State of Arkansas

Single Audit Report

For the Year Ended June 30, 2023

State of Arkansas
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For the Year Ended June 30, 2023

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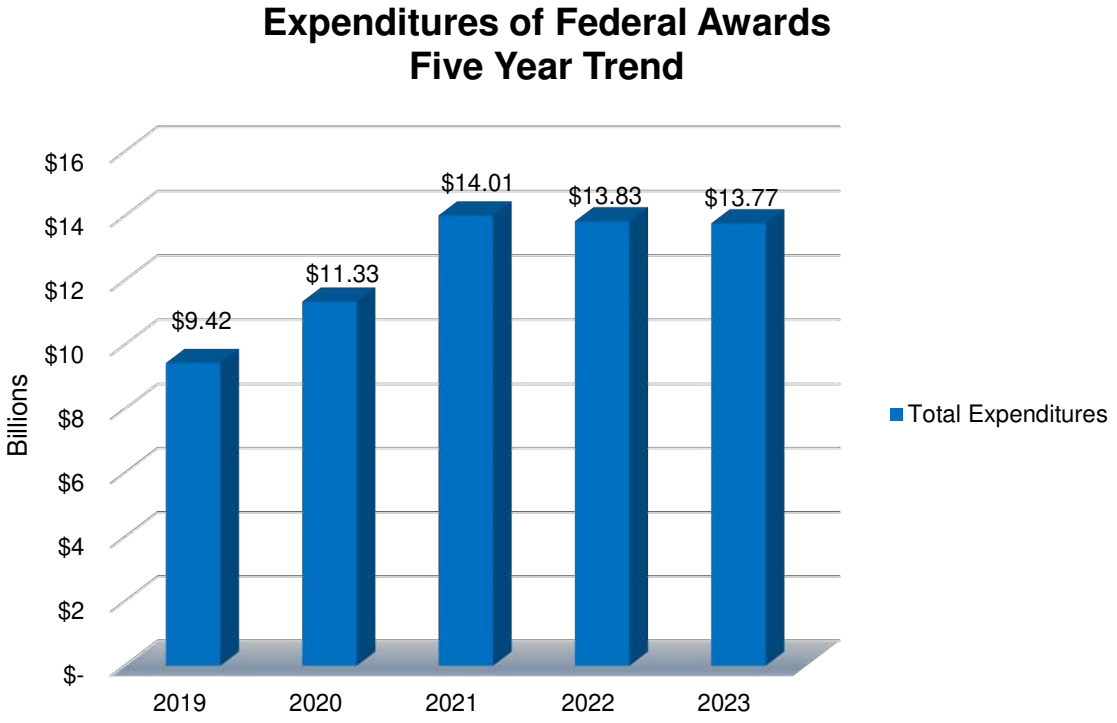
State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2023

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. The auditor has the following objectives in a Single Audit under Uniform Guidance:

- Determine whether the State's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles (GAAP).
- Determine whether 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.
- Obtain an understanding of internal control over federal programs.
- Plan and perform testing of internal control over compliance for major programs.
- Determine whether 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, 2023, as performed by Arkansas Legislative Audit, meets these objectives.

Expenditures of federal awards have varied over the past five years. Expenditures decreased slightly from the prior year to $13.7 billion in fiscal year 2023. Expenditures for fiscal years 2020 through 2023 were affected by additional funding provided due to the coronavirus pandemic (COVID-19). The chart below depicts the five-year trend of expenditures of federal awards. The 2023 Single Audit includes federal expenditures from 467 federal programs.



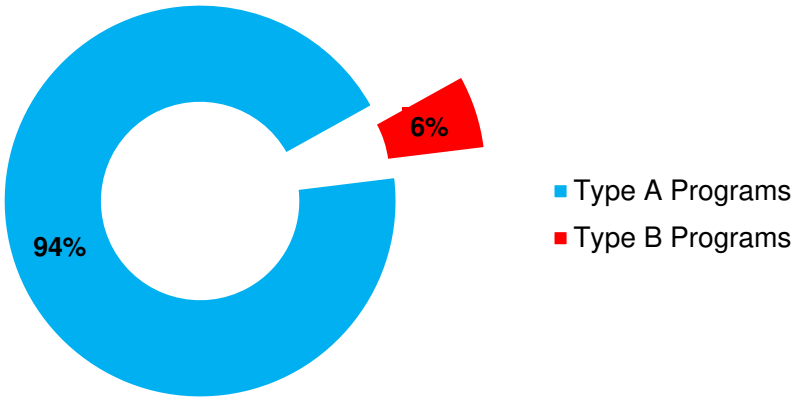
In accordance with Uniform Guidance, larger federal programs are identified and labeled as Type A. The following table outlines how the Type A programs for the State of Arkansas were identified.

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 467 federal programs represented in the June 30, 2023, State of Arkansas Single Audit, 28 were Type A programs with expenditures totaling $12,925,076,131, which is 94% of total expenditures, and 439 were Type B programs with expenditures totaling $844,186,804, 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 28 Type A programs, and the risk assessments performed identified 16 of those programs as high-risk or major. The ***Type A major programs*** are:

- Medicaid Cluster
- Unemployment Insurance*
- Highway Planning and Construction*
- Education Stabilization Fund – CARES Act*
- Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)*
- Children's Health Insurance Program
- Special Education Cluster
- Student Financial Assistance Cluster
- Research and Development Cluster
- Federal Family Education Loans
- Child and Adult Care Food Program
- Adoption Assistance
- Title I Grants to Local Educational Agencies
- Homeowner Assistance Fund*
- Child Support Enforcement
- SNAP Cluster*

* Program includes COVID-19 funding.

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.

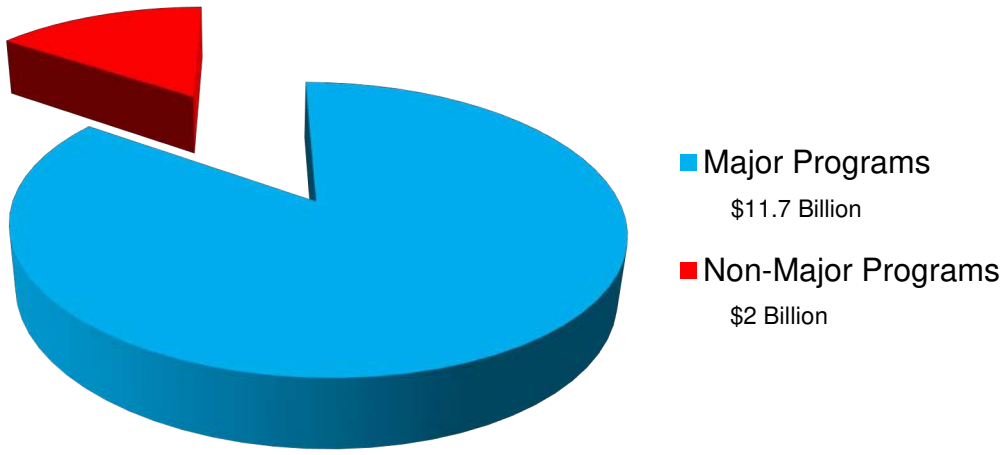
Threshold for Type B Programs		
Type A Threshold		$ 30,000,000
25%	x	0.25
Threshold of Type B programs		$ 7,500,000

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

- Clean Water State Revolving Fund Cluster
- Provider Relief Fund
- Head Start

For the year ended June 30, 2023, major program expenditures represented 85% of total expenditures of federal awards.

Fiscal Year 2023
Major vs. Non-Major Programs
$13,769,262,935



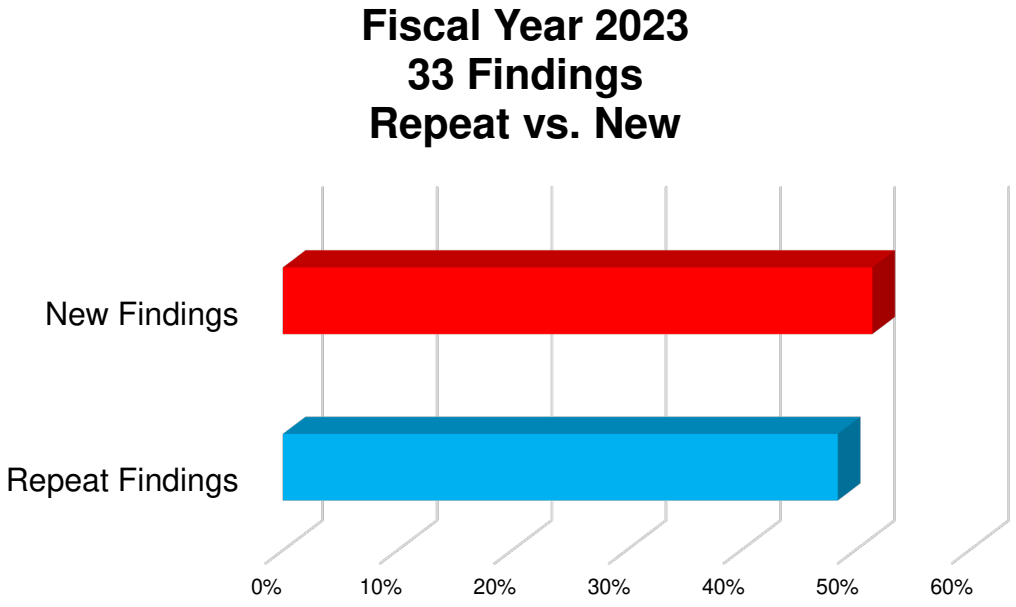
Five state entities expended the majority (92%) of federal awards, as noted below:

Arkansas Department of Human Services	**66%**
Arkansas Department of Education	**10%**
Arkansas Department of Transportation	**7%**
University of Arkansas System	**6%**
Arkansas Department of Commerce	**3%**
Other Departments	**8%**

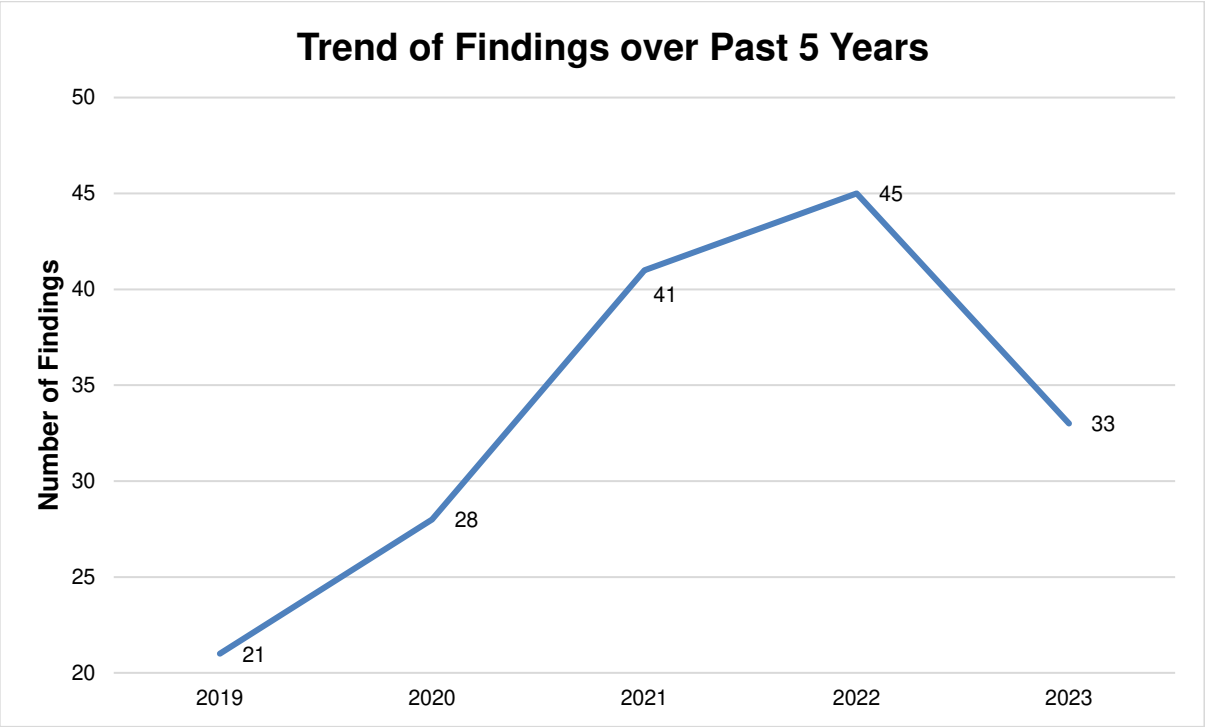
The State received federal awards from 31 different federal agencies. Most of the federal awards (95%) came from four federal agencies as follows:

U.S. Department of Health and Human Services	**64%**
U.S. Department of Education	**15%**
U.S. Department of Agriculture	**9%**
U.S. Department of Transportation	**7%**
Other Departments	**5%**

The audit resulted in **33** findings regarding noncompliance and deficiencies in internal control over compliance for **10** of the **19** major programs identified on **page 17**. As illustrated below, **16** of the **33** findings, or **48%**, 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 **15**.



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



State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2023

Administered By/ Program	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
ADE	0	0	0	1	3
ESF	0	0	0	1	3
AEDC	0	0	2	4	3
CRF	0	0	2	0	0
CSLFRF	0	0	0	4	3
AEDC/Parks	0	0	1	0	0
CRF	0	0	1	0	0
ARDOT	0	0	1	0	0
F/S	0	0	1	0	0
ADH	0	0	0	1	0
CSLFRF	0	0	0	1	0
DFA	0	0	3	1	0
CRF	0	0	3	0	0
CSLFRF	0	0	0	1	0
DHS	21	16	17	26	20
CACFP	1	0	0	0	3
CHIP	1	3	2	4	4
Medicaid	13	8	4	7	4
Medicaid/CHIP	6	4	6	6	5
CSLFRF	0	0	0	1	0
ERA	0	0	0	8	0
Adoption	0	1	0	0	4
CRF	0	0	5	0	0
DHS/AEDC	0	0	1	0	0
CRF	0	0	1	0	0
DWS	0	3	15	4	3
UI	0	2	8	3	1
LWA	0	0	6	1	1
F/S	0	1	1	0	1
OCSE	0	0	0	0	1
CSE	0	0	0	0	1
SAU	0	4	0	0	0
SFA	0	3	0	0	0
HEERF	0	1	0	0	0
ANC	0	1	0	0	0
SFA	0	1	0	0	0
ASU-3 Rivers	0	1	0	0	0
SFA	0	1	0	0	0
UAF	0	1	0	1	0
SFA	0	1	0	0	0
R&D	0	0	0	1	0
Ozarka	0	0	0	1	0
HEERF	0	0	0	1	0
HSU	0	1	0	0	0
SFA	0	1	0	0	0
ATU	0	1	0	0	0
SFA	0	1	0	0	0
UALR	0	0	0	0	1
SFA	0	0	0	0	1
SEARK	0	0	0	0	1
SFA	0	0	0	0	1
UAMS	0	0	1	6	1
Head Start	0	0	0	1	1
R&D	0	0	1	4	0
MSE	0	0	0	1	0
Grand Total	**21**	**28**	**41**	**45**	**33**

Legend-Programs:

CACFP	Child and Adult Care Food Program
CSE	Child Support Enforcement
CSLFRF	Coronavirus State and Local Fiscal Recovery Fund
Medicaid	Medical Assistance Program (Medicaid Cluster)
CHIP	Children's Health Insurance Program
ERA	Emergency Rental Assistance
Adoption	Adoption Assistance Program
ESF	Education Stabilization Fund
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
CRF	Coronavirus Relief Fund
MSE	Medical Student Education
LWA	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)

Legend-Agencies/Higher Education Institutions:

DHS	Arkansas Department of Human Services
OCSE	Office of Child Support Enforcement
ADH	Arkansas Department of Health
ADE	Arkansas Department of Education
Ozarka	Ozarka College
UAMS	University of Arkansas for Medical Sciences
ARDOT	Arkansas Department of Transportation
DWS	Division of Workforce Services
DFA	Department of Finance and Administration
AEDC	Arkansas Economic Development Commission
Parks	Department of Parks, Heritage, and Tourism
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
UALR	University of Arkansas, Little Rock
SEARK	Southeast Arkansas College

Many findings result in questioned costs. Uniform Guidance defines "questioned costs" as costs that resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including situations where funds were used to match federal funds; where the costs, at the time of the audit, were 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 balances of questioned costs for findings reported in fiscal years 2020 – 2022. Each finding's questioned costs status, including recoupments, other adjustments, or recoupments not required, as of June 30, 2023, are noted below.

Federal Program	Finding #	Questioned Costs Balance (as of 06/30/22)	Recoupment	Other Adjustment	Recoupment Not Required	**Outstanding Balance** (as of 06/30/23)
2020						
SFAC - SAU	2020-007	$ 29,909				$ 29,909
Adoption Assistance	2020-013	14,077	$ 14,077			0
Medicaid	2020-024	495,421				495,421
2021						
CRF	2021-011	55,024			$ 40,038	14,986
CRF	2021-012	8,600,000				8,600,000
CRF	2021-014	19,117	14,231			4,886
CRF	2021-016	68,002				68,002
CRF	2021-017	3,000				3,000
CRF	2021-018	128,175	3,175		125,000	0
CRF	2021-020	2,385				2,385
CRF	2021-021	9,497				9,497
CHIP	2021-029	11,824				11,824
Medicaid	2021-032	71,614				71,614
Medicaid	2021-034	878,035	878,035			0
2022						
Unemployment Insurance	2022-001	6,534,456			5,101,176	1,433,280
Unemployment Insurance	2022-002	20,416,865			20,416,865	0
ERA	2022-004	60,493				60,493
ERA	2022-005	995,655	16,801	13,790		965,064
ERA	2022-006	226				226
ERA	2022-007	88,095				88,095
ERA	2022-009	35,546,901		34,216,637	1,330,264	0
ERA	2022-011	269,065		269,065		0
CSLFRF	2022-014	121,465	115,824			5,641
CSLFRF	2022-015	82,226	41,113			41,113
ESF	2022-020	180,513	180,513			0
Medicaid and CHIP	2022-021	152,884	152,884			0
Medicaid and CHIP	2022-022	126,753	126,753			0
Medicaid and CHIP	2022-026	103,524				103,524
CHIP	2022-027	2,054	2,054			0
CHIP	2022-028	6,398	6,398			0
CHIP	2022-029	88,127				88,127
Medicaid	2022-031	4,083,662	364,186		3,719,476	0
Medicaid	2022-033	36,799,546		36,799,546		0
Medicaid	2022-034	93,619				93,619
Medicaid	2022-036	241,267	241,267			0
LWA	2022-038	235,800			235,800	0
Totals		**$ 116,615,674**	**$ 2,157,311**	**$ 71,299,038**	**$ 30,968,619**	**$ 12,190,706**

Legend			
SFAC	Student Financial Assistance Cluster	ERA	Emergency Rental Assistance
SAU	Southern Arkansas University	CSLFRF	Coronavirus State & Local Fiscal Recovery Fund
CRF	Coronavirus Relief Fund	ESF	Education Stabilization Fund
CHIP	Children's Health Insurance Program	LWA	Supplemental Payments for Lost Wages

Independent Auditor's Reports

For the Year Ended June 30, 2023

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 Sarah Huckabee Sanders, Governor,
and Members of the Legislative Joint Auditing Committee
State of Arkansas:

We have audited, in accordance with 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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 22, 2023. 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.

