suspended claims approved by DXC for payment in and updated its internal controls in April 2020. An internal audit of suspended claims approved for payment was completed in May 2020. An internal monitoring review of the finding is pending.

**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.)

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**

- 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.)
- 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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**

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

**Contact Person:**

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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Not valid. The agency received guidance from CMS in May 2020 confirming that adjustment of the claims noted in the audit findings was not required.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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** |

**Statistically Valid Sample:**
Not a statically valid sample

**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

**Contact Person:**
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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency implemented a process in February 2020 to ensure matches are completed monthly in ANSWER. The agency completed internal monitoring in April 2020.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**05-1805AR5MAP; 05-1905AR5MAP (Medicaid Cluster)** |
| **Federal Award Year(s):** | **2018 and 2019** |
| **Compliance Requirement(s) Affected:** | **Eligibility** |
| **Type of Finding:** | **Material Weakness** |

**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.

**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

**Contact Person:**
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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency updated its provider eligibility internal controls in April 2020. Internal monitoring was completed in May 2020.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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** |

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

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency updated its provider eligibility internal controls in April 2020. Internal monitoring was completed in May 2020.

**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:

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**

*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.
- 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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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** |

**Statistically Valid Sample:**
Not a statistically valid sample

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

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**

- 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

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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency updated its provider eligibility internal controls in April 2020. Internal monitoring was completed in May 2020.

**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:

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**

*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.
- 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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**
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

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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**<br>**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)**<br>**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):**

- 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.

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected. The agency documented internal controls for CHIP period of performance in March 2020. Internal monitoring for this finding is pending.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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:**

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.

**Anticipated Completion Date:** 4/30/2020

**Contact Person:**

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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency provided training to staff on direct employee certification in April 2020. An adjustment was made on the CMS-64 in April 2020 for the incorrect claiming of employee salary. Internal monitoring was completed in May 2020.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Condition and Context (continued):**
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.

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency developed controls in March 2020 that will ensure the correct reimbursement rate is claimed for all DMS expenditures. The unallowable amount was returned on the CMS-64 in April 2020. Internal monitoring was completed in May 2020.

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected. The agency completed its 704 mapping process in March 2020 which served to improve the evaluation process. The agency is on track to implement Quickbase system to manage the evaluation process by July 2020.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**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 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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected. The agency updated its independent assessment process to ensure completion within a 12-month timeframe in January 2020. A system edit was developed in March 2020 to prevent future unallowable claims. The recoupment of improperly paid claims is pending.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Questioned Costs:**
$58,894

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency documented controls for the Dental Managed Care program.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**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.

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Corrective action was taken. The agency developed documented controls for processing OMIG and MFCU overpayments.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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):**
*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.

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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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:**

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.

**Anticipated Completion Date:** Complete

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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected; The agency has updated controls for processing Upper Payment Limit payments. An agency monitoring review is pending.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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:**

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.

**Anticipated Completion Date:** 3/31/2020

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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected; A new business process has been developed to ensure timely completion of medical eligibility determination. The agency is in the process of updating this process to account for long-term care facility transfers.

**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)

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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 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)
- 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)

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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):**
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:

- 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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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:**

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.

**Anticipated Completion Date**: 6/1/2020

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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected; The agency developed a process for identifying other non-federal funds with greater specificity and is developing a long-term plan for improvement of reconciliation process.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Questioned Costs:**
Unknown

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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

**Contact Person:**

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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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected; The agency has developed a process to reconcile the CMS-64 to payouts and cost allocation. The agency is in the process of developing a process to reconcile the CMS-64 to AASIS.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Statistically Valid Sample:**
Not a statistically valid sample

**Questioned Costs:**
Unknown

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

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

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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected; The agency has corrected deficiencies in its eligibility systems and MMIS to prevent payment of claims after DOD. An internal monitoring review is pending.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Not valid. The completion of long-term care cost reports is within the scope of the contract deliverables.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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** |

**Auditee reported status as of June 30, 2020:** Partially corrected; The agency began the process to secure a vendor to perform reviews and anticipates a contract start date of July 1, 2020. Note: The EQRO contract started in July 2020.

**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
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***2019 Prior Year 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:**

Janet Mann
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 320-6270
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# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***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, 2020:** Corrective action was taken. The agency corrected dashboard coding and updated its daily draw procedures to revise the process for completing ad hoc draws in February 2020. The process has been tested through the agency's internal monitoring review process.