Report on 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 State'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questions Costs as item 2023-001 that we consider to be a significant deficiency.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the 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 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 State'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 State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
December 22, 2023

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 Sarah Huckabee Sanders, Governor,
and Members of the Legislative Joint Auditing Committee
State of Arkansas:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Arkansas's compliance with the types of compliance requirements identified as subject to audit 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, 2023, except for the major federal programs listed below. The State of Arkansas's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Program/Cluster Title	Administered by
Research and Development Cluster	University of Arkansas for Medical Sciences
Provider Relief Fund	University of Arkansas for Medical Sciences
Head Start	University of Arkansas for Medical Sciences
Homeowner Assistance 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

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.

Qualified Opinion on COVID 19: Coronavirus State and Local Fiscal Recovery Fund; COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID-19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER); Medicaid Cluster; and Children's Health Insurance Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19: Coronavirus State and Local Fiscal Recovery Fund; COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID-19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER); Medicaid Cluster; and Children's Health Insurance Program for the year ended June 30, 2023.

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, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on COVID-19: Coronavirus State and Local Fiscal Recovery Fund; COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID-19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER); Medicaid Cluster; and Children's Health Insurance Program

As described in the accompanying Schedule of Findings and Questioned Costs, the State did not comply with requirements regarding the following:

Finding #	ALN	Program Name	Compliance Requirement
2023-008	21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Fund	Subrecipient Monitoring
2023-011	84.425D	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	Reporting
2023-012	84.425D; 84.425U	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID-19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER)	Reporting
2023-013	84.425D; 84.425U	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID-19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER)	Reporting
2023-019	93.767/93.778	Children's Health Insurance Program/ Medical Assistance Program (Medicaid Cluster)	Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)
2023-021	93.767/93.778	Children's Health Insurance Program/ Medical Assistance Program (Medicaid Cluster)	Matching, Level of Effort, Earmarking
2023-025	93.767	Children's Health Insurance Program	Eligibility
2023-031	93.778	Medical Assistance Program (Medicaid Cluster)	Special Tests and Provisions - Medicaid Recovery Audit Contractors (RACs)

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The State of Arkansas's basic financial statements include the operations of the Disability Determination for Social Security Administration, which expended $62,831,538 in federal awards and is not included in the State's Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of Disability Determination for Social Security Administration because the entity engaged other auditors to perform an audit in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that is based on a September 30 year-end.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that 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 2023-002, 2023-005 through 2023-007, 2023-009 through 2023-010, 2023-014 through 2023-015, 2023-018, 2023-022 through 2023-024, 2023-026 through 2023-030, and 2023-032 through 2023-033. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; therefore, material weaknesses or significant deficiencies may exist that were not 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 a 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 2023-002, 2023-004, 2023-006 through 2023-008, 2023-011 through 2023-013, and 2023-015 through 2023-032 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 2023-003, 2023-005, 2023-009 through 2023-010, 2023-014, and 2023-033 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The State's response was not subjected to the other 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon, dated December 22, 2023, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly

to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
February 23, 2024, except for the
Schedule of Expenditures of Federal
Awards, dated December 22, 2023

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

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 costs that are questioned by the auditor because of an audit finding (a) which 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 21 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 Assistance Listing Number. Each finding is assigned a seven-digit reference number (e.g., 2023-xxx). The first set of digits represents the fiscal year audited, and the second set represents the sequential finding number. An index of the findings is located on page 20.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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 **11** of this report, which were Qualified				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a)	X	Yes	___	No
Dollar threshold used to distinguish between Type A and Type B programs:		$30,000,000		
Auditee qualified as low-risk auditee?	___	Yes	X	No

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

Identification of major programs:

	Assistance Listing Number(s)	Name of Cluster or Federal Program
1.	10.551, 10.561	SNAP Cluster
2.	66.458	Clean Water State Revolving Fund Cluster
3.	84.027, 84.173	Special Education Cluster
4.	93.600	Head Start Cluster
5.	93.775, 93.777, 93.778	Medicaid Cluster
6.	Various	Research and Development Cluster
7.	Various	Student Financial Assistance Cluster
8.	10.558	Child and Adult Care Food Program
9.	20.205	Highway Planning and Construction COVID-19: Highway Planning and Construction
10.	17.225	Unemployment Insurance COVID-19: Unemployment Insurance
11.	21.026	COVID-19: Homeowner Assistance Fund
12.	21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds
13.	84.010	Title I Grants to Local Educational Agencies
14.	84.032	Federal Family Education Loans - Lenders
15.	84.425	COVID-19: Education Stabilization Fund - CARES Act
16.	93.498	COVID-19: Provider Relief Fund
17.	93.563	Child Support Enforcement
18.	93.659	Adoption Assistance
19.	93.767	Children's Health Insurance Program

Section II – Financial Statement Findings

REPORT FINDING: 2023-001

Division of Workforce Services

While completing DFA-Office of Accounting's year-end closing book, the Agency makes accounting entries for various purposes, such as the accrual of receivables or payables, estimations of the allowance for doubtful accounts, and the correction of errors noted in the year. Audit procedures detected deficiencies in the following accounting entries:

- Division of Workforce Services (DWS) makes an annual entry to reduce the claimant benefit overpayment receivable by amounts estimated to be uncollectible, based on a rolling schedule of prior-year receivables and collections. Auditor recalculation of DWS' estimate for uncollectible accounts revealed errors in the Agency's calculations. As a result of these miscalculations, net claimant benefit overpayments receivable were overstated by $14,670,625, and net claimant benefit overpayments receivable due back to the federal government were overstated by $8,678,583. This issue was noted in a supplemental management letter finding in the prior year.
- DWS makes an accrual entry to estimate the amount of Unemployment Insurance (UI) benefits payable to claimants in the subsequent fiscal year, for which claimants filed in the current fiscal year, based on average claim duration, compensable claims in the last week of the year, and average weekly benefit amount. Auditor recalculation of DWS' estimate of UI benefits payable revealed errors in the Agency's calculations that resulted in the accrued liability being understated by $1,062,269.

Lack of appropriate controls over financial reporting could cause financial statements to be misstated. Upon notification of the potential misstatements, DFA-Office of Accounting made correcting entries in AASIS.

We recommend the State strengthen controls over documentation and related calculations required to book year-end accounting entries.

Views of Responsible Officials and Planned Corrective Action:

Claimant Benefit Overpayment Receivables:
Corrections were required to the original calculations used to make the AASIS journal entries. This was due to an error in the calculation of the percentage of overpayments that are considered to be uncollectible, which affected the net claimant benefit overpayments receivable and payable calculations. The spreadsheet used to calculate the amount of future repayments on Claimant Benefit Receivable & the Allowance for Doubtful Accounts contained an error. The column "% Calculated repayments in future fiscal years" incorrectly included the "% Repayments in current fiscal year" which resulted in a higher estimate of collectible receivables. UI Benefits/Accounting and UI Program worked together to correct the formulas in the spreadsheet used in the calculated reserve for doubtful accounts percentage and the overpayment principal balance at June 30, 2023 calculations. However, the final entries were not made prior to the auditor discovering the necessary correction, which led to the finding. Going forward, ADWS staff will be able to use the additional training that has been provided to calculate the amounts more accurately and timely. For future years the UI Program Staff will provide the ADWS UI Assistant Controller with the data needed to prepare the schedule. The ADWS UI Assistant Controller will calculate the final schedules. The ADWS UI Assistant Controller will review the spreadsheet to ensure it is calculating the correct amount of estimated collections. In addition, the ACFR lead staff will also review the final calculation to ensure there are no errors in the calculation before the entries are recorded.

Unemployment Insurance benefits payable:
Corrections were required to the original calculations used to make the AASIS journal entries. There was a math error in the calculation of the UI Benefits payable amount provided by UI Program staff. UI Benefits/Accounting and UI Program worked together to correct the error in the calculated amount due for Unemployment Insurance benefits at June 30, 2023. However, the final entries were not made prior to the auditor discovering the necessary correction, which led to the finding. Going forward, the ADWS UI Assistant Controller will re-calculate and review the final UI Benefits payable schedule to ensure that there are no errors in the computation. The ACFR lead staff will review the final calculation to ensure there are no errors in the calculation before the entries are recorded.

Section II – Financial Statement Findings (Continued)

REPORT FINDING: 2023-001 (Continued)

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

Anticipated Completion Date: Corrective action was taken for the controls ALA staff recommended.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

Federal Program Name	Page Number(s)
Arkansas Department of Commerce – Division of Workforce Services	
Unemployment Insurance	29 - 31
COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)	100 - 102
Arkansas Department of Human Services	
Child and Adult Care Food Program	21 - 28
Adoption Assistance	54 - 62
Medicaid Cluster	63 - 77; 89 - 99
Children's Health Insurance Program	63 - 88
Arkansas Department of Commerce – Arkansas Economic Development Commission	
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	32 - 40
Arkansas Department of Finance and Administration – Office of Child Support Enforcement	
Child Support Enforcement	52 - 53
Arkansas Department of Education	
COVID-19: Education Stabilization Fund	46 - 51
University of Arkansas, Little Rock	
Student Financial Assistance Cluster	41 - 43
Southeast Arkansas College	
Student Financial Assistance Cluster	44 - 45
FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS	
University of Arkansas For Medical Sciences	
Head Start Cluster	103 - 104

Finding Number:	**2023-002**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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; 6AR300323; 6AR300342**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.303(c), a non-federal entity must evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of federal awards.

In addition, 2 CFR § 200.400(a) and (b), the non-federal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices and 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 separate grant awards for reimbursement payments to meal providers and sponsoring organizations:

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

Previous correspondence between ALA and 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. (Note: This correspondence was shared with Agency management during calendar year 2018.)

All expenditures are assigned an internal order number to identify the applicable federal program and cost category within AASIS, the State's accounting system. The Agency's Division of Child Care and Early Childhood Education (DCCECE) staff are responsible for ensuring expenditures are properly coded in AASIS, and the managerial accounting staff utilize expenditure transactions in AASIS to complete cash draws for direct costs to the program.

ALA review of 15 cash draws to determine if funds were drawn from the appropriate grant revealed the following:

- Sponsor Administrative and Cash in Lieu expenditures (ALN 10.558), totaling $98,474 and $38,342, respectively, were inappropriately drawn from the CNP Block Consolidated grant (ALN 10.555).

(Note: DCCECE transitioned from the Arkansas Department of Human Services to the Arkansas Department of Education on August 1, 2023.)

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$136,816

Cause:
DCCECE personnel did not correctly code CACFP Sponsor Administrative expenditures in AASIS, causing managerial accounting staff to draw funds from the incorrect grant award. Additionally, managerial accounting staff did not establish procedures to ensure the Cash in Lieu grant award was adequately funded prior to processing federal cash draws.

Finding Number:	**2023-002 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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; 6AR300323; 6AR300342**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Funds were drawn for unallowable expenditures (based on the purpose of each grant).

Recommendation:
ALA staff recommend the Agency establish and document procedures that specifically address the proper coding of expenditures in AASIS. In addition, ALA staff recommend the Agency strengthen 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:

Department of Human Services Response

DHS concurs with the finding. The Division of Childcare and Early Childhood Education (DCCECE) utilized a custom software platform to provide payment files to the State's accounting software, AASIS, to issue payments to recipients. Within this software, the AASIS coding for Sponsor Administrative costs is coded to CNP Block Consolidated (ALN 10.555) instead of CNP CACFP Sponsor Administrative (ALN 10.558) for the questioned costs of $98,474.00. Expense error corrections were not received timely by managerial accounting staff prior to the close out of SFY2023. Effective August 1, 2023, the division formerly known as DCCECE at DHS transitioned to the Arkansas Department of Education (ADE). DHS alerted financial staff with ADE in February 2024 to review the custom software platform to ensure grant expenses are being properly coded now.

Due to depleted grant funds in CNP CACFP Cash in Lieu (ALN 10.558), the questioned costs of $38,341.68 in grants funds were manually moved by DHS Managerial Accounting staff into the CNP Block Consolidated grant. Managerial accounting staff have been retrained to ensure adequate federal funds are available prior to drawing. If manual adjustments are required, the division's CFO, or their designee, must review and approve manual adjustments prior to the managerial accounting staff executing manual adjustments. DHS Office of Finance is developing an internal control documenting the prior approval process.

DHS will continue to work in cooperation and coordination with ADE to provide all relevant financial information, documentation, or other items necessary for the administrative functions of DCCECE so as not to disrupt any services.

Arkansas Department of Education Response

The Arkansas Department of Education, Finance unit monitors federal grant awards by using separate cost centers for each program and award year within. This process provides transparent delineation of expenses and revenues within the State's accounting system, AASIS. Additionally, ADE Finance owns an established procedure to reconcile federal grant awards for each month, within 90 days of the month's end. The reconciliation procedure accounts for all activity within the grants and ensures data is aligned from the federal drawdown system to the State's accounting system, AASIS.

Anticipated Completion Date:
Department of Human Services Response: 3/31/2024

Arkansas Department of Education Response: The itemized CNP programs are reconciled using ADE procedures as of August 1,2023. ADE ensures the accuracy of data from August 1, 2023, through January 31, 2024.

Finding Number:	**2023-002 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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; 6AR300323; 6AR300342**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

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

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-003**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Significant Deficiency**

Repeat Finding:
Not applicable

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

In addition, in accordance with 31 CFR § 205.33(a), a state must minimize the time between the drawdown of federal funds and their disbursement for program purposes. The timing and amount of fund transfers must be as close as is administratively feasible to the actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

Condition and Context:
The Agency's Division of Managerial Accounting staff perform weekly reconciliations between federal cash draw downs and expenditure transactions in AASIS, the State's accounting system. The reconciliation is utilized to ensure funds are drawn for actual expenditures. The Division's policy is to use funds drawn in excess of actual expenditures within three days after discovery; otherwise, funds are returned to the federal awarding agency.

ALA reviewed the cash draw reconciliations that were completed for federal fiscal years 2022 and 2023 to determine if they were completed accurately and to ensure the Agency adhered to its policy regarding excess funds drawn.

ALA review revealed that funds drawn against the 2023 CNP Block grant exceeded the allowable expenditures totaling $1,496,279. The Agency was not in compliance with its policy regarding excess funds drawn because the Agency did not immediately adjust future draws or return excess funds, as stated in its policy.

(Note: DCCECE transitioned from the Arkansas Department of Human Services to the Arkansas Department of Education on August 1, 2023.)

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,496,279

Cause:
Managerial Accounting staff did not effectively utilize the cash draw reconciliation to ensure funds drawn were only for immediate cash needs.

Effect:
Agency staff did not adjust subsequent cash draws or return funds to the federal awarding agency after the excess draws were discovered.

Recommendation:
ALA staff recommend the Agency review and strengthen its control procedures regarding draws and contact the Arkansas Department of Education and the federal awarding agency to ensure draws do not exceed allowable expenditures going forward.

Finding Number:	**2023-003 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:

Department of Human Services Response

DHS concurs with the finding. Specifically, the documentation provided to auditors during the audit period did not include a full review of allowable expenditures correlated to the federal draws. During the quarter, indirect costs are estimated and are then adjusted to actual indirect costs when the quarterly cost allocation report is completed. If an overpayment was identified after comparing to the cost allocation report, the next federal draw would be reduced by the overpayment. Due to the timing of the DHS Cost Allocation report and the omittance of the allowable 2022 CNP Block grant expenditures, the expenses were understated for 2023 CNP Block grant resulting in the appearance of a federal overpayment.

Following the audit, it was determined DHS DCCECE staff coded 161 transactions totaling direct costs of $1,977,927.62 of allowable expenses for October 2022, November 2022, and March 2023 in the State's accounting software, AASIS, to the 2022 CNP Block grant when only $505,835.54 federal grant funds were available. The difference of $1,472,092.08 in federal funding was properly drawn from the 2023 CNP Block grant, but AASIS error corrections were not timely submitted to the managerial accounting prior to the close of SFY2023 to ensure the proper allocation of the expenditures. The cost allocation report provided to auditors during the audit period only included the 2023 CNP Block grant AASIS coding and did not include the 2022 CNP Block grant AASIS coding of $1,472,092.08. The remaining difference of $24,186.92 is due to timing of DHS's Cost Allocation quarterly report that became available July 20th for the June 30th 2023 CNP Block grant expenses. DHS submitted additional documentation to ALA in February 2024 accounting for all allowable expenditures.

DHS Managerial Accounting staff have been provided additional cost allocation training and audit response training. Documents responsive to audit requests will be more fully reviewed prior to submission as senior finance management staffing allows. Effective August 1, 2023, DHS DCCECE has transitioned to Arkansas Department of Education (ADE). DHS will continue to work in cooperation and coordination to provide all relevant financial information, documentation, or other items necessary for the administrative functions of DCCECE so as not to disrupt any services.

Arkansas Department of Education Response

Arkansas Department of Education, Finance unit monitors fund balances in the States's accounting system, AASIS, at minimum, every other day. The frequency of this process accounts for previous activity in funds or cost centers and pending activity recognized at the time of the review including, but not limited to, upcoming expenses and drawdown requests. ADE procedures ensure the finance unit closely oversees cash on hand, if any, and all necessary drawdowns are completed for immediate use.

Additionally, funds associated with the Office of Early Childhood (formerly DCCECE) that were carried to ADE are shown in the cash edit table, allowing the fund to have a negative balance in the State's accounting system, AASIS. Including funds in the cash edit table supports the agency in preventing excess drawdowns by allowing funds to be received after expenses are processed. ADE is confident this procedure ensures accurate amounts are drawn.

Anticipated Completion Date:

Department of Human Services Response: Complete

Arkansas Department of Education Response: ADE Finance has implemented the named procedure and continues to monitor cash on hand closely, as the ADE Office of Early Childhood staff, (formerly DHS DCCECE), are trained in this procedure.

Finding Number:	**2023-003 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Significant Deficiency**

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

Contact Person:

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Finding Number:	**2023-004**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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; 6AR300323; 6AR300342**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Repeat Finding:
Not applicable

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

In addition, 2 CFR § 200.214 holds entities subject to 2 CFR Part 180, which restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Condition and Context:
A management evaluation was performed by the U.S. Department of Agriculture – Food and Nutrition Service (USDA-FNS) in July 2021. The evaluation revealed that the Agency was not clearly documenting its review of the National Disqualified List (NDL) prior to approving providers. In December 2021, the Agency implemented a procedure to upload the results of the search for suspended and debarred providers from the NDL to its Special Nutrition Program (SNP) database. The search and upload would occur prior to the approval of a provider.

To determine if the Agency's new control procedure was operating as designed and effective, ALA selected 25 approved providers located within the SNP database to determine if the Agency uploaded its search of the NDL prior to approving the application. This review revealed the following:

- In 15 instances, the NDL search was not uploaded to the SNP database.
- In one instance, the Agency Coordinator and the Manager approved a provider on October 11, 2022, and October 13, 2022, respectively. However, the NDL search was not uploaded prior to the approvals. The upload occurred on December 5, 2022.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not consistently adhere to the newly established procedure.

Effect:
Failure to adhere to the newly established procedure for internal control over compliance increases the risk that an ineligible provider is approved in error.

Recommendation:
ALA staff recommend the Agency review its newly developed control procedure with applicable staff to ensure compliance with suspension and debarment requirements.

Finding Number:	**2023-004 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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; 6AR300323; 6AR300342**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

Department of Human Services Response

DHS concurs with the finding. The SNP database has been updated to reflect that a National Disqualified List (NDL) search was run on the 15 providers that were reviewed. The Health and Nutrition Unit for the Office of Early Childhood conducted a staff training on the written application procedure with an emphasis on performing and documenting NDL searches prior to approval of the application. (Note: Effective August 1, 2023, DHS DCCECE has transitioned to Arkansas Department of Education.)

Arkansas Department of Education Response

Arkansas Department of Education's Office of Early Childhood, Health and Nutrition unit conducted training December 2023 and continues to maintain staff training on the written application procedure to ensure providers are reviewed against the National Disqualified List (NDL) database and prior to approval.

Anticipated Completion Date:

Department of Human Services Response:	Complete
Arkansas Department of Education Response:	Continuous

Contact Person:

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Finding Number:	**2023-005**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
ALN 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-001**.

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

In addition, 2 CFR § 200.516 (a)(6) requires the auditor to report as an audit finding any known or likely fraud affecting a federal award.

Condition and Context:
In state fiscal year 2023, the Division of Workforce Services (DWS) identified 1,077 claims paid for Unemployment Insurance programs, totaling $2,295,059, as likely fraud. (This is in addition to the claims identified in the previous years.) The $2,295,059 is comprised of $1,563,505 in federal funds and $731,554 in state funds.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,563,505 (federal)
$ 731,554 (state)

Cause:
In response to the increase in demand for services/benefits, the State relaxed controls over identify verification and income verification for the program during fiscal year 2021. DWS continued to identify claims in fiscal year 2023 that were paid during fiscal year 2021.

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

Recommendation:
ALA staff recommend the Agency continue to strengthen controls over benefit payments to ensure that payments are made in the correct amount and to eligible claimants. Additionally, ALA staff recommend the Agency continue to seek recoupment of the identified overpayments, returning them to their appropriate source.

Views of Responsible Officials and Planned Corrective Action:
Due to the health concerns of the pandemic as well as unprecedented claims volume, claimants were not required to come into a local office for identity verification, the waiting week was waived for 2020, and the requirements for work search were adjusted in order to protect employees and claimants.

Finding Number:	**2023-005 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
ALN 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

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

Before the pandemic, all claimants were required to come to the local office to verify their identity. Removing these process controls resulted in several consequences as itemized below:

- By waiving the waiting week, the claimant was able to receive payment the following week. For example, a fraudster could file a claim on Friday, then receive payment on Sunday, removing the typical week that an employer would respond to validate the separation from employment.
- The information mailed to the employer and claimant were not received before payments were made due to the lack of waiting week.
- Businesses were closed at that time and did not respond to the unemployment paperwork timely to report fraudulent claims.
- Identity theft fraudsters often changed the address of the individuals for which they had filed claims in order to prevent the victims from being notified and reporting the fraud.

In 2020, the work search requirement was reinstated. In 2021, all claimants had to verify their identity in-person at the local office before the claim was opened for a regular unemployment claim. The UIdentify program was utilized for identity verification for the PUA claims filed after January 1, 2021. The waiting week was reinstated in January 2021, which lengthened the time period for employers to respond before payment was issued.

In addition, Internal Audit created the Fraud Investigation Unit and hired additional staff to focus on investigating the identity theft fraud claims. When the perpetrator is identified, a determination is issued and an overpayment is established in the perpetrator's name/SSN for collection. The NASWA Integrity Data Hub (IDH) crossmatch was implemented in July 2020 as well in an effort to identify additional fraudulent claims for investigation.

ADWS was the first UI program to implement 2 projects with the Department of Labor for identity verification. One is using Login.gov and the other involves the United States Postal Service where they verify the identity of claimants for using multifactor authentication and in person presentation of ID. The Login.gov pilot started in 2022 and the USPS pilot project started in 2023.

1. The Login.gov project uses the current system that Federal agencies use to verify identity and went into service in Arkansas as of March 2022. A link is given to the claimant, when they select verify ID through login.gov and go through the steps to verify their identity through the federal government system. If they are approved, we are sent an IA2 verification to the UI processing system to allow staff to match back to the claim to prove ID verification.
2. The United States Postal Service project, implements in Arkansas March 2023, offers the claimant the same link as Login.gov, but grants the additional option to verify their identity at any US Post Office in the country. A barcode is created and must be taken with a valid government-issued ID (they are given examples) along with proof of current address to the post office in person. If they are approved, we are sent an IA2 verification to the UI processing system to allow staff to match back to the claim to prove ID verification.

Anticipated Completion Date: Corrective action was taken for the controls the ALA staff recommended.

Finding Number:	**2023-005 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
ALN 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

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

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Finding Number:	**2023-006**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-014**.

Criteria:
In accordance with 2 CFR § 200.403(g), costs must be adequately documented to be allowable under federal awards.

In addition, state-promulgated rules governing the Arkansas Rural Connect (ARC) Program provide that internet service providers (ISPs) must submit receipts for all reimbursable expenses. The rules also provide that the full purchase price of capital equipment used for the build phase of a project and having value for other construction work subsequent to project completion, is not allowable.

Finally, 2 CFR § 200.303 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.
- 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 staff selected 20 payments made to ISPs to determine if sufficient, appropriate documentation was maintained to support that reimbursements were made for allowable project expenses. ALA review revealed the following:

Project 1:

- Two claims, totaling $3,465, were reimbursed without appropriate supporting documentation (e.g., an invoice or receipt).

Project 2:

- Two claims, totaling $5,179, were reimbursed without appropriate supporting documentation (e.g., an invoice or receipt).
- The Agency's contractor, UAMS-IDHI, approved reimbursement for a "fiber splicing trailer," also referred to as a tandem axle enclosed trailer, totaling $25,673. This item is commonly used by broadband installers and has value for other non-ARC constructions projects, making it unallowable.

Project 3:

- Nine claims, totaling $92,538, were reimbursed without appropriate supporting documentation (e.g., an invoice or receipt).
- Eight claims, totaling $498,487, were reimbursed without appropriate supporting documentation (e.g., an invoice or receipt).

Finding Number:	**2023-006 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$625,342

Cause:
The Agency's contractor, UAMS-IDHI, did not perform its obligation to ensure reimbursement requests were appropriately supported. The contractor stated that it relaxed the review process as a result of an internal agreement with the previous Commission Director of Broadband.

Effect:
Reimbursements were approved for expenditures that may not have been allowable or may not have been incurred. The federal awarding agency may require recoupment.

Recommendation:
ALA staff recommend the Agency promptly develop, document, and establish procedures to monitor the agreement with its contractor to ensure completion of performance objectives and compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Action:
ASBO has entered a contract with a new 3rd party administrator to provide oversight for all subgrant awardees. This contact is active now. We developed our contract to ensure improved monitoring for expenditures and verification of receipts. Also, we are in the process of developing a portal which will allow this contractor and ASBO to have full access to all documents from subgrantees. Our new vendor does have prior experience with subgrants management.

In addition, ASBO commits internally to the following:

- We will monitor all capital purchases when the invoices are received at our office.
- We will pull a random sample of five invoices per month and conduct our own review of expenses.

Highlights for the Baker contract:

ASBO's broadband grant program management vendor-partner, Michael Baker International (MBI), is contracted for the following activities and deliverables:

- Developing the workflow, process, and online forms that facilitate project monitoring and expense reimbursement.
- Responsible for pursuing and documenting additional information required for project monitoring and reimbursement activities. These activities shall be completed within the framework of the Broadband Grants Project Monitoring and Reimbursement System (see below for details) and not through external email or other document exchange system.

Finding Number:	**2023-006 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

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

- Develop and apply standardized naming conventions for all project documents that will be maintained throughout the life of the project. Documents shall be stored in a manner that promotes transparency and facilities ease of use by auditors.
- Take all reasonable measures to ensure grant activities are implemented in a manner that ensures transparency, accountability, and oversight sufficient to (1) minimize the opportunity for waste, fraud, and abuse; (2) ensure that subrecipients use funds to further the objectives of Federal programs and the Arkansas State Broadband Office; and (3) allow the public to understand and monitor subgrants awarded under the program.
- Ensuring all reimbursement activity complies with Federal requirements, including Section 60102 of the Infrastructure Act, 2 C.F.R. Part 200 and any supplemental guidance issued by the Federal government.
- Responsible for knowing what constitutes eligible and ineligible expenses under both state and Federal rules.
- Provide education and guidance to subrecipients and the ASBO on key oversight and compliance requirements.
- Ensure payment activities follow all state and Federal policies and procedures. Contractor acknowledges policies may change over the life of the contract.
- Identify policies the ASBO is required to adopt and assist in drafting those policies to ensure ASBO compliance with Federal regulations.
- Assist the Arkansas State Broadband Office in enforcing program rules and laws and imposing penalties for nonperformance, failure to meet statutory obligations, or wasteful, fraudulent, or abusive expenditure of funds. Such penalties include, but are not limited to, imposition of additional award conditions, payment suspension, award suspension, grant termination, de-obligation/clawback of funds, and debarment of organizations and/or personnel.
- Conduct audits of subrecipients as are necessary and appropriate. Contractor shall report the results of any audits it conducts to the Arkansas State Broadband Office.
- Develop a template contract for subrecipients, specifying key terms including contract length, performance standards, construction and service rollout schedules, competitive access requirements, regulatory compliance requirements, environmental controls, grant reporting and data sharing requirements, monitoring and oversight procedures, and penalties for non-compliance.
- Retain and provide to the Arkansas State Broadband Office upon request all records, documents, and communications of any kind that relates in any manner to grant awards and project procurement, performance, and reimbursement. This data shall be labeled and stored in a manner that promotes transparency and facilitates ease of use by auditors.

Additionally, MBI is building two new systems for ASBO and subgrantee use:

1. Broadband Grants Project Monitoring and Reimbursement System
2. Grant Application Submission, Evaluation, Award, and Appeal System

Finding Number:	**2023-006 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

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

These systems will have the following features:

- Facilitate inputs, responses, data gathering, analysis, and adjudication decision recommendations and subsequent documentation of payment decisions for the Arkansas State Broadband Office's final approval.
- Provide a secure mechanism for grant applications and safeguard protected, proprietary, and other confidential information.
- Assign a unique identifier to each application and each project. Contractor shall develop and apply a standardized naming convention to all applications and associated documents that will be maintained throughout award, technical review, project monitoring, and project closing. Documents shall be named and stored in a manner that facilitates ease of use by auditors.
- System shall exhibit built-in quality controls, such as pre-screening, that assist applicants in submitting applications that meet all minimal requirements for consideration (such as requiring a SAM number).
- MBI shall be responsible for pursuing and documenting additional information required for clarification of submitted applications, technical reviews of applications, and project monitoring
- and reimbursement activities. These activities shall be completed within the framework of the Grant Application Submission, Evaluation, Award, and Appeal System or the Broadband Grants Project Monitoring and Reimbursement System and not through external email or other document exchange systems.

Anticipated Completion Date: System anticipated go live Date: April 26, 2024

Contact Person:

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-007**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-017**.

Criteria:
In accordance with 2 CFR § 200.302(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, 2 CFR § 200.303(a) 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 award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Finally, 2 CFR § 200.214 holds entities subject to 2 CFR Part 180, which restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Condition and Context:
For the second consecutive year, the Agency failed to establish documented control procedures for this compliance requirement area.

The Agency is responsible for ensuring that entities receiving awards are registered in the System for Award Management (SAM) database and have not been suspended or debarred. Registration must occur prior to the issuance of a contract or grant agreement.

ALA staff reviewed 11 contracts and grant agreements to determine if the Agency complied with the requirement. ALA review revealed that one entity, with an agreement dated January 27, 2022, failed to register on SAM until February 18, 2022.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency failed to establish documented control procedures and did not have adequately trained staff to ensure compliance.

Effect:
Failure to develop, document, and implement procedures for internal control over compliance increases risk for issuance of contracts and grant agreements to excluded or ineligible entities.

Recommendation:
ALA staff recommend the Agency promptly develop, document, and establish policies to ensure contracts and grant agreements are only issued to eligible entities.

Finding Number:	**2023-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

ASBO has made the registration at Sam.gov part of the application process that will be handled through the subgrant portal being developed with our new grants monitoring contractor. This will now be an electronic field that will be entered by the subgrantee. The 3rd party administrator will be responsible for verifying the subgrant applicant Sam.gov registration is valid and active.

Anticipated Completion Date: System anticipated go live Date: April 26, 2024

Contact Person:

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Finding Number:	**2023-008**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-018**.

Criteria:
In accordance with 2 CFR § 200.332(a)(1), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward:

i. Subrecipient name (which must match the name associated with its unique entity identifier).
ii. Subrecipient's unique entity identifier.
iii. Federal Award Identification Number (FAIN).
iv. Federal award date.
v. Subaward Period of Performance start and end date.
vi. Subaward budget period start and end date.
vii. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient.
viii. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation.
ix. Total amount of the federal award committed to the subrecipient by the pass-through entity.
x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA).
xi. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity.
xii. Assistance listings number (ALN) and title; the pass-through entity must identify the dollar amount made available under each Federal award and the ALN at time of disbursement.
xiii. Identification of whether the award is Research & Development.
xiv. Indirect cost rate for the federal award.

In addition, 2 CFR § 200.332(a)(4) requires an approved federally recognized indirect cost rate between the subrecipient and the federal awarding agency.

2 CFR § 200.332(b) states that pass-through entities must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Finally, 2 CFR § 200.332(d) states that pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward performance goals are achieved.

Section 9(G) of the Arkansas Rule Connect (ARC) rules state that within 45 days after grant approval, the Internet Service Provider (ISP) should submit the project plans to a licensed Professional Engineer (PE) for a technical adequacy confirmation. Once received, the ISP should submit the PE approval stamp to the Arkansas State Broadband Office (ASBO).

Finding Number:	**2023-008 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context:
ALA staff reviewed seven executed grant agreements, totaling $28,392,301, to determine if they met the Uniform Guidance criteria. The following deficiencies were noted:

- The seven grant agreements did not include all required terms, specifically from the criteria noted above, ii, iii, iv, xi, xii, xiii, and xiv.
- An indirect cost rate agreement could not be provided.
- Discussion with management indicated that the ISPs were evaluated during the application process, but the results were not documented. Without proper documentation, ALA staff were unable to determine if the ISPs were assessed for risk as required by Uniform Guidance (2 CFR § 200.332(b)).
- Discussion with management indicated that the pass-through entity did not have documentation indicating that a PE reviewed the technical adequacy of any of the seven projects ALA reviewed.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not ensure staff were trained and knowledgeable regarding Uniform Guidance requirements for subrecipients.

Effect:
Without a proper grant agreement, subrecipients may be unaware that their award is subject to federal compliance requirements. The Agency could award federal funds to a high risk entity and fail to adjust the methods of monitoring accordingly. Absent a review by a PE, the project may fail to comply with performance requirements.

Recommendation:
ALA staff recommend the Agency provide training to appropriate staff to ensure adherence to Uniform Guidance regarding subrecipient monitoring.

Views of Responsible Officials and Planned Corrective Action:
ASBO has developed a Notice of Subgrant Award Information Form providing required information to each subrecipient. We have already sent this form out for CPF grants as an amendment to the current grant award. This form will be part of the subawards that will be issued for the upcoming BEAD subgrants. We are currently developing this form for all SLFRF grants to be sent out as an amendment. It is currently being reviewed for changes. Our goal is to have this form out as an amendment to all SLFRF subgrantees by June 1, 2024.

Anticipated Completion Date: June 1, 2024

Finding Number:	**2023-008 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-009**
State/Educational Agency(s):	**University of Arkansas – Little Rock**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **84.379 – TEACH Grant** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions –** **Gramm-Leach-Bliley Act-Student Information Security**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
Postsecondary institutions are required under the Gramm-Leach-Bliley Act (16 CFR § 314) to establish an information security program. This program should encompass a documented risk assessment, identifying internal and external risks to the security, confidentiality, and integrity of customer information. Additionally, the written information security program must outline the implementation of particular safeguards tailored to address the risks identified in the risk assessment.