**Audit Status as of June 30, 2019:**
Corrective action has not been taken. See current-year finding **2019-001**.

**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.

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***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** |

**Condition and Context (continued):**
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, 2020

| | |
|---|---|
| ***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**<br>**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)**<br>**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, 2020:** 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 6/12/20 to confirm claims contain the correct aide category. The agency returned a portion of the questioned costs on the CMS-64 report submitted on 4/30/2020. The agency intended to return the full questioned cost, but an error was made in reporting. The remaining questioned cost will be return on the CMS-64 report due on 10/31/2020.

**Audit Status as of June 30, 2019:**
Corrective action has not been taken. Questioned costs outstanding.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***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** |

**Criteria (continued):**
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, 2020

| | |
|---|---|
| ***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, 2020:** 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 6/12/20 to confirm claims contain the correct aide category. The agency returned a portion of the questioned costs on the CMS-64 report submitted on 4/30/2020. The agency intended to return the full questioned cost, but an error was made in reporting. The remaining questioned cost will be return on the CMS-64 report due on 10/31/2020.

**Audit Status as of June 30, 2019:**
Corrective action has not been taken. Questioned costs outstanding.

**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

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***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**<br>**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)**<br>**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** |

**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.)*

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***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, 2020:** Partially corrected: DHS has completed its review of date of death discrepancies between eligibility systems and MMIS and has updated each system to reflect the reported date of death. Additionally, all reconciliation processes that include automatic recoupment of claims are now active. All claims paid subsequent to date of death have been recouped and will be reported on the CMS-64 to be submitted on 10/31/2020.

**Audit Status as of June 30, 2019:**
Corrective action has not been taken. See current-year finding **2019-019**.

**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.
- 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.*

# State of Arkansas
# Summary Schedule of Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| ***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** |

**Condition and Context (Continued):**

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

**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*

# *Audit Status for Unresolved Prior Audit Findings*

# *For the Year Ended June 30, 2020*

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

In accordance with 2 CFR § 200.514(e), the auditor must follow-up on prior audit findings and perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the auditee. If the auditor concludes that the Summary Schedule of Prior Audit Findings 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 192**.