Condition and Context:
The University of Arkansas Little Rock did not establish adequate internal controls over and did not comply with federal requirements to conduct a risk assessment of student information security in accordance with 16 CFR § 314.4.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The University of Arkansas Little Rock did not develop internal controls to monitor grant requirements, The required risk assessment and implementation of safeguards to control risk identified were inadequate 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 recommends the University perform a risk assessment in accordance with 16 CFR § 314. This assessment should evaluate the risks associated with protecting students' financial aid information, covering all essential elements specified in 16 CFR § 314. Additionally, the University should establish a periodic review process to continuously comply with regulatory requirements, maintain a proactive approach to information security, develop an information security program, and implement a comprehensive set of safeguards tailored to address specific risks identified in the risk assessment.

Finding Number:	**2023-009 (Continued)**
State/Educational Agency(s):	**University of Arkansas – Little Rock**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **84.379 – TEACH Grant** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions –** **Gramm-Leach-Bliley Act-Student Information Security**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:

Management understands the recommendations provided in the finding. We are planning on updating our 2021 Risk Assessment with our campus community in the near future. In accordance with ALA's recommendation, we will focus on GLBA 16 CFR 314 elements and financial aid data. As with our 2021 Risk Assessment, our plan will be reviewed and accepted by our Chancellor. We intend to have the Risk Assessment updated and reviewed by June 30, 2024. We will also coordinate the risks identified with the extensive list of controls and policies that currently protect student's financial aid information. These include:

Acceptable Use Policy_V7_3.pdf
Antivirus and Malware Policy_V2_1.pdf
Cloud Services Policy_V1_2.pdf
Confluence Screenshots Of Contact Information For Critical Systems (1).pdf
Data Classification Policy_V1_2.pdf
Data Encryption Policy_V7_1.pdf
Data Management Use Protection Policy_V7_2.pdf
Data Protection Policy_V7_2
Data Protection Policy_V7_2.pdf
Disaster Recovery Business Continuity System Recovery Prioritization List_V1_2.pdf
Disaster Recovery Procedure_V1_5.pdf
Drive Data Deletion Policy_V7_2.pdf
E-Learning Policies_V7_1.pdf
Email and Digital Communication Policy_V8_2.pdf
Email and Digital Communication Policy_V8_2.pdf
Employee Data Deletion Policy_V7_2.pdf
Encryption of Sensitive Data on Transmission Policy_V7_2.pdf
Faculty Senate Legislation Reference_V6.1.pdf
Firewall Blacklist and Whitelist Policy_V7_2.pdf
Firewall Management Procedure_V7_2.pdf
GLBA Risk assessment.docx
Incident Response and Forensic Analysis Procedures_V7_5.pdf
IT Employee Departure Procedures_V7_2.pdf
IT Security Awareness and Competencies Policy_V1_5.pdf
IT Services System Administration Privileged Access Management Policy_V7_2.pdf
IT System Backup Procedures_V7_2.pdf
IT System Patching Process_V7_3.pdf
Lab / Classroom Administrative Rights Exception Request_V6_1.pdf
Local Firewall Procedures for Workstations and Mobile Devices_V7_2.pdf
Log Review Policy_V2_1.pdf
Mobile Device Security - Remote Email Destruction Process_V1_1.pdf
Mobile Device Security Policy_V2_1.pdf
Multi-factor Authentication - Information Technology Services - UA Little Rock.pdf

Finding Number:	**2023-009 (Continued)**
State/Educational Agency(s):	**University of Arkansas – Little Rock**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **84.379 – TEACH Grant** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions –** **Gramm-Leach-Bliley Act-Student Information Security**
Type of Finding:	**Noncompliance and Significant Deficiency**

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

Network Patching Process_V1_1.pdf
PCI Compliance _ Training Policy_V7_2.pdf
Physical Security Policy_V1_3.pdf
Retention of Records Policies_V7_2.pdf
Security and Incident Response Team Policy_V1_3.pdf
Security and IT System Access Policy_V1_2.pdf
Student Account Deletion Policy_V7_2.pdf
System Log Requirements_V8_2.pdf
UALR Change Management Policy 2.2.pdf
Vendor Remote Access Policy_V1_1.pdf
Vulnerability Scan Policy_V7_2.pdf
Wireless Network Guest Security Policy_V1_1.pdf
Wireless Security Policy_V1_2.pdf
Workstation Administrative Rights Exception Request_V6_1.pdf

Anticipated Completion Date: June 30, 2024

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-010**
State/Educational Agency(s):	**Southeast Arkansas College**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions –** **Gramm-Leach-Bliley Act-Student Information Security**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
Postsecondary institutions are required under the Gramm-Leach-Bliley Act (16 CFR § 314) to establish an information security program. This program should encompass a documented risk assessment, identifying internal and external risks to the security, confidentiality, and integrity of customer information. Additionally, the written information security program must outline the implementation of particular safeguards tailored to address the risks identified in the risk assessment.

Condition and Context:
Southeast Arkansas College did not establish adequate internal controls over and did not comply with federal requirements to conduct a risk assessment of student information security in accordance with 16 CFR § 314.4.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Because Southeast Arkansas College did not develop internal controls to monitor grant requirements, the required risk assessment and implementation of safeguards to control risk identified were inadequate 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 recommends the College perform a risk assessment in accordance with 16 CFR § 314. This assessment should evaluate the risks associated with protecting students' financial aid information, covering all essential elements specified in 16 CFR § 314. Additionally, the College should establish a periodic review process to continuously comply with regulatory requirements, maintain a proactive approach to information security, develop an information security program, and implement a comprehensive set of safeguards tailored to address specific risks identified in the risk assessment.

Finding Number:	**2023-010 (Continued)**
State/Educational Agency(s):	**Southeast Arkansas College**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.007 – Federal Supplemental Educational Opportunity Grants** **84.033 – Federal Work Study Program** **84.063 – Federal Pell Grant Program** **84.268 – Federal Direct Student Loans** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions –** **Gramm-Leach-Bliley Act-Student Information Security**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:

We agree with the auditor's finding and recommendations, and the following corrective action will be taken to improve the situation:

- The Director of Computing Services will oversee the review subsections of 16 CFR 314 to ensure compliance with requirements.
  - Perform a more thorough GLBA Risk Assessment, which will be used to improve the institution's security policy and posture. This is outlined in 16 CFR 314(b).
  - Improve safeguards and more frequent testing to improve system security and threat transparency will be added, including email security and log file monitoring, in addition to other controls as outlined in 16 CFR 314(c) and (d). Several quotes have been acquired and are in the process of being reviewed.
  - Conduct a review of policies and training, as outlined in 16 CFR 314(e), and mitigate deficiencies in awareness training and policies.
  - Improve documentation around third-party service providers to ensure compliance with 16 CFR 314(f).
  - All response plans are to be reviewed and improved as needed because of the Risk Assessment and other monitoring activities to ensure appropriate activities are included and tested at regular intervals.
  - The institution will develop a compliance document to record efforts according to each section of 16 CFR 314, including those areas that are already compliant.

It is the goal of SEARK College to remain in a state of continuous improvement and in compliance with required regulations. The Director of Computing Services will work with the Senior Leadership Team to ensure that appropriate resources are made available, and that activities occur in a timely manner.

Anticipated Completion Date: The indicated reviews and assessments are already in progress, with a goal of June 30, 2024, to have fully integrated the stated improvements into our systems and procedures.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-011**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425D – COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425D210039**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302, the auditee must provide an accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements.

In addition, the U.S. Department of Education's Office of Elementary and Secondary Education requires ESSER grantees to submit an Annual Performance Report (APR) with data on expenditures, planned expenditures, subrecipients, and uses of funds.

Condition and Context:
To aid in the completion of year three's ESSER APR, Agency staff obtained data from the Arkansas Public School Computer Network (APSCN), the accounting system utilized by Local Educational Agencies (LEAs), to monitor program expenditures. The data was compiled by Agency staff and was included on the templates provided by the U.S. Department of Education (ED).

To ensure compliance with line item 3.b1 – *LEA Expenditures by ESSER Subgrant Fund and Expenditure Category* of the APR, which is identified in the Compliance Supplement as a key line item, ALA performed a review of the data included on the templates that was uploaded to the Annual Reporting Data Collection Tool on the ED website. The template includes data for the 255 participating LEAs.

ALA's review of the data template revealed a clerical error that reported LEAs' grand totals as non-LEA expenditures. The clerical error resulted in overstated expenditures in the following categories:

- Meeting students' academic, social, emotional, and other needs - $89,966,926 overstatement;
- Mental health supports for students and staff - $1,428,542 overstatement;
- Operational continuity and other allowed uses - $62,756,767 overstatement

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Overstated amount - $154,152,235

Cause:
The Agency failed to ensure LEA expenditures reflected in the APSCN report were adequately represented on the ESSER II annual report.

Effect:
Inaccurate data was submitted to the federal awarding agency.

Recommendation:
ALA staff recommend the Agency implement additional procedures and controls over the reporting process to ensure reports are thoroughly reviewed prior to submission.

Finding Number:	**2023-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425D – COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425D210039**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

Arkansas Department of Education recognizes this finding. ADE Finance completed the named report which contained a subtotal error that overstated the totals when provided to Legislative Auditors. However, logic verifications built into the Federal System disallowed the items mentioned to be submitted. Therefore, the data reflected in Federal reporting for Arkansas was not overstated nor actual expenses and associated drawdowns completed erroneously. This information was confirmed with the U.S. Department of Education (ED) on February 21, 2024.

ADE Finance assures that revisions to the FY23 ESSER data template will be made and uploaded to the Federal Reporting System during the allowable period of July 29, 2024, and August 15, 2024.

Anticipated Completion Date: Data was effectively corrected at the time of reporting within the Federal System. ADE Finance will revise its uploaded FY23 ESSER data template during the allowable period of July 29, 2024, through August 15, 2024.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-012**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425D – COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund;** **84.425U – COVID 19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425D2000039; S425D210039; S425U210039**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302, the auditee must provide an accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements.

In addition, the U.S. Department of Education's Office of Elementary and Secondary Education requires ESSER grantees to submit an Annual Performance Report (APR) with data on expenditures, planned expenditures, subrecipients, and uses of funds.

Condition and Context:
To accurately complete the ESSER APR, the Agency prepared a survey to be completed by each of the Local Educational Agencies (LEAs) to capture data to complete specific lines of the APR. The completed surveys were compiled and included on the templates provided by the U.S. Department of Education (ED). The surveys contained the number of staff supported by ESSER funding and the total expenditure amount by position categories. Each LEA utilizes the Arkansas Public School Computer Network (APSCN) to process and track its expenditures. Agency staff also have access to APSCN.

To ensure compliance with line item 3.b10 – *LEA Hiring and Retention of Specific Positions* of the APR, which is identified in the Compliance Supplement as a key line item, ALA performed a review of the data included on the template that was uploaded to the Annual Reporting Data Collection Tool on the ED website. The template includes data for the 263 participating LEAs.

A sample of 25 LEAs was selected to determine if the data included in the template was supported by data submitted by the LEA on the survey. ALA review revealed that the data uploaded on the template is supported by the surveys completed and submitted by each LEA.

However, the survey data does not represent the salary expenditures reflected in APSCN. As a result, ALA performed a comparison between the total salary and benefit expenditures reflected in APSCN to the total salary and benefit expenditures reported on the APR. ALA review revealed that the total amount reported as expended for staff supported by ESSER funds is understated by $98,192,610. (It should be noted that 22 of the 263 LEAs reported accurate salary expenditures supported by APSCN.)

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Understated amount - $98,192,610

Finding Number:	**2023-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425D – COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund;** **84.425U – COVID 19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425D2000039; S425D210039; S425U210039**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Cause:
The survey provided by the Agency to capture the data necessary to complete the key line item on the APR did not contain sufficient instructions to ensure each LEA completed the survey accurately. As a result, multiple LEAs submitted inaccurate information and the Agency failed to perform additional procedures to corroborate the survey data provided.

Effect:
Inaccurate data was submitted on the APR.

Recommendation:
ALA staff recommend the Agency strengthen controls over reporting to ensure that amounts reported are accurate, complete, and properly supported by the appropriate records and documentation to ensure compliance with federal laws and regulations.

Views of Responsible Officials and Planned Corrective Action:
Arkansas Department of Education recognizes this finding. The ADE Finance unit utilized data extracted from the statewide Local Educational Agencies (LEAs) system, APSCN, for the majority of parameters reported. However, APSCN does not have the ability to cross-reference financial expenses with Local Educational Agency's (LEAs) personnel data, which led to the creation of the survey. LEAs were expected to report data during a subsequent school year post COVID-19 Pandemic. ADE gathered state total expenses for requested categories from the system compiled with the requested breakdowns by position type obtained in the manual survey. The two data sets did not align, thus seen in Questioned Costs which reflects the difference between the two datasets. LEA actual expenses, associated drawdowns, and disbursements were not affected by the amounts reported in the annual ESSER data.

ADE Finance is currently working with APSCN personnel to explore options for assembling data without manual input from LEAs. When implemented, discrepancies in the state data reported to federal systems and LEAs data should not exist. ADE has the goal of utilizing this method for FY23 reporting in May 2024.

Anticipated Completion Date: ADE Finance will revise its uploaded FY22 ESSER data template during the allowable period of July 29, 2024, through August 15, 2024.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-013**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425D – COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund** **84.425U – COVID 19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425D2000039; S425D210039; S425U210039**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302, the auditee must provide an accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements.

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

Condition and Context:
To ensure compliance with year three's ESSER Annual Performance Report (APR), ALA performed a review of line item 5.a – *Full-Time Equivalent (FTE) Positions*, which is identified in the Compliance Supplement as a key line item, to determine if the information reported was accurate and properly supported with accounting records for Local Educational Agencies (LEAs) and non-LEAs. Agency staff utilized the template provided by the U.S. Department of Education (ED) to upload data to the Annual Reporting Data Collection Tool. The template includes data for the 256 participating LEAs and 41 non-LEAs.

The Agency estimated the FTE position data for non-LEAs based on websites and other available information but did not maintain supporting documentation for the information reported to the federal awarding agency. As a result, ALA staff were unable to verify that the data was accurate and complete.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency did not maintain appropriate supporting documentation.

Effect:
The accuracy of data submitted to the federal awarding agency is unknown.

Recommendation:
ALA staff recommend the Agency strengthen internal controls over the review of special reports to ensure reported data is appropriately supported in accordance with federal laws and regulations.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425D – COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund** **84.425U – COVID 19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425D2000039; S425D210039; S425U210039**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

Arkansas Department of Education recognizes this finding. ADE Finance understands the importance of supporting documentation for non-LEAs and has implemented a plan for FY23 communications. Furthermore, ADE Finance conducted follow-up communication with the U.S. Department of Education (ED) on March 1, 2024. It was concluded that FTE position data for non-LEAs were optional for Years 1 and 2 Annual Performance Reports per the ESSER Form Review Webinar Guidance. ADE was further instructed to omit non-LEA information from the template should it be unreasonable to provide for the FY22 reporting year in question.

ADE will ensure non-LEA entities provide the requested 5.a – Full-Time Equivalent (FTE) Compliance Supplement information for supporting documentation with FY23 and subsequent Reporting Periods.

Anticipated Completion Date: May 2024. ADE Finance is coordinating communication with non-Local Educational Agencies (non-LEAs) in effort to revise the data for FY22, however will omit the related data per U.S. Department of Education (ED) guidance provided on March 1, 2024, should non-LEAs be unable to provide quality data.

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-014**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration – Office of Child Support Enforcement**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**93.563 – Child Support Enforcement**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2201ARCSES**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

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

In addition, 45 CFR § 75.403(f) states that factors affecting the allowability of costs include ensuring the costs were not included as a cost of any other federally financed program in either the current or a prior period.

Condition and Context:
During the reconciliation of expenditures, ALA reviewed all miscellaneous revenue and other receipts to determine if the Agency calculated the correct state match and used allowable sources of revenue.

ALA review revealed that the Agency received a one-time transfer from the Coronavirus Aid, Relief and Economic Security (CARES) Act federal program (ALN # 21.019) totaling $760,938. These funds were used to reimburse the Agency's payroll expenditures, which is allowable. However, the Agency failed to reduce its subsequent request for reimbursement from the Child Support Enforcement program by the $760,938 it had received from CARES Act funds. As a result, the Agency was reimbursed an additional $502,219 ($760,938 x 66%) for the same payroll expenditures from the Child Support Enforcement program, which is unallowable.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$ 502,219

Cause:
The Agency did not remove CARES Act funds used as reimbursement for a portion of payroll expenditures from its subsequent matching calculation for the Child Support Enforcement Program.

Effect:
The Agency received reimbursement in excess of what was allowable resulting in a liability, totaling $502,219, to the federal awarding agency of the Child Support Enforcement Program.

Recommendation:
ALA staff recommend the Agency strengthen internal controls over the affected compliance areas to ensure all costs reimbursed by another federal program are adequately tracked and removed from the reimbursement request for the Child Support Enforcement Program. In addition, ALA staff recommend the Agency contact the federal awarding agency to resolve this matter.

Finding Number:	**2023-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration – Office of Child Support Enforcement**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**93.563 – Child Support Enforcement**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2201ARCSES**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:

The agency agrees with the finding. We found an error in the formula of the worksheet used for the preparation and submission of the quarterly expenditure report. The error resulted in not properly reporting the CARES Act reimbursement.

The agency will report to the federal Child Support Services program to account for the over-reimbursement of federal share of expenditures. The error in the specific worksheet that resulted in the over-reporting of allowed expenditures has been corrected. Further, the agency will perform a review of all other subsidiary reports and worksheets that are used in preparation of the federal expenditure reports. This will be done in order to ensure that the federal reports are prepared accurately. Additionally, procedures for review of report preparation will be enhanced to further strengthen internal controls.

Anticipated Completion Date: Correction of the specific worksheet deficiency has been completed. Corrections to the federal reports to account for the over-reimbursement will be completed in the next federal reporting cycle due on May 15, 2024. Review of all other subsidiary reports and worksheets and the enhanced report preparation review is part of an ongoing project to be completed no later than August 15, 2024.

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Finding Number:	**2023-015**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable.

Criteria:
In accordance with 45 CFR 1356.40(b)(1), the adoption assistance agreement must be signed and in effect at the time of or prior to the final decree of adoption. The adoption assistance agreement is defined at 42 USC 675(3).

Condition and Context:
ALA staff reviewed 60 client adoption files to ensure sufficient, appropriate evidence was provided to support the Agency's determination of eligibility. The clients selected for testing had adoption legalization dates that spanned from March 2006 to April 2023. The review revealed deficiencies as summarized below:

- One client file, with an adoption legalization date of July 16, 2010, did not contain a signed subsidy agreement. The adoptive parents received monthly subsidy payments from August 2010 - present. Questioned costs representing the federal portion, totaled $51,098, as follows:
  - $3,281 - SFY 2011
  - $3,487 - SFY 2012
  - $3,648 - SFY 2013
  - $3,702 - SFY 2014
  - $3.784 - SFY 2015
  - $3,708 - SFY 2016
  - $3,684 - SFY 2017
  - $3,726 - SFY 2018
  - $3,918 - SFY 2019
  - $4,190 - SFY 2020
  - $4,370 - SFY 2021
  - $4,594 - SFY 2022
  - $4,637 - SFY 2023
  - $ 369 - SFY 2024
- Two subsidy agreements, with adoption legalized dates of March 9, 2006, and May 27, 2009, respectively, were signed but not dated by the adoptive parents. However, the agreements were signed and dated by the Division of Child and Family Services (DCFS) Director.
- One subsidy agreement, signed and dated by the adoptive parents and DCFS Director, stated the adoptive family qualified for a "deferred subsidy." The agreement did not authorize a federal subsidy at the time of adoption. A keying error in the Children's Reporting and Information System (CHRIS) caused the adoptive family to begin receiving a federal subsidy on the decree of adoption date. The adoptive parents received three unauthorized monthly subsidy payments in state fiscal year 2023. Questioned costs representing the federal portion, totaled $737.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number:	**2023-015 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
$51,835

Cause:
DCFS did not maintain sufficient records to support the adoption subsidy agreement with the parents of the adopted child.

Effect:
DCFS does not have adequate documentation supporting the eligibility of federal adoption subsidy payments made on behalf of adopted children.

Recommendation:
ALA staff recommend the Agency continue providing adequate communication with and training to appropriate personnel to ensure compliance with program requirements and retention of documentation.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency has updated its documented controls to require confirmation that agreements are signed by all parties before processing adoption subsidy packets. Adoption staff will be trained on the updated controls.

Anticipated Completion Date: 3/31/2024

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Finding Number:	**2023-016**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

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 if the state determines that the child is no longer receiving any support from the parents. Parents who have been receiving adoption assistance payments shall keep the state, 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) can be 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 the overpayment information is provided to the accounts receivable department for collection.

ALA obtained a report from Division of Children and Family Services (DCFS) staff that contained all subsidy overpayments for the state fiscal year ended June 30, 2023. The report revealed subsidy overpayments for 29 clients with payments made to 22 providers. ALA reviewed documentation for five clients to ensure that the overpayments were researched and properly submitted for collection and that proper collection efforts were made by the accounts receivable department.

ALA review revealed the following deficiencies:

- Three subsidy payments, totaling $1,016, were made on behalf of three children subsequent to the death of the provider. The adoption unit failed to properly research the event to determine if an overpayment had occurred. As a result, questioned costs representing the federal portion, totaled $787.
- Two subsidy payments, totaling $1,170, were made subsequent to the death of one client. The adoption unit failed to properly research the event to determine if an overpayment had occurred. As a result, questioned costs representing the federal portion, totaled $908.

Finding Number:	**2023-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Condition and Context (Continued):

- The Agency did not receive timely notification that parental rights had been terminated for three clients. As a result, 91 subsidy payments, totaling $40,638, were processed in error. A portion of these payments dated back to prior fiscal years 2018 through 2022. Additionally, when discovered, the overpayment information sent to the accounts receivable department for two clients was not complete. Questioned costs representing the federal portion, totaled $30,713, as follows:
  - $2,837 - SFY 2018
  - $3,749 - SFY 2019
  - $4,190 - SFY 2020
  - $5,738 - SFY 2021
  - $9,457 - SFY 2022
  - $4,742 - SFY 2023

The following discoveries contributed to the errors regarding the overpayments for the three clients noted above and are as follows:

- For two of the three clients whose overpayment balance was submitted to Accounts Receivable (A/R) for collection, A/R failed to send the Notice of Collection letters to the providers. The letter is sent via certified mail, and the provider is required to sign for the letter. The signed notice is required before A/R can pursue any legal action to collect the overpayment from the provider.
- For three providers, the subsidy overpayment was recorded in the Agency's accounts receivable system (AROPTS) as a Foster Care Board overpayment. As a result, the Demand Notice and the Notice to Intercept State Income Tax Refund(s) sent to the provider misrepresented the overpayment as Foster Care instead of Adoption Assistance.
- In one instance, the Demand Notice and the Notice to Intercept State Income Tax Refund(s) sent to the provider included inaccurate overpayment information. Each notice letter included different overpayment information and did not agree to the overpayment amount submitted from the Adoption Unit to A/R.
- One provider submitted a reimbursement totaling $920, but it was not properly recorded by A/R. As a result, the overpayment balance was not appropriately reduced.

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

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$32,408

Finding Number:	**2023-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Cause:
The internal control process for identifying, researching, calculating, and submitting overpayments to A/R is not adequate. In addition, internal control procedures for processing and collecting overpayments by A/R are not adequate. Finally, the adoption unit is not notified of relevant events timely resulting in the ending of a subsidy.

Effect:
The Division of Children and Family Services does not have an adequate process in place to accurately identify and calculate overpayments and properly notify the Agency's A/R department that an overpayment has occurred. In addition, the Agency's A/R department does not have an adequate process in place to effectively and efficiently attempt to collect adoption subsidy overpayments. Finally, the federal awarding agency may require recoupment.

Recommendation:
ALA staff recommend the Agency immediately update its internal control procedures document regarding the overpayment processes and provide relevant training to staff. In addition, ALA staff recommend the Agency immediately develop procedures for notifying the Adoption Unit of the 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 the finding. The agency has updated its internal controls procedures to require enhanced review of payments made after the death of a provider or a client and enhanced monitoring of when a client is removed from an adoptive parent's home. The Accounts Receivable Unit in the Office of Finance has implemented systems changes that ensures all claims will generate a collections notice with the correct claims data. The noted outstanding collection notices have been sent and data entry errors have been corrected.

Anticipated Completion Date: Complete

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Finding Number:	**2023-017**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2301ARADPT; 2201ARADPT; 2101ARADPT**
Federal Award Year(s):	**2021, 2022, and 2023**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Repeat Finding:
Not applicable

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

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

Since federal fiscal year 2010, federal regulations have required states to apply less restrictive program eligibility requirements to children who meet specific criteria. This can result in additional federal funding and, therefore, a reduction in state costs. Federal regulations at 42 USC 673(a)(8) require the Agency to calculate the amount saved, if any, and spend an equal amount on certain program services. Maintaining this state spending at the appropriate level is referred to as level of effort.

The Agency is also required to spend no less than 30 percent of any such savings on post-adoption services, post guardianship services, and services to support and sustain positive permanent outcomes for children who might otherwise enter the State's foster care program. The Agency must accurately report these amounts to the federal grantor on the Annual Adoption Savings Report.

Condition and Context:
ALA staff requested the Agency's internal control procedures over the level of effort – adoption savings requirement. Additionally, ALA staff requested the file tracking the excess funds used as savings. This review revealed the following deficiencies:

- The Agency was unable to provide documented internal controls addressing any of the five elements of COSO for the time period under review.
- The Agency was unable to provide documentation to support that it was monitoring adoption savings activities to ensure compliance with Level of Effort requirements.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency has not established an internal control process for tracking or monitoring state-funded spending and completing the Annual Adoption Savings Report. It is noted that the Division responsible for the report and monitoring the level of effort requirement has recently experienced significant employee turnover.

Finding Number:	**2023-017 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2301ARADPT; 2201ARADPT**
Federal Award Year(s):	**2022, 2023**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Weakness**

Effect:
Without a system to accurately account for and record expenditures related to adoption savings, the Agency could not demonstrate it spent the amount reported. Inadequate controls for effectively monitoring compliance could result in failure to meet level of effort requirement and also limit the Agency's ability to effectively manage the grant.

Recommendation:
ALA staff recommend the Agency establish internal controls to track state-funded spending. In addition, the Agency should establish written policies and procedures specifying how the Agency will determine the amount of adoption assistance savings and subsequent expenditures of those savings to be reported to the grantor. Finally, ALA staff recommend the Agency review maintenance of effort reports to ensure the amount of expenditures reported to the grantor has been accurately determined and is adequately supported.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency will develop a procedure to monitor and accurately report adoption savings activities and will submit an updated Adoption Savings Report to correct any previously incorrectly reported amounts.

Anticipated Completion Date: 3/31/2024

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-018**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2201ARADPT**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking; Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

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

Since federal fiscal year 2010, federal regulations have required states to apply less restrictive program eligibility requirements to children who meet specific criteria. This can result in additional federal funding and, therefore, a reduction in state costs. Federal regulations at 42 USC 673(a)(8) require the Agency to calculate the amount saved, if any, and spend an equal amount on certain program services. Maintaining this state spending at the appropriate level is referred to as level of effort.

The Agency is also required to spend no less than 30 percent of any such savings on post-adoption services, post guardianship services, and services to support and sustain positive permanent outcomes for children who might otherwise enter the State's foster care program. The Agency must accurately report these amounts to the federal grantor on the Annual Adoption Savings Report.

According to the supplemental terms and conditions relating to Title IV-E programs from the federal awarding agency, the Annual Adoption Savings Report (Part 4) must be submitted no later than 30 days following the end of the federal fiscal year (i.e., no later than October 30). (See 45 CFR §201.5 and 45 CFR §1355.30(n)(1).)

Condition and Context:
ALA staff reviewed the Annual Adoption Savings Calculation and Accounting report for period ended September 30, 2022. ALA staff requested documentation supporting the amount spent on program services utilizing the adoption savings to ensure the expenditures were sufficient to equal the savings calculated and reported. This review revealed the following deficiencies:

- The Annual Adoption Savings Report for the period ended September 30, 2022 was incomplete and the data used in preparing the report calculation was not adequately supported.
- The Annual Adoption Savings Report was not submitted within established time constraints.
- The Agency was unable to provide documentation to support that it was tracking the annual adoption savings amounts in order to meet the level of effort compliance requirements.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency has not established an internal control process for tracking or monitoring state-funded spending and completing the Annual Adoption Savings Report. It was noted that the Division responsible for the report and monitoring the level of effort requirement has recently experienced significant employee turnover.

Finding Number:	**2023-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.659 – Adoption Assistance**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2201ARADPT**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking; Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Without a system to accurately account for and record expenditures related to adoption savings, the Agency could not demonstrate it spent the amount reported. The grant agreement allows the grantor to take action for noncompliance that can include temporarily withholding funds, wholly or partly suspending or terminating the award, and withholding further awards from the program.

Recommendation:
ALA staff recommend the Agency establish internal controls to track state-funded spending. In addition, the Agency should establish written policies and procedures specifying how the Agency will determine the amount of adoption assistance savings and subsequent expenditures of those savings to be reported to the grantor. Finally, ALA staff recommend the Agency review maintenance of effort reports to ensure the amount of expenditures reported to the grantor has been accurately determined, is adequately supported, and is submitted timely.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency will develop a procedure to monitor and accurately report adoption savings activities and will submit an updated Adoption Savings Report to correct any previously incorrectly reported amounts.

Anticipated Completion Date: 3/31/2024

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Finding Number:	**2023-019**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-026**.

Criteria:
In a final rule, published in the Federal Register on May 6, 2016 (81 FR 27498), the Centers for Medicare and Medicaid Services (CMS) adopted Medical Loss Ratio (MLR) requirements for Medicaid and Children's Health Insurance Program (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.

In accordance with 42 CFR § 438.8(c), if a state elects to mandate a minimum MLR, that minimum must be equal to or higher than 85%. 42 CFR § 438.8(j) indicates that if the state requires a minimum MLR to be met and if it is not met, there must be remittance to the state. Sections 9.3.1, 12.2.1, and 12.2.2 of the Dental Managed Care contracts state that the Dental Managed Care entities must submit a report detailing the calculation of its MLR on the 15th day of August in the year following the completion of each calendar year and that the MLR will be used to enforce a rebate at the end of the year.

Also, per 42 CFR § 438.5(c)(1), states must provide audited financial reports to the actuary, who determines capitation rates, for the three most recent and complete years for the managed care entities. These reports must be specific to the Medicaid contract and in accordance with generally accepted accounting principles and generally accepted auditing standards.

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.

Finding Number:	**2023-019 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Criteria (Continued):

- 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 a result of procedures performed, the following deficiencies were noted:

Dental Managed Care:

- The calendar year 2021 MLR calculation for one of the two Dental Managed Care entities reflected a remittance, totaling $2,094,667, which was due to the State no later than December 31, 2022. However, the remittance still had not been made as of fieldwork date (November 3, 2023). Total questioned costs related to the federal portion of these expenditures were $1,485,140 and $150,870 for Medicaid and CHIP, respectively.
- Audited financial reports were not provided to the actuary for the three most recent and complete years prior to the reporting period. As the Dental Managed Care program was effective beginning January 1, 2018, audited financial reports from calendar years 2019, 2020, and 2021 for the two Dental Managed Care entities should have been provided.

PASSE:

- Audited financial reports were not provided to the actuary for the three most recent and complete years prior to the reporting period. As the PASSE managed care program was effective beginning March 1, 2019, audited financial reports from calendar years 2019, 2020, and 2021 for three of the four PASSEs should have been provided. (The three PASSEs are AR Total Care, Empower, and Summit' CareSource did not participate in the PASSE program until calendar year 2022).
- No documentation was provided to substantiate that the Agency received approval from CMS for the calendar year 2022 PASSE contracts or rates **prior** to the start of calendar year 2022. Previously approved calendar year 2021 rates continued to be paid throughout all of calendar year 2022. Documentation obtained shows that the original calendar year 2022 PASSE contracts that were effective through September 30, 2022, were submitted to CMS for approval on January 5, 2021, that PASSE amendments extending the PASSE contracts through December 31, 2022, were submitted to CMS for approval on October 7, 2022, and the initial calendar year 2022 rates were submitted to CMS for approval on January 7, 2022. Multiple calendar year 2022 rate submissions have occurred since the initial rates were submitted, with the most recent submission occurring on June 21, 2023.

Finding Number:	**2023-019 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):
PASSE (Continued):

As of fieldwork date, November 8, 2023, the Agency has still not received CMS approval for either the calendar year 2022 PASSE contracts or rates.

- No documentation was provided to substantiate that the Agency received approval from CMS for the calendar year 2023 PASSE contracts or rates **prior** to the start of calendar year 2023. Previously approved calendar year 2021 rates were initially paid, but were later adjusted to the calendar year 2023 rates. Documentation obtained shows that the calendar year 2023 PASSE contracts and rates were submitted to CMS for approval on November 28, 2022. As of fieldwork date of November 8, 2023, the Agency has still not received CMS approval for either the calendar year 2023 PASSE contracts or rates.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,485,140 (Medicaid)
$ 150,870 (CHIP)

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 that the required audited financial reports are provided; calculated Dental Managed Care MLR remittances due are received timely, in accordance with the terms and conditions included in the Dental Managed Care contracts; and PASSE contracts and capitation rates receive prior approval from CMS as required.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs, in part, and disputes, in part, this finding. The noted MLR remittance was submitted for collection on December 12, 2023. The agency has developed and implemented a process to collect all MLR rebates through monthly capitation payments. The agency will amend its Dental Managed Care contract to address this recoupment process.

Finding Number:	**2023-019 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

The agency has provided its actuary with the audited financial statements for all Dental Managed Care and PASSE entities dating back to the beginning of these programs and will update its internal control to clarify the process for calculating the three years of reports that must be submitted to the actuary.

The agency disagrees that approved contracted rates were not being used for calendar year 2022. 42 CFR § 438.4(b) only requires that capitation rates be set at an actuarially sound rate for a specified time period. The requirement to receive approval for capitated rates does not mean that states are required to use previously approved rates from a prior year until a new one is approved. Actuarial best practices dictate that it is not appropriate to pay actuarial rates developed for a prior time period because there may be material differences in trend rates, covered benefits, provider reimbursement, and covered populations. Instead, it is optimal to use rates specifically developed for the applicable time limit even if CMS has not approved the rates. By using this approach, the agency ensures that it is paying MCO's and PASSE's capitation rates developed to be consistent with their financial responsibilities. Continued adherence to this practice is necessary as CMS consistently approves rates well after the beginning of the contract year. While CMS approval is beyond the agency's control, agency controls and contracts have been updated to ensure rates and contracts are submitted 90 days prior to the start of the contract year.

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:

ALA agrees that the actuary was provided with the audited financials. However, 42 CFR § 438.5(c)(1), states that the audited financial reports are to be those as defined at 42 CFR § 438.3(m), which those provided were not. See finding 2023-023 for further details.

ALA agrees that continuing to pay rates from a prior year until a new one is approved is also not appropriate. As a MCO plan, PASSE contracts and rates must receive **prior** CMS approval. No documentation was provided to show that this was obtained for calendar years 2022 and 2023.

Finally, although the timeliness of receiving CMS approval is ultimately beyond the agency's control, 42 CFR § 438.3(a) indicates that proposed final contracts must be submitted to CMS for review no later than 90 days prior to the effective date of the contract. As noted above, based upon documentation provided, the initial calendar year 2022 rates were submitted to CMS for approval on January 7, 2022, and the initial calendar year 2023 rates were submitted to CMS for approval on November 28, 2022.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-020**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-023**.

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 statues, regulations, and terms and conditions of the award.

Also, 42 CFR 435.945(d), states that all Medicaid state eligibility determination systems must conduct data matching through the Public Assistance Reporting Information System (PARIS).

Condition and Context:
PARIS is a data matching service that identifies recipients of public assistance who receive duplicate benefits in two or more states, in order to help detect improper payments. This system is administered by the Office of the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services.

ALA selected two quarters from state fiscal year 2023 for review to ensure that the Agency participated in the interstate PARIS match and to determine that adequate supporting documentation was available to demonstrate that the Agency adequately reviewed identified matches and determined whether those recipients were currently residing in Arkansas and, therefore, properly received benefits under the Arkansas Medicaid or CHIP programs.

ALA review confirmed that the Agency participated in the PARIS match for the two quarters selected for testing (i.e., November 2022 and May 2023).