| Federal Program Name | Page Number(s) |
|---|---|
| Child and Adult Care Food Program | 192; 197 |
| State Administrative Expenses for Child Nutrition | 192 |
| Medicaid Cluster | 192 - 200 |
| Children's Health Insurance Program | 192 - 193; 197 - 198; 200 |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Child and Adult Care Food Program;<br>State Administrative Expenses for Child Nutrition |
| ***Prior Audit Finding Number:*** | ***2019-001*** |
| Page Number (from schedule): | 129 - 130 |
| Federal Awarding Agency: | U.S. Department of Agriculture |
| Compliance Area Affected: | Cash Management |
| Questioned Costs: | $1,526,467 |
| Status of Questioned Costs: | $350,000 was reimbursed and applied to the applicable award.<br>USDA-FNS has not provided a Management Decision Letter, so the status of the remaining questioned cost is unknown. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-002*** |
| Page Number (from schedule): | 131 - 133 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed – Claims Payments |
| Questioned Costs: | $1,044 (Medicaid Cluster) |
| Status of Questioned Costs: | Repayment totaling $594 was processed.<br>CMS is awaiting documentation from the Agency to determine the status of the remaining balance totaling $450. CMS is expecting an update on the March 31, 2021, quarterly report. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-003*** |
| Page Number (from schedule): | 134 - 135 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed; Eligibility |
| Questioned Costs: | $9,210 |
| Status of Questioned Costs: | Recoupment was not required by the federal awarding agency. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-004*** |
| Page Number (from schedule): | 136 - 137 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Eligibility |
| Questioned Costs: | Unknown |
| Status of Questioned Costs: | Not applicable |
| Status of Finding: | Corrected |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-005*** |
| Page Number (from schedule): | 138 - 139 |
| Federal Awarding Agency: | U.S. Department of Human Services |
| Compliance Area Affected: | Special Tests and Provisions – Provider Eligibility |
| 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;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-006*** |
| Page Number (from schedule): | 140 - 143 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Special Tests and Provisions – Provider Eligibility (Fee-for-Service) |
| Questioned Costs: | CHIP - $1,046,663<br>Medicaid - $8,864,004 |
| Status of Questioned Costs: | Recoupment not required<br>The Agency stated that CMS agreed that recoupment would not be required. CMS has received the required documentation. |
| Status of Finding: | Corrective action has not been taken.<br>See current-year finding **2020-019**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-007*** |
| Page Number (from schedule): | 144 - 147 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Special Tests and Provisions – Provider Eligibility (Managed Care Organizations) |
| Questioned Costs: | Unknown |
| Status of Questioned Costs: | Not applicable |
| Status of Finding: | Corrective action has not been taken.<br>See current-year finding **2020-020**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program |
| ***Prior Audit Finding Number:*** | ***2019-008*** |
| Page Number (from schedule): | 148 - 149 |
| 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 |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-009*** |
| Page Number (from schedule): | 150 - 151 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed – Administration and Training |
| Questioned Costs: | $8,962 |
| Status of Questioned Costs: | Outstanding - remains under CMS review. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-010*** |
| Page Number (from schedule): | 152 - 153 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed – Contracts |
| Questioned Costs: | $107,381 |
| Status of Questioned Costs: | Repayment totaling $107,380 was processed. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-011*** |
| Page Number (from schedule): | 154 - 155 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed – Home and Community-Based Services (ARChoices Waiver) |
| Questioned Costs: | $279,488 |
| Status of Questioned Costs: | Repayment totaling $279,487 was processed. |
| Status of Finding: | Although repayment was processed, similar deficiencies are reported in current-year finding **2020-021**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-012*** |
| Page Number (from schedule): | 156 - 157 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed – Managed Care |
| Questioned Costs: | $58,894 |
| Status of Questioned Costs: | Repayment totaling $1,851,399 was processed. This includes the $58,894 identified by ALA plus claims later identified by the Agency. |
| Status of Finding: | Although repayment was processed, similar deficiencies are reported in current-year finding **2020-022**. |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-013*** |
| Page Number (from schedule): | 158 - 159 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Activities Allowed or Unallowed – Managed Care (Dental) |
| 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:*** | ***2019-014*** |
| Page Number (from schedule): | 160 - 162 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Allowable Costs and Cost Principles |
| Questioned Costs: | Unknown |
| Status of Questioned Costs: | Not applicable |
| Status of Finding: | Corrective action has not been taken.<br>See current-year finding **2020-014**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-015*** |
| Page Number (from schedule): | 163 - 164 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Allowable Costs and Cost Principles –<br>Non-Disproportionate Share<br>Hospital Supplemental Payments |
| 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:*** | ***2019-016*** |
| Page Number (from schedule): | 165 - 168 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Eligibility |
| Questioned Costs: | State Fiscal Year 2019 – $35,952<br>State Fiscal Year 2018 – $3,648<br>State Fiscal Year 2017 – $76<br>State Fiscal Year 2016 – $193<br>State Fiscal Year 2015 – $362<br>State Fiscal Year 2014 – $71 |
| Status of Questioned Costs: | Repayment totaling $36,750 was processed. |
| Status of Finding: | Although repayment was processed, similar deficiencies are reported in current-year finding **2020-023**. |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-017*** |
| Page Number (from schedule): | 169 - 171 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Matching, Level of Effort, Earmarking |
| Questioned Costs: | Unknown |
| Status of Questioned Costs: | Not applicable |
| Status of Finding: | Corrective action has not been taken.<br>See current-year finding **2020-017**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-018*** |
| Page Number (from schedule): | 172 - 174 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Reporting |
| Questioned Costs: | Unknown |
| Status of Questioned Costs: | Not applicable |
| Status of Finding: | Corrective action has not been taken.<br>See current-year finding **2020-024**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-019*** |
| Page Number (from schedule): | 175 - 176 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Special Tests and Provisions –<br>Claims Paid Subsequent to Recipient Death |
| Questioned Costs: | State Fiscal Year 2019 – $1,411<br>State Fiscal Year 2018 – $443<br>State Fiscal Year 2017 – $183<br>State Fiscal Year 2016 – $141<br>State Fiscal Year 2015 – $37 |
| Status of Questioned Costs: | Repayment totaling $1,411 was processed. |
| Status of Finding: | Although repayment was processed, similar deficiencies are reported in current-year finding **2020-025**. |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-020*** |
| Page Number (from schedule): | 177 - 180 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Special Tests and Provisions –<br>Inpatient Hospital and Long-Term<br>Care Facility Audits |
| 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, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2019-021*** |
| Page Number (from schedule): | 181 - 182 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Special Tests and Provisions –<br>Utilization Control and Program Integrity and<br>Medicaid Fraud Control Unit |
| Questioned Costs: | None |
| Status of Questioned Costs: | Not applicable |
| Status of Finding: | Corrective action has not been taken.<br>See current-year finding **2020-028**. |