ALA then selected a sample of 20 recipients (10 recipient cases from each selected quarterly report) that were flagged as receiving Medicaid or CHIP benefits in Arkansas and another state to determine if those cases were reviewed. ALA testing of PARIS match results revealed one recipient with an open Medicaid case in both Arkansas and another state. The match was based on the recipient's name, date of birth, and social security number. Information related to this match was not uploaded to the ARIES eligibility system because of a system coding issue; therefore, the recipient's case was not reviewed to determine if the recipient met the residency requirement.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Finding Number:	**2023-020 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Cause:
The ARIES system logic excluded PARIS match results from being uploaded into the system when any address line field was left blank. For example, if "Address line 1" on the PARIS match report was empty, system logic did not consider information recorded on "Address line 2," which could confirm the recipient's out of state address. According to the Division of County Operations (DCO), PARIS matching system logic within ARIES will need to be adjusted to ensure these types of cases are identified in the future.

Effect:
Failure to review the PARIS interstate matches could result in the Agency not identifying individuals who are no longer residents of Arkansas and, as a result, are ineligible to receive benefits under the Arkansas Medicaid or CHIP programs. Improper payments could be made on behalf of ineligible recipients.

Recommendation:
ALA staff recommend the Agency develop system controls in ARIES to ensure that all PARIS interstate match data received by the State is used when determining whether Medicaid benefits are dually active in Arkansas and another state. This will ensure the recipients qualify for continued eligibility coverage.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. ARIES system logic has been updated to consider all information recorded in the PARIS match reports when identifying cases for review.

Anticipated Completion Date: Complete

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Finding Number:	**2023-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR3002 (Children's Health Insurance Program)** **05-2305AR5ADM; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2023**
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 findings **2022-024**.

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) and the Children's Health Insurance Program (CHIP).

Condition and Context:
Medicaid:

ALA selected seven days from June 2023 to determine if the funds used as match for administrative and program expenditures for those days were from an allowable funding source. The match required from the seven days selected totaled $41,444,396. Of this amount, ALA staff were able to confirm allowable funding sources for $17,699,441 but were unable to confirm allowable funding sources for the balance totaling $23,744,955.

CHIP:

ALA selected two days from June 2023 to determine if the funds used as match for administrative and program expenditures for those days were from an allowable funding source. The match required from the two days selected totaled $772,427. Of this amount, ALA staff were able to confirm allowable funding sources for $364,794 but unable to confirm allowable funding sources for the balance totaling $407,633.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
MAP - $23,744,955
CHIP - $407,633

Cause:
In response to prior-year findings, the Agency implemented new procedures to include AASIS coding detail in the Funds Management Ledger and in AASIS transfer entries to allow for improved monitoring of funding sources by program. However, the new procedures were not implemented until June 2023. Although ALA was able to perform testing and determine the new procedures were implemented, many funding sources, including both state general revenues and other non-federal revenue sources are transferred to paying funds immediately when they become available. As such, the Agency had not implemented the new procedures at the time the funds were initially transferred; therefore, these entries did not include the needed detail to determine the source of funds.

Finding Number:	**2023-021 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR3002 (Children's Health Insurance Program)** **05-2305AR5ADM; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Cause (Continued):
ALA further noted, as stated in prior-year audit findings, the Agency utilizes a Lotus ledger system to monitor source of funds by AASIS fund. ALA reviewed reports from this system and identified many errors, including incorrect amounts, misclassified funding source, and discrepancies between prior-month ending balances and current-month beginning balances. Therefore, ALA determined the reports could not be relied upon to verify allowable source of funds.

Effect:
The Agency's inadequate controls resulted in a failure to document the required state match and could limit the Agency's resources to ensure the State can continue to provide benefits.

Recommendation:
ALA staff recommend the Agency continue to strengthen procedures and 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 this finding. All funds used as match for administrative and program expenditures were from an allowable funding source. The agency confirmed that the Arkansas Medicaid Program Trust Fund, which funds all bank accounts used for administrative and program expenditures for Medicaid and CHIP, is only funded with statutorily allowed revenues. The complex nature of Medicaid and CHIP finance and frequency of transactions necessitates paying accounts be sufficiently funded to pay all costs associated with administering the programs. This often results in accounts carrying a fund balance that does not require the agency to draw down additional state general revenue or other non-federal funds to meet its state match obligation. While the agency disagrees that a dollar-for-dollar reconciliation of funding draws is the appropriate way to confirm program expenditures are from an allowable source, we continue to update our general ledger system to improve the ability to monitor state general revenues and other non-federal federal revenue sources used to match federal funding.

Anticipated Completion Date: Complete

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Finding Number:	**2023-021 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR3002 (Children's Health Insurance Program)** **05-2305AR5ADM; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Additional Comments from the Auditor:

As noted in prior year findings related to state matching requirements, the Agency does not maintain documentation identifying the original source of revenues for the category "other non-federal." Additionally, the Arkansas Administrative Statewide Information System (AASIS) does not include functionality to identify the revenue source for monies previously transferred to the AASIS paying funds; therefore, the Agency utilizes an outside accounting system, Lotus 1-2-3, to maintain and trace federal revenue, *state general revenue* and *other non-federal* funds available. ALA further notes Agency staff manually key information into this system daily; however, no reviews or other controls are in place to ensure the accuracy of the funding category balances. ALA review of the June 2023 reports from the Lotus system revealed multiple errors as identified in the "Cause" section of the finding above. ALA also performed a review of division level monitoring of revenue sources. Per this review, the Agency's monitoring procedures are performed at the division level and are not broken out to the federal program level. Therefore, ALA was unable to verify the funds used to the meet the State matching requirements were from an appropriate funding source.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-022**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)**
	05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-033**.

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 terms and conditions of the award.

The Agency's controls include the establishment of written procedures for identifying and properly reporting expenditures on the quarterly CMS-64 and CMS-21 reports. Established written procedures ensure the Agency can prepare reports accurately and timely in instances of system issues or staff changes.

Additionally, the Agency completes reconciliations of Total Medical Service Expenditures per CMS-64 and CMS-21 reports to the Quarterly Cost Allocation Reports. The reconciliations help to ensure that expenditures are accurately reported.

Finally, 42 CFR 430.30(c) requires submission of a quarterly 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 reviewed written procedures for the CHIP and Medicaid reporting workbooks for the quarters ended September 30, 2022 and March 31, 2023. Reporting instructions were included for each workbook. However, the instructions had not been updated to cover all current items in the workbooks, making the control ineffective.

The Agency's quarterly reconciliations of total reported expenditures to cost allocation reports for the quarters previously mentioned were also reviewed. ALA review revealed the Agency failed to identify and explain a significant portion of the noted variance between the Agency's accounting system and reported expenditures for the quarter ended September 30, 2022.

The unexplained portion of the variance totaled $108.1 million (5.92% of total reported expenditures) for the Medicaid program and totaled $8.2 million (21.37% of total reported expenditures) for CHIP. Therefore, the reconciliation is not considered effective as the variances were not adequately explained.

Finding Number:	**2023-022 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Additionally, ALA staff performed testing of expenditures reported on the CMS-64 for the quarters ending September 30, 2022, and March 31, 2023, to confirm accuracy and completeness with the expenditures recorded in the Agency's financial management system. ALA review revealed the following errors:

- From the September 30, 2022, CMS-64 report, 25 line items totaling $1,912,069,973 and representing 91.52% of MAP expenditures were selected. ALA identified uncorrected errors affecting three line items, resulting in a net understatement of the federal portion of expenditures totaling $87,676.
- From the March 31, 2023, CMS-64 report, 24 line items totaling $2,044,925,178 and representing 90.54% of MAP expenditures were selected. ALA identified uncorrected errors affecting two line items, resulting in a net overstatement of the federal portion of expenditures totaling $53,907.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Understated amount - $87,676
Overstated amount - $53,907

Cause:
The Agency did not adequately perform the implemented control activities to ensure they were operating effectively. In addition, the Agency failed to adequately review report line calculations for accuracy prior to submitting the quarterly reports

Effect:
The Agency's control procedures to ensure quarterly reports are completed timely and accurately may not be effective in preventing, detecting, and correcting expenditure reporting errors.

Expenditure amounts reported on the CMS-64 were misstated for the MAP, resulting in the Agency claiming incorrect federal funding amounts for the expenditures.

Recommendation:
ALA staff recommend the Agency update reporting instructions for CHIP and Medicaid workbooks to ensure reports are prepared timely and accurately. ALA further recommends the Agency ensure any large variances have an explanation when reconciling reported amounts to cost allocation to ensure expenditures are correctly reported.

Additionally, ALA staff recommend the Agency perform a thorough review of report calculations for accuracy prior to submitting the quarterly reports; review and verify the accuracy of the supporting documentation for all manual adjustments; and correct identified errors by entering prior period adjustments on subsequent CMS-64 reports.

Finding Number:	**2023-022 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with the finding. The agency will update its written reporting instructions for Medicaid and CHIP to cover all items in the report workbooks. After the conclusion of the audit testing, the agency confirmed that the noted variance between the agency's accounting system and reported expenditures for the quarter ended September 30, 2022, was below the 5% threshold which requires an explanation to be provided to CMS financial analysts. The agency has reassigned resources to the Medicaid reporting section which will allow for additional time to spend researching variances identified in quarterly reconciliations. The agency also confirmed that the understatement of the federal portion of the September 30, 2022, CMS-64 report was $10,582, and the overstatement of the federal portion of the of the March 31, 2023, CMS-64 report was $30,664. The agency will correct these errors through an adjustment on an upcoming submission of the CMS-64 report.

Anticipated Completion Date: 7/31/2024

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Finding Number:	**2023-023**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Managed Care Financial Audits (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-025**.

Criteria:
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.

In addition, 42 CFR § 438.3 (m) states that managed care contracts must require Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), and Prepaid Ambulatory Health Plans (PAHPs) to annually submit audited financial reports that are conducted in accordance with generally accepted accounting principles and generally accepted auditing standards specific to the Medicaid contract.

Condition and Context:
ALA performed testing to determine if there was sufficient, adequate language in the managed care contracts and agreements for Provider-Led Arkansas Shares Savings Entity (PASSE) and Dental Managed Care regarding audited financial reports. ALA review revealed that adequate language was not included in the Dental Managed Care contracts requiring that the annual financial audit be performed. Although the Agency has taken steps to update the contract to include this language, as of fieldwork performed in September 2023, the contracts still had not been formally updated.

In addition, ALA performed testing to ensure that the annual audited financial reports were performed for the applicable managed care program entities and that the reports were in compliance with federal regulations.

Four MCOs participated in the PASSE managed care program, and two dental managed care entities participated in the Dental Managed Care program during calendar year 2022. These entities would have been required to submit audited financial reports.

The results of ALA testing revealed that although audited financial reports were provided by all PASSE and dental managed care entities, all four PASSE entities' reports and both dental managed care entities' reports were not in accordance with generally accepted accounting principles. In addition, the audits for the two dental managed care entities were not specific to the Medicaid contract.

Finding Number:	**2023-023 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Managed Care Financial Audits (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not adequately develop control procedures for its staff to ensure that adequate language was contained in the Dental Managed Care contract regarding audited financial reports. In addition, the Agency did not adequately monitor the submission of reports to ensure they complied with federal regulations.

Effect:
Failure to implement appropriate procedures for internal control limits the Agency's ability to adequately monitor the programs for possible noncompliance. In addition, failure to monitor the adequacy of the reports submitted led to the Agency not identifying that the reports received did not comply with federal regulations.

Recommendation:
ALA staff recommend the Agency update the language in the Dental Managed Care contract to require audited financial reports, in accordance with 42 CFR § § 438.3(m). In addition, the Agency should strengthen monitoring controls to ensure that all reports received are in compliance with requirements included in the federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs, in part, and disputes, in part, the finding. DHS has submitted and received approval from CMS for changes to the Dental Managed Care contract that requires the completion of annual audited financial reports. The agency disagrees that the audited financial reports submitted by the PASSE and Dental Managed Care Organizations (DMO) do not comply with 42 CFR 438.3(M). CMS guidance pertaining to that regulation provides that states have the flexibility to specify the applicable generally accepted accounting and auditing principles for the audited financial reports in the managed care plan contracts. The Arkansas Insurance Department also requires insurers to submit annual audited financial statements. Ark. Code Ann. 23-61-108 requires PASSE's and DMO's to follow the National Association of Insurance Commissioners *Accounting Practices and Procedures Manual*. DHS interprets 42 CFR 438.3(M) and its related guidance to permit the State Medicaid Agency flexibility to adopt the same accounting principles as the State Insurance Agency. As a practical matter, DHS reviewed the use of the audited financial statements and the information necessary to be contained within those statements. DMS discussed the use of the audited financial statements with the External Quality Review Organization (EQRO) that performs our External Quality Review. The EQRO confirmed that audited financial statements that complied with the Arkansas statutory basis would be satisfactory for review purposes.

Finding Number:	**2023-023 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Managed Care Financial Audits (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:

ALA cannot confirm the specific CMS guidance that the Agency is referring to as it was not provided to auditors during fieldwork. However, auditors did discuss a particular question and answer, item 10, included in the CMS Medicaid and CHIP Managed Care Final Rule (CMS-2390-F) Frequently Asked Questions (FAQs) dated November 10, 2016, with the Agency. This item indicates that states have the flexibility to specify the applicable generally accepted accounting and auditing principles for the audited financial reports **in the managed care plan contracts**. During SFY23, the PASSE agreements (section 11.1.9) required that the audited financials be in accordance with GAAP and GAAS. As noted above, ALA review revealed that during SFY23, adequate language was not included in the Dental Managed Care contracts requiring that the annual financial audit be performed. Auditors agree that once the terms of the PASSE and Dental contracts are updated to require that audited financials be on the statutory basis, that there will no longer be non-compliance noted related to the financials not being in accordance with GAAP. However, regardless of the specific basis, 42 CFR § 438.3(m) still requires that financials be specific to the Medicaid contract.

Finding Number:	**2023-024**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021**
Federal Award Year(s):	**2022**
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 **2022-027**.

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 (IA) performed that designates him or her 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. Appendix K flexibilities were granted by which an additional 12-month extension was allowed for the IAs effective beginning March 12, 2020. This flexibility ended six months after the end of the public health emergency (PHE). As the PHE ended on May 11, 2023, flexibilities ended on November 11, 2023.

§ 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. Section 1135 flexibilities were granted by which an additional 12-month extension was allowed for the IAs effective beginning March 17, 2020. This flexibility ended when the PHE ended on May 11, 2023.

Condition and Context:
ALA selected 40 PASSE recipients (all BH 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.
- No disallowed fee-for-service claims paid for a recipient already covered by PASSE

ALA review revealed an exception affecting payments for five BH recipients as detailed below:

- Sample item 3: The IA expired on March 29, 2022, and no other IA was completed prior to June 30, 2023. Payments for this recipient were made for dates of service from July 1, 2022 through March 31, 2023. Questioned costs totaled $7,806.
- Sample item 6: The IA expired on May 22, 2021, and no other IA was completed prior to June 30, 2023. Payments for this recipient were made for dates of service from July 1, 2022 through June 30, 2023. Questioned costs totaled $4,315.
- Sample item 10: The IA expired on May 9, 2023, and no other IA was completed prior to June 30, 2023. Payments for this recipient were made for dates of service from May 10, 2023 through June 30, 2023. Questioned costs totaled $1,594.
- Sample item 12: The IA expired on June 23, 2021, and no other IA was completed prior to June 30, 2023. Payments for this recipient were made for dates of service from July 1, 2022 through June 30, 2023. Questioned costs totaled $13,247.

Finding Number:	**2023-024 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5021**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care (PASSE)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- Sample item 27: The IA dated August 4, 2022, indicated a level of need designation that did not support the services provided. Payments for this recipient continued for dates of service from August 4, 2022 through April 10, 2023. Questioned costs totaled $8,334.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$35,296

Cause:
The Agency did not adequately monitor IAs to ensure they were completed timely. In addition, although ARKids B recipients could have been removed from the benefit rolls and services discontinued, the Agency treated them as though they were subject to the continuous coverage requirements of the Families First Coronavirus Response Act (FFCRA), which was applicable to all Medicaid and Medicaid expansion recipients. ARKids B recipients are not considered Medicaid or Medicaid expansion recipients. All deficiencies above relate to payments coded to ARKids B recipients.

Effect:
Gaps were revealed in performance of the required IAs and need level designations included on IAs did not support the services provided. As a result, payments were made outside the approved/updated dates of service.

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

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. As the Public Health Emergency has concluded, the agency has returned to normal operations which requires disenrollment of any PASSE member that has not received an independent assessment within the last 12 months.

Anticipated Completion Date: Complete

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Finding Number:	**2023-025**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-028**.

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 statues, regulations, and terms and conditions of the award.

The Agency is responsible for determining if Children's Health Insurance Program (CHIP) recipients meet the eligibility criteria as specified in its approved State Plan. Eligibility requirements for CHIP are outlined in the Arkansas Medical Services Manual. The Manual contains specific CHIP policies and procedures and is in addition to the approved State Plan.

The State's ARKids First program includes three separate recipient aid categories under which children receive benefits. Placement in these categories is determined based on monthly household income and a Federal Poverty Level (FPL) percentage.

1. ARKids A (Medicaid) is funded through the Medical Assistance Program grant and provides coverage as follows:
    - Children under the age of 6 with household income up to 142% of the FPL.
    - Children aged 6 - 18 with household income up to 100% of the FPL.
2. ARKids A (MCHIP) is funded through the CHIP grant in accordance with the Affordable Care Act and provides coverage to children aged 6 - 18 with household income over 100% of the FPL up to 142% of the FPL.
3. ARKids B is funded through the CHIP grant and provides coverage to children up to the age of 19 with household incomes from 142% of the FPL up to 211% of the FPL. Once determined eligible, recipients remain eligible for a 12-month period, regardless of changes in household income.

Additionally, Section 6008 of the Families First Coronavirus Response Act (FFCRA) allowed for a temporary Federal Medical Assistance Percentage (FMAP) increase during the public health emergency (PHE). In accordance with FFCRA, a state is not eligible for the temporary FMAP increase if the state reduces the medical assistance for which the beneficiary is eligible for beneficiaries who were enrolled as of March 18, 2020, or become enrolled after that date but no later than the last day of the month in which the emergency period ends.

Condition and Context:
The State received approval for a CHIP PHE state plan amendment that became effective on March 18, 2020. The amendment allowed certain eligibility requirements to be waived through the duration of the PHE and included the following:

- Waived requirements related to timely processing of applications and renewals.
- Delayed processing of renewals and extended deadlines for families to respond to renewal requests.

Finding Number:	**2023-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- Delayed action on closure for certain changes in circumstances for CHIP beneficiaries. However, the following circumstances for closure will be allowed during the PHE:
  - ❖ Recipient ceases to be a resident of the state
  - ❖ Voluntary closure.
  - ❖ Eligibility due to fraud, abuse or perjury, or death.
- Waived co-payments for COVID-19 testing and treatment for the duration of the PHE.

Additionally, CMS guidance states that when information is received and processed regarding an enrollee and the state determines the enrollee ineligible for CHIP, the state is required to process the termination and transfer the individual to Medicaid or the Exchange. The guidance further states that PHE state plan amendments do not grant the state authority to extend eligibility periods for those determined ineligible for coverage under CHIP, which would include the ARKids B and Unborn Children programs.

In December 2022, the federal Consolidated Appropriations Act of 2023 gave states the authority to begin the process of re-determining eligibility for Medicaid enrollees kept on Medicaid rolls due to the continuous coverage requirement beginning April 1, 2023, and to reinstate routine eligibility operations. States have 12 months to initiate renewals and an additional two months to complete the process.

ALA selected 60 active CHIP recipient identification numbers to determine if PHE rules were followed when re-determination of benefits was made. ALA reviewed revealed the following deficiencies:

- The Agency failed to move two recipients from ARKids B to ARKids A – Medicaid when household income and size qualified the recipients for ARKids A – Medicaid. Claims incorrectly paid from CHIP totaled $11,470 (federal portion - $9,676).
- The Agency improperly extended benefits past the allowed 60 day post-partum period for one recipient enrolled in the Unborn Children aid category due to the PHE. Claims incorrectly paid from CHIP totaled $23 (federal portion – $19)
- The Agency improperly moved one recipient from ARKids A - Medicaid to ARKids B based on a change of income. As this change would result in a reduction in services provided to the recipient, it was inconsistent with the requirements of section 6008(b)(3) of the FFCRA. Claims incorrectly paid from CHIP totaled $336 (federal portion - $283).

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$9,978

Cause:
Errors in the Arkansas Integrated Eligibility System (ARIES) system resulted in improper eligibility determinations. Additionally, discussion with Agency personnel indicated that top-level Agency management chose to continue allowing the ARKids B eligibility segments to remain open, even though information was provided that should have resulted in an ineligible determination. This is in direct conflict with CMS guidance issued on January 6, 2021, clarifying that ARKids B cases **MUST** be closed once deemed ineligible.

Finding Number:	**2023-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Effect:
Expenditures were not accurately reported to the federal awarding agency, were not paid from the appropriate grant award, and were not funded at the appropriate federal rate.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that recipients are placed in the appropriate recipient aid category.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency is conducting an ARIES system review to determine the root cause of the incorrect eligibility determinations and will identify and implement any needed updates to the automatic renewal process.

Anticipated Completion Date: 4/30/2024

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Finding Number:	**2023-026**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR3002**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions - Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-029**.

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:
From a population of 5,984 providers, ALA staff reviewed files of 40 providers to ensure sufficient, appropriate evidence was provided to support the determination of eligibility, including compliance with revalidation requirements. ALA review revealed deficiencies with two of the provider files as follows:

Moderate-risk category:

- Sample item 28: The provider's revalidation was due by May 23, 2023, but was not performed. In addition, the Agency did not perform the additional screening requirement (site visit). Questioned costs totaled $801.

Limited-risk category:

- Sample item 36: The provider's revalidation was due by June 12, 2023, but was not performed. Questioned costs totaled $503.

Finding Number:	**2023-026 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR3002**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions - Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
NOTE: Because of the Coronavirus pandemic, the Centers for Medicare and Medicaid Services (CMS), under section 1135(b)(1)(B) of the Social Security Act, approved Arkansas's request to temporarily cease revalidation, including screening requirements of providers located in Arkansas or otherwise directly impacted by the emergency. This was effective as of March 1, 2020, and continued through the expiration of the Public Health Emergency (PHE) on May 11, 2023. State agencies were given six additional months to complete revalidations that were due during the PHE.

The deficiencies noted above were due subsequent to May 11, 2023.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,304

(Known questioned costs greater than $25,000 for a type of compliance requirement are required to be reported. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned [likely questioned costs], not just the questioned costs specifically identified. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000 for a type of compliance requirement for a major program.)

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. Although testing results support that improvements have been made since the new procedures were implemented, deficiencies continued to exist during state fiscal year 2023.

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 that revalidations are performed timely and that required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:
DHS disputes the finding. The revalidation date for the provider noted in sample item 28 was 7/20/2022. Per CMS guidance, revalidations, site visits, and fingerprint background checks were paused during the COVID Public Health Emergency (PHE) (3/1/2020-5/11/2023) and states were given until 11/11/2023 to complete revalidations due during the PHE. As this provider's revalidation and site visit were completed on 10/12/2023, the agency is in compliance with all provider revalidation requirements.

Finding Number:	**2023-026 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR3002**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions - Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action (Continued):
Based on research conducted by DMS, the provider noted in sample item 36 was not enrolled until 9/16/2018. Therefore, the revalidation date for this provider is 9/16/2023 as opposed to 6/12/2023 and there would be no questioned cost for the audit period.

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:
Deficiencies are determined based on support provided by the Agency and reviewed by auditors during an iterative process performed during fieldwork. This includes any documentation supporting revalidation due dates. Auditors concluded based upon information provided.

Finding Number:	**2023-027**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-030**.

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 CHIP program, ALA staff selected 40 provider files from a population of 2,776 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 four of the provider files as follows:

Limited-risk category:

- Sample item 9: The provider failed to revalidate timely. Revalidation was due by September 25, 2016, but was not performed until July 7, 2023. Ineligible costs totaled $256.

Finding Number:	**2023-027 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Limited-risk category (Continued):

- Sample item 19: The Agency did not provide documentation of the required W-9 that covered the entire enrollment period. The Agency has since obtained an updated W-9 effective October 5, 2023. Ineligible costs totaled $96.
- Sample item 33: The Agency did not provide documentation of the provider's licensure that covered the entire enrollment period. Ineligible costs totaled $2,006.
- Sample item 37: The Agency did not provide documentation of the required application that covered the entire enrollment period. Ineligible costs totaled $3,416.

Total ineligible costs identified above totaled $5,774 for PASSE. There were no ineligible costs identified for Dental Managed Care.

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, on 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.

In addition, because of the Coronavirus pandemic, the Centers for Medicare and Medicaid Services (CMS), under section 1135(b)(1)(B) of the Social Security Act, approved Arkansas's request to temporarily cease revalidation, including screening requirements, of providers located in Arkansas or otherwise directly impacted by the emergency. This was effective as of March 1, 2020, and continued through the expiration of the Public Health Emergency (PHE), on May 11, 2023. State agencies were given six additional months to complete revalidations that were due during the PHE.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency 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. Although testing results support that improvements have been made since the new procedures were implemented, deficiencies continued to exist during fiscal year 2023.

Finding Number:	**2023-027 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021; 05-2305AR3002**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Claims were processed and paid to providers that did not meet all the required criteria.

Recommendation:
ALA staff recommend the Agency review and strengthen controls to ensure that revalidations are performed timely and that required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs, in part, and disputes, 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 application documents, provider revalidation, site visits and fingerprint background requirements. The deficiency noted for the provider referenced in sample item 9 relates to non-compliance with site visit requirements pre-dating May 31, 2019, and CMS's approval of the agency's corrective action plan. Since CMS implemented 1135 waiver flexibilities during the Public Health Emergency (PHE), the provider was not terminated and was notified of the agency's intent to revalidate their enrollment within six months of the end of the PHE. The provider successfully completed the revalidation process prior to the expiration of the 1135 waiver flexibilities.

The absence of enrollment documentation noted in sample items 19 and 37 can be attributed to transitions and document storage issues that occurred within the legacy MMIS system. Since the time of enrollment for these two providers, the agency has made multiple updates to the MMIS system to capture and retain enrollment documentation. The agency has obtained the required documentation noted as missing for both sample items. The deficiency noted in sample item 33 has been resolved as the agency has verified licensure of the provider covering the audit period.

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:
As noted in the finding above, the deficiency for sample item #9 is based on the provider's untimely revalidation, not the Agency's failure to perform a site visit. A revalidation was due 09/25/2016, prior to the PHE and questioned costs are calculated after expiration of the 1135 PHE waiver for the period 5/12/23 through 06/30/23.

Finding Number:	**2023-028**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-022**.

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 statues, regulations, and terms and conditions of the award.

In addition, 42 CFR § 435.1009 states that federal financial participation (FFP) is not available for payments made on behalf of individuals who are inmates in public institutions, including eligible juveniles. To be considered an inmate of a public institution, a person must be living in an institution that is the responsibility of a governmental unit or over which a governmental unit exercises administrative control.

Finally, under section 1001 of the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act), states are 1) prohibited from terminating the Medicaid eligibility of an "eligible juvenile" who becomes an inmate of a public institution, 2) required to process applications submitted by incarcerated youth, and 3) required to re-determine the Medicaid eligibility of eligible juveniles before their release from a public institution.

An eligible juvenile is defined as a "juvenile who is an inmate of a public institution and who (A) was determined eligible for medical assistance under the State plan immediately before becoming an inmate of such a public institution; or (B) is determined eligible for such medical assistance while an inmate of a public institution."

In compliance with this requirement, Medical Services Manual section D-380 states that coverage for children entering the custody of the Division of Youth Services (DYS) will be placed in suspension status for up to 12 months from the initial approval or most recent renewal. When a child with suspended Medicaid eligibility receives eligible medical treatment off the grounds of the juvenile detention facility (inpatient services) or is released from custody, the child's Medicaid case will be reinstated for a fixed eligibility period from the date of hospitalization to the date of hospital discharge. Once the child returns to the DYS state-run facility, the Medicaid case is re-suspended.

Condition and Context:
ALA staff selected 60 files for incarcerated juveniles to determine whether the State is properly suspending a juvenile's benefit coverage when the juvenile is held in a public institution and then properly reinstating coverage when the juvenile is placed in non-public institutions or released from DYS custody. ALA's review also included ensuring that benefit payments were not made for dates of service that fell within the juvenile's incarceration period.

ALA review revealed the following deficiencies:

- The Agency failed to appropriately suspend Medicaid benefits for three juveniles in DYS custody. ALA also identified payments, totaling $8,860, made for dates of service within the incarceration period for two of these individuals. The federal portion of these payments totaled $6,836.
- Although the Agency appropriately suspended benefits for 23 juveniles, the payments, totaling $40,963, were made for dates of service within the incarceration period for these juveniles. The federal portion of the Medicaid payments totaled $30,621.

Finding Number:	**2023-028 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- Although the Agency appropriately suspended benefits for 4 of the 60 juveniles tested, the Agency failed to properly reinstate benefits after their incarceration ended. Additionally, the Agency paid claims, totaling $8,477, for dates of service within the incarceration period for these juveniles. The federal portion of these payments totaled $6,577.
- The Agency failed to appropriately suspend and reinstate benefits for 7 of the 60 selected juveniles. As a result, payments totaling $51,042 were made for dates of service within the incarceration period for these juveniles. The federal portion of these payments totaled $39,423.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$83,457

Cause:
The Agency failed to properly monitor Medicaid eligibility for juveniles in DYS custody. Suspensions of benefits were not always entered timely, were entered with incorrect effective dates, or were not entered into the system when an eligible juvenile was incarcerated.

Effect:
The Agency improperly received and used funds for payments made on behalf of incarcerated juveniles.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that Medicaid benefits are properly suspended when eligible juveniles are incarcerated and properly reinstated when leaving DYS facilities, based on guidance set forth in the Medical Services Policy Manual and in compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. Since June 2023, DYS has made multiple changes to improve monitoring of suspension and reinstatement of Medicaid eligibility for incarcerated juveniles. For juveniles with SSI Medicaid, the Social Security Administration (SSA) is responsible for suspending Medicaid coverage. All incarcerations for cases noted in the findings involving SSI Medicaid were reported timely to SSA by the agency. DYS closely monitors these cases and continues to send closure requests to SSA until the cases are closed out. DYS has also updated its communication processes with DCO to ensure cases are suspended and reinstated in a timely manner. All payments noted as occurring during the incarceration period were capitated payments made for the PASSE, Dental Managed Care, NET, and PCCM programs. Some audit findings highlighted payments made for members during their month of incarceration, which is acceptable for all programs. The full monthly rate is paid for Dental Managed Care, NET, and PCCM even if the member is only eligible for part of the month. The PASSE program operates on a per-diem basis and any payments made for days when the member is ineligible are recouped as part of a monthly reconciliation.

Finding Number:	**2023-028 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action (Continued):
The agency currently has a reconciliation process for all four programs that identifies payments made after a member's incarceration date that should be recouped. Some payments noted in the findings will be recouped as part of a reconciliation process that has yet to run. In addition to the current reconciliation process, the agency is in the process of developing an MMIS change that will automatically update member profiles to accurately reflect incarceration dates. This will ensure capitated payments are paused and reinstated in a timely manner and that recoupments and repayments are subsequently processed.

Anticipated Completion Date: 6/30/2024

Contact Person:
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Finding Number:	**2023-029**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

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

In addition, 42 CFR § 435.1009 states that federal financial participation (FFP) is not available for payments made on behalf of individuals who are inmates in public institutions. To be considered an inmate of a public institution, a person must be living in an institution that is the responsibility of a governmental unit or over which a governmental unit exercises administrative control.

Additionally, Section 6008 of the Families First Coronavirus Response Act (FFCRA) allowed for a temporary Federal Medical Assistance Percentage (FMAP) increase during the Public Health Emergency (PHE). In accordance with FFCRA, a state is not eligible for the temporary FMAP increase if the state reduces the medical assistance for which the beneficiary is eligible for beneficiaries who were enrolled as of March 28, 2020, or become enrolled after that date but no later than the last day of the month in which the emergency period ends.

Condition and Context:
The State received approval for a Medicaid PHE state plan amendment that became effective on March 18, 2020. The amendment allowed certain eligibility requirements to be waived through the duration of the PHE and included the following:

- Waived requirements related to timely processing of applications and renewals.
- Delayed processing of renewals and extended deadlines for families to respond to renewal requests.
- Delayed action on closure for certain changes in circumstances for Medicaid beneficiaries. However, the following circumstances for closure will be allowed during the PHE:
    - ❖ Recipient ceases to be a resident of the state.
    - ❖ Voluntary closure
    - ❖ Eligibility was due to fraud, abuse or perjury, or death.
- Waived co-payments for COVID-19 testing and treatment for the duration of the PHE.

In December 2022, the federal Consolidated Appropriations Act, 2023 gave states the authority to begin the process of re-determining eligibility for Medicaid enrollees kept on Medicaid rolls due to continuous coverage requirement beginning April 1, 2023, and to reinstate routine eligibility operations. States have 12 months to initiate renewals and an additional two months to complete the process.

ALA selected 60 active Medicaid recipient identification numbers to determine if eligibility determinations and redeterminations were made in accordance with the State Plan and relevant PHE rules.

Finding Number:	**2023-029 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
ALA review revealed the following deficiencies:

- If an incarcerated recipient is eligible for at least one day of service during the month of incarceration, the entire payment for that month would be allowed and not recouped. All payments after the month of incarceration would be recouped.

  One recipient was incarcerated on September 20, 2022. The Agency continued to pay claims during the incarceration for dates of service in October and November 2022 totaling $1,127. The claim payments were not recouped as required. Questioned costs representing the federal portion totaled $874.
- One recipient was simultaneously enrolled in dual Medicaid state aid categories. ALA made the Agency aware of the error, which the Agency corrected on November 14, 2023. Because the state aid categories are from the same funding source, no questioned costs were identified.
- The Agency improperly moved one recipient from ARKids A - Medicaid to ARKids B based on a change of income. As this change would result in a reduction in services provided to the recipient, it was inconsistent with the requirements of section 6008(b)(3) of the FFCRA. No questioned costs were identified.
- The Agency determined an incorrect end date for one recipient's coverage under the Pregnant Woman-Limited (PW) category. Due to this error, coverage under PW ended prior to the birth of her child and resulted in the Agency improperly opening a Parent Caretaker Relative case under PHE rules. The Agency later reopened the PW segment, which resulted in dual segments within the system. No questioned costs were identified.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$874

(Known questioned costs greater than $25,000 for a type of compliance requirement are required to be reported. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned [likely questioned costs], not just the questioned costs specifically identified. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000 for a type of compliance requirement for a major program.)

Cause:
Errors in the ARIES system resulted in improper eligibility determinations. Additionally, MMIS claims payment system improperly reopened a previously closed eligibility segment. According to Division of County Operations (DCO) staff, the cause of previously closed eligibility segment's reopening in MMIS is unknown at this time.

Effect:
Expenditures were not accurately reported to the federal awarding agency, were not paid from the appropriate grant award, and were not funded at the appropriate federal rate.

Finding Number:	**2023-029 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that recipients are placed in the appropriate recipient aid categories.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency is in the process of developing an MMIS change that will automatically update member profiles to accurately reflect incarceration dates. This will ensure capitated payments are paused and reinstated in a timely manner and that recoupments and repayments are subsequently processed. The agency is conducting an ARIES system review to determine the root cause of the incorrect eligibility determinations and will identify and implement any needed updates to the automatic renewal process.

Anticipated Completion Date: 6/30/2024

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Finding Number:	**2023-030**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR5MAP**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-034**.

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:
From a population of 11,165, ALA staff reviewed files of 40 providers to ensure sufficient, appropriate evidence was provided to support the determination of eligibility, including compliance with revalidation requirements. ALA's review revealed deficiencies with three of the provider files as follows:

Moderate-risk category:

- Sample item 21: This provider enrolled on August 28, 2018, and the Agency failed to provide documentation of the required site visit during enrollment. As a result, amounts paid to the provider from August 28, 2018 through February 29, 2020, and May 12, 2023 through June 30, 2023, are considered questioned costs. *Questioned costs totaled $9,611*.