| | |
|---|---|
| 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): | 183 - 184 |
| Federal Awarding Agency: | U.S. Department of Agriculture |
| Compliance Area Affected: | Cash Management |
| Questioned Costs: | $1,339,409 |
| Status of Questioned Costs: | $315,612 was reimbursed and applied to the applicable award.<br>USDA-FNS has not provided a Management Decision Letter, so the status of the remaining questioned cost is unknown. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-005*** |
| Page Number (from schedule): | 185 - 186 |
| 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: | Repayment totaling $103,189 was processed.<br>CMS is awaiting documentation from the Agency to support the repayment of the remaining balance totaling $43,430. CMS is expecting an update on the March 31, 2021, quarterly report. |
| Status of Finding: | Corrected |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-006*** |
| Page Number (from schedule): | 187 - 188 |
| 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: | Repayment totaling $1,252 was processed.<br>CMS is awaiting documentation from the Agency to support the repayment of the remaining balance totaling $527. CMS is expecting an update on the March 31, 2021, quarterly report. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-014*** |
| Page Number (from schedule): | N/A |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Eligibility |
| Questioned Costs: | State Fiscal Year 2018 – $ 150,272<br>State Fiscal Year 2017 – $ 157,104<br>State Fiscal Year 2016 – $ 57,523<br>State Fiscal Year 2015 – $ 7,293<br>State Fiscal Year 2014 – $ 4,080<br>State Fiscal Year 2013 – $ 323 |
| Status of Questioned Costs: | Repayment totaling $244,180 was processed.<br>The remaining balance is outstanding because of an error made by the Agency when processing the repayment. CMS is expecting an update on the March 31, 2021, quarterly report. |
| Status of Finding: | Open |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-015*** |
| Page Number (from schedule): | N/A |
| 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: | CMS is not requiring recoupment and considers this issue closed as of October 11, 2019. |
| Status of Finding: | Closed |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-016*** |
| Page Number (from schedule): | N/A |
| 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: | CMS is not requiring recoupment and considers this issue closed as of October 11, 2019. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-017*** |
| Page Number (from schedule): | N/A |
| 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)<br>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)<br>CMS is not requiring recoupment of the remaining balance and considers this issue closed as of February 14, 2020. |
| Status of Finding: | Corrected |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-018*** |
| Page Number (from schedule): | N/A |
| 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:*** | ***2018-020*** |
| Page Number (from schedule): | N/A |
| 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: | CMS is not requiring recoupment and considers this issue closed as of October 11, 2019. |
| Status of Finding: | Closed |

# State of Arkansas
# Audit Status for Unresolved Prior Audit Findings
# For the Year Ended June 30, 2020

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2018-021*** |
| Page Number (from schedule): | 189 - 190 |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Special Tests and Provisions –<br>Claims Paid Subsequent to Recipient Death |
| Questioned Costs: | State Fiscal Year 2015 – $ 38<br>State Fiscal Year 2016 – $ 106<br>State Fiscal Year 2017 – $ 2<br>State Fiscal Year 2018 – $2,736 |
| Status of Questioned Costs: | Repayment totaling $1,869 was processed.<br>The remaining balance is outstanding because of an error made by the Agency when processing the repayment. CMS is expecting an update on the March 31, 2021, quarterly report. |
| Status of Finding: | Open |

| | |
|---|---|
| State/Educational Agency: | Arkansas Department of Human Services |
| Federal Program Name: | Children's Health Insurance Program;<br>Medicaid Cluster |
| ***Prior Audit Finding Number:*** | ***2017-011*** |
| Page Number (from schedule): | N/A |
| Federal Awarding Agency: | U.S. Department of Health and Human Services |
| Compliance Area Affected: | Period of Performance |
| Questioned Costs: | CHIP - $390,155<br>Medicaid - $7,947,554 |
| Status of Questioned Costs: | Recoupment was not required by the federal awarding agency. |
| Status of Finding: | Corrected |