  In accordance with the CMS 1135 waiver, revalidations, site visits, and fingerprint background checks were paused from March 1, 2020 through May 11, 2023, as a result of the Public Health Emergency (PHE). Amounts paid to the provider during the PHE are not included in the questioned costs noted above.

Finding Number:	**2023-030 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR5MAP**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Limited-risk category:

- Sample item 29: This provider enrolled on February 3, 2015. A revalidation was due on February 3, 2020, but was not completed until June 28, 2023. As a result, amounts paid to the provider from February 3, 2020 through February 29, 2020, and May 12, 2023 through June 27, 2023, are considered questioned costs. *Questioned costs totaled $5,934*.

  In accordance with the CMS 1135 waiver, revalidations, site visits, and fingerprint background checks were paused from March 1, 2020 through May 11, 2023, due to the PHE. In addition, revalidations due during the PHE could be extended to November 11, 2023. However, this provider's revalidation was due prior to March 1, 2020; therefore, the extension is not applicable in this case. Amounts paid to the provider during the PHE are not included in the questioned costs noted above
- Sample item 32: The Agency failed to provide documentation of the provider's certification that covered any portion of fiscal year 2023. Questioned costs totaled $18,757.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$34,302

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. Although testing results support that improvements have been made since the new procedures were implemented, deficiencies continued to exist during fiscal year 2023.

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 that required revalidations are performed timely and required enrollment documentation is maintained to support provider eligibility.

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 application documents, provider revalidation, site visits and fingerprint background requirements. The deficiency noted for the provider referenced in sample item 21 relates to non-compliance with site visit requirements pre-dating May 31, 2019 and CMS's approval of the agency's corrective action plan. A site visit was performed for this provider on 8/31/2023. The agency has created system controls that require site visits before a moderate or high-risk provider may enroll with Arkansas Medicaid.

Finding Number:	**2023-030 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2305AR5MAP**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

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

The provider noted in sample item 29 began the revalidation process in December of 2019 and their application was set to terminate at the end of February 2020. The provider was not terminated before beginning of the Public Health Emergency (PHE) with their revalidation date being reset to 9/5/2023 when the CMS 1135 waiver flexibilities were implemented. The provider has since timely completed the revalidation process.

The provider noted in sample item 32 did not keep its certification up to date for the audit period. During the PHE, many licensing and certification agencies were not processing new requests or renewals for extended periods of time. A review of this provider's information revealed that it is likely that they would have been able to maintain continued certification. The agency has automated its certification verification process to terminate providers if a certification lapses for any reason.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-031**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid Recovery Audit Contractors (RACs)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable.

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

In addition, 42 CFR § 455.502 established the Medicaid Recovery Audit Contractor (RAC) program as a measure for States to promote the integrity of the Medicaid program. States must enter into contracts with one or more eligible Medicaid RACs to carry out the activities described at 42 CFR 455.506, which includes reviewing claims submitted by providers or other individuals for which payment has been made to identify underpayments and overpayments and recouping overpayments. Under 42 CFR § 455.516, a State may seek to be excepted from some or all Medicaid RAC contracting requirements by submitting a written justification to CMS requesting CMS review and approval through the State Plan amendment (SPA) process.

Condition and Context:
ALA made inquiries to determine if there were any internal controls in place for which testing could be performed. It was determined that there were no documented internal controls nor were there any internal controls in place at the Agency that pertained to the Medicaid RAC program.

In addition, ALA performed testing to determine if the State had established a Medicaid RAC with an eligible contractor that was conducting the required Medicaid RAC activities in accordance with the approved state plan including any exceptions.

The results of ALA testing revealed that, although there was no SPA in place that authorized an exception for the State to not have a Medicaid RAC in place, there were no contracts in place with any RACs for the year ended June 30, 2023.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not adequately develop internal control procedures for its staff to ensure compliance with federal regulations related to the Medicaid RAC program. In addition, documentation obtained during fieldwork indicated that the Agency acknowledged in November 2022 that an updated SPA needed to be submitted to CMS either to establish the Office of Medicaid Inspector General (OMIG) as the RAC or to request an exemption from the requirement to contract with a RAC. However, the Agency had not requested a waiver through a SPA as of fieldwork date of October 3, 2023.

Finding Number:	**2023-031 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN 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):	**05-2205AR5MAP; 05-2305AR5MAP**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid Recovery Audit Contractors (RACs)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Effect:
Failure to implement appropriate procedures for internal controls led to the Agency's non-compliance with federal regulations pertaining to the Medicaid RAC program.

Recommendation:
ALA staff recommend the Agency either contract with an eligible RAC to perform the functions required under the Medicaid RAC program, in accordance with the approved Medicaid State Plan, or submit an SPA to CMS, as the Agency indicated was its intent, in a timely manner either to establish OMIG as the RAC or to request an exemption from the requirement to contract with a RAC.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. The agency will request that CMS grant a full exemption from the requirement that a state enter a contract with a Medicaid Recovery Audit Contractor.

Anticipated Completion Date: 5/31/2024

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Finding Number:	**2023-032**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**97.050 – COVID 19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

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.

In addition, 2 CFR § 200.516(a)(6) requires the auditor to report known or likely fraud affecting a federal award.

Condition and Context:
In state fiscal year 2023, the Division of Workforce Services (DWS) identified 64 claims paid for Lost Wages Assistance (LWA) totaling $67,500 as likely fraud. This is in addition to the claims identified in the previous fiscal years.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$67,500

Cause:
In response to the increase in demand for services/benefits, the State relaxed controls over identify verification and income verification for the program during fiscal year 2021. DWS continued to identify claims in fiscal year 2023 that were paid during fiscal year 2021.

Effect:
Lack of appropriate internal controls resulted in overpayments of federal funds.

Recommendation:
ALA staff recommend the Agency continue to strengthen controls over benefit payments to ensure that payments are made in the correct amounts and to eligible claimants. Additionally, ALA staff recommend the Agency continue to seek recoupment of the identified overpayments, returning them to the appropriate source.

Views of Responsible Officials and Planned Corrective Action:
Due to the health concerns of the pandemic as well as unprecedented claims volume, claimants were not required to come into a local office for identity verification, the waiting week was waived for 2020, and the requirements for work search were adjusted in order to protect employees and claimants.

Finding Number:	**2023-032 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**97.050 – COVID 19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

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

Before the pandemic, all claimants were required to come to the local office to verify their identity. Removing these process controls resulted in several consequences as itemized below:

- By waiving the waiting week, the claimant was able to receive payment the following week. For example, a fraudster could file a claim on Friday, then receive payment on Sunday, removing the typical week that an employer would respond to validate the separation from employment.
- The information mailed to the employer and claimant were not received before payments were made due to the lack of waiting week.
- Businesses were closed at that time and did not respond to the unemployment paperwork timely to report fraudulent claims.
- Identity theft fraudsters often changed the address of the individuals for which they had filed claims in order to prevent the victims from being notified and reporting the fraud.

In 2020, the work search requirement was reinstated. In 2021, all claimants had to verify their identity in-person at the local office before the claim was opened for a regular unemployment claim. The UIdentify program was utilized for identity verification for the PUA claims filed after January 1, 2021. The waiting week was reinstated in January 2021, which lengthened the time period for employers to respond before payment was issued.

In addition, Internal Audit created the Fraud Investigation Unit and hired additional staff to focus on investigating the identity theft fraud claims. When the perpetrator is identified, a determination is issued and an overpayment is established in the perpetrator's name/SSN for collection. The NASWA Integrity Data Hub (IDH) crossmatch was implemented in July 2020 as well in an effort to identify additional fraudulent claims for investigation.

ADWS was the first UI program to implement 2 projects with the Department of Labor for identity verification. One is using Login.gov and the other involves the United States Postal Service where they verify the identity of claimants for using multifactor authentication and in person presentation of ID. The Login.gov pilot started in 2022 and the USPS pilot project started in 2023.

1. The Login.gov project uses the current system that Federal agencies use to verify identity and went into service in Arkansas as of March 2022. A link is given to the claimant, when they select verify ID through login.gov and go through the steps to verify their identity through the federal government system. If they are approved, we are sent an IA2 verification to the UI processing system to allow staff to match back to the claim to prove ID verification.

Finding Number:	**2023-032 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**97.050 – COVID 19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

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

2. The United States Postal Service project, implements in Arkansas March 2023, offers the claimant the same link as Login.gov, but grants the additional option to verify their identity at any US Post Office in the country. A barcode is created and must be taken with a valid government-issued ID (they are given examples) along with proof of current address to the post office in person. If they are approved, we are sent an IA2 verification to the UI processing system to allow staff to match back to the claim to prove ID verification.

Anticipated Completion Date: Corrective action was taken for the ALA staff recommendations

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

Finding Number:	**2023-033**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**93.600 – Head Start Cluster**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2022-045**.

Criteria:
The requirements for reporting are contained in Section 200.328 which states unless otherwise approved by OMB, the Federal awarding agency must solicit only the OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future, OMB approved, governmentwide data elements available from the OMB designated standards lead. This information must be collected with the frequency required by the terms and conditions of the federal award.

Condition and Context:
UAMS did not submit the annual Federal Financial Report (FFR) and the annual Real Property Status Report (SF-429) timely.

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

Questioned Costs:
$0

Cause:
UAMS' processes did not ensure reports were submitted timely.

Effect:
Effect not provided in the report received from other external auditor.

Recommendation:
We recommend that management design and implement internal controls that will ensure that all required reports are submitted timely.

*Federal Award Number(s) not provided in the report received from other external auditor.

Views of Responsible Officials and Planned Corrective Action:
Due to the prior year finding, management set a goal to ensure reporting deadlines are met by hiring an additional grants accounting staff member dedicated to monitor the head start program regulations and ensure reports are completed and filed timely. Grants accounting staff planned to utilize checklist functionality in the new financial system that will send required task notifications prior to reporting due dates to assist in meeting reporting deadlines. A new staff member was hired in July 2023. The responsibilities of the new staff member required several months of training and additional time to reconcile the head start accounts causing the January 30, 2023, report to be filed 3 days late. New processes have been implemented where the staff member assigned to the head start program meets weekly with the head start finance manager and director to discuss expenses allocated to the grants, assign tasks to be complete each week, and discuss reporting needs and deadlines.

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

Finding Number:	**2023-033 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**93.600 – Head Start Cluster**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action (Continued):
The new implemented processes have proven to assist in proper oversight and accurate financial management of the grants and allowed us to meet the last reporting deadline in November 2023.

Anticipated Completion Date: Implemented

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

State of Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
SNAP Cluster					
US Department of Agriculture					
Supplemental Nutrition Assistance Program	10.551			$ 497,798,790	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			47,373,428	$ 505,801
COVID-19: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			6,053,488	
Program Total				53,426,916	505,801
US Department of Agriculture Total				551,225,706	505,801
SNAP Cluster Total				551,225,706	505,801
Child Nutrition Cluster					
US Department of Agriculture					
School Breakfast Program	10.553			58,162,421	58,102,944
National School Lunch Program	10.555			212,410,690	188,216,705
Summer Food Service Program for Children	10.559			2,750,425	
Fresh Fruit and Vegetable Program	10.582			3,698,471	3,670,727
US Department of Agriculture Total				277,022,007	249,990,376
Child Nutrition Cluster Total				277,022,007	249,990,376
Food Distribution Cluster					
US Department of Agriculture					
Commodity Supplemental Food Program	10.565			4,213,471	682,608
Emergency Food Assistance Program (Administrative Costs)	10.568			1,689,871	1,473,162
COVID-19: Emergency Food Assistance Program (Administrative Costs)	10.568			385,928	385,928
Program Total				2,075,799	1,859,090
Emergency Food Assistance Program (Food Commodities)	10.569			13,474,364	
COVID-19: Emergency Food Assistance Program (Food Commodities)	10.569			41,487	
Program Total				13,515,851	
US Department of Agriculture Total				19,805,121	2,541,698
Food Distribution Cluster Total				19,805,121	2,541,698
Forest Service Schools and Roads Cluster					
US Department of Agriculture					
Schools and Roads - Grants to States	10.665			5,277,553	5,277,553
US Department of Agriculture Total				5,277,553	5,277,553
Forest Service Schools and Roads Cluster Total				5,277,553	5,277,553

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Economic Development Cluster					
US Department of Commerce					
Economic Adjustment Assistance	11.307			$ 2,355,120	
COVID-19: Economic Adjustment Assistance	11.307			1,451,868	
Program Total				3,806,988	
US Department of Commerce Total				3,806,988	
Economic Development Cluster Total				3,806,988	
CDBG – Entitlement Grants Cluster					
US Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants					
Pass-through from City of Fayetteville	14.218		B-20-MW-05-0001	469,078	
US Department of Housing and Urban Development Total				469,078	
CDBG – Entitlement Grants Cluster Total				469,078	
Fish and Wildlife Cluster					
US Department of the Interior					
Sport Fish Restoration	15.605			6,394,167	$ 16,763
Wildlife Restoration and Basic Hunter Education	15.611			14,574,656	558,100
Enhanced Hunter Education and Safety	15.626			77,909	
US Department of the Interior Total				21,046,732	574,863
Fish and Wildlife Cluster Total				21,046,732	574,863
Employment Service Cluster					
US Department of Labor					
Employment Service/Wagner-Peyser Funded Activities	17.207			7,980,047	
Jobs for Veterans State Grants	17.801			1,573,970	
US Department of Labor Total				9,554,017	
Employment Service Cluster Total				9,554,017	
WIOA Cluster					
US Department of Labor					
WIOA Adult Program	17.258			6,862,246	5,799,307
WIOA Youth Activities	17.259			5,549,555	5,179,583
WIOA Dislocated Worker Formula Grants	17.278			5,983,584	4,180,545
US Department of Labor Total				18,395,385	15,159,435
WIOA Cluster Total				18,395,385	15,159,435
FMCSA Cluster					
US Department of Transportation					
Motor Carrier Safety Assistance	20.218			8,568,174	
US Department of Transportation Total				8,568,174	
FMCSA Cluster Total				8,568,174	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Federal Transit Cluster					
US Department of Transportation					
Federal Transit Formula Grants	20.507			$ 2,882,427	
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526			3,392,456	$ 218,365
US Department of Transportation Total				6,274,883	218,365
Federal Transit Cluster Total				6,274,883	218,365
Transit Services Programs Cluster					
US Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			1,344,577	461,929
COVID-19: Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			203,753	
Program Total				1,548,330	461,929
US Department of Transportation Total				1,548,330	461,929
Transit Services Programs Cluster Total				1,548,330	461,929
Highway Safety Cluster					
US Department of Transportation					
State and Community Highway Safety	20.600			3,420,666	1,382,269
National Priority Safety Programs	20.616			5,417,615	1,744,854
US Department of Transportation Total				8,838,281	3,127,123
Highway Safety Cluster Total				8,838,281	3,127,123
Clean Water State Revolving Fund (CWSRF) Cluster					
Environmental Protection Agency					
Capitalization Grants for Clean Water State Revolving Funds	66.458			16,888,660	16,571,095
Environmental Protection Agency Total				16,888,660	16,571,095
Clean Water State Revolving Fund (CWSRF) Cluster Total				16,888,660	16,571,095
Drinking Water State Revolving Fund (DWSRF) Cluster					
Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Fund	66.468			3,955,359	283,374
Environmental Protection Agency Total				3,955,359	283,374
Drinking Water State Revolving Fund (DWSRF) Cluster Total				3,955,359	283,374
Special Education Cluster (IDEA)					
US Department of Education					
Special Education Grants to States	84.027			126,356,476	122,936,541
COVID-19: Special Education Grants to States	84.027			11,092,485	11,086,680
Program Total				137,448,961	134,023,221
Special Education Preschool Grants	84.173			5,680,424	5,669,604
COVID-19: Special Education Preschool Grants	84.173			418,819	418,819
Program Total				6,099,243	6,088,423
US Department of Education Total				143,548,204	140,111,644
Special Education Cluster (IDEA) Total				143,548,204	140,111,644

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
TRIO Cluster					
US Department of Education					
TRIO Student Support Services	84.042			$ 9,013,630	
TRIO Talent Search	84.044			4,998,819	
TRIO Upward Bound	84.047			7,647,827	
TRIO Educational Opportunity Centers	84.066			2,586,695	
TRIO McNair Post-Baccalaureate Achievement	84.217			510,337	
US Department of Education Total				24,757,308	
TRIO Cluster Total				24,757,308	
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			3,911,838	$ 3,323,374
COVID-19: Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044			1,367,919	
Program Total				5,279,757	3,323,374
Special Programs for the Aging Title III, Part C Nutrition Services	93.045			8,627,042	8,365,336
COVID-19: Special Programs for the Aging Title III, Part C Nutrition Services	93.045			1,332,079	942,383
Program Total				9,959,121	9,307,719
Nutrition Services Incentive Program	93.053			2,452,706	2,452,706
US Department of Health and Human Services Total				17,691,584	15,083,799
Aging Cluster Total				17,691,584	15,083,799
CCDF Cluster					
US Department of Health and Human Services					
Child Care Disaster Relief	93.489			448,875	
Child Care and Development Block Grant	93.575			264,991,607	
Pass-through from SRI International	93.575		90YE0222	6,814	
COVID-19: Child Care and Development Block Grant	93.575			3,797,916	
Program Total				268,796,337	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			63,306,161	
US Department of Health and Human Services Total				332,551,373	
CCDF Cluster Total				332,551,373	
Head Start Cluster					
US Department of Health and Human Services					
Head Start	93.600			12,408,560	984,834
US Department of Health and Human Services Total				12,408,560	984,834
Head Start Cluster Total				12,408,560	984,834

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Medicaid Cluster					
US Department of Health and Human Services					
State Medicaid Fraud Control Units	93.775			$ 2,717,771	
State Survey and Certification of Health Care Providers and Suppliers (Title XV III) Medicare	93.777			4,738,238	
Medical Assistance Program	93.778			7,566,876,879	
US Department of Health and Human Services Total				7,574,332,888	
Medicaid Cluster Total				7,574,332,888	
Disability Insurance/SSI Cluster					
Social Security Administration					
Social Security Disability Insurance	96.001			357,899	
Social Security Administration Total				357,899	
Disability Insurance/SSI Cluster Total				357,899	
Food for Peace Cluster					
Agency for International Development					
USAID Food for Peace Emergency Program (EP)	98.008			183,213	
Agency for International Development Total				183,213	
Food for Peace Cluster Total				183,213	
Research and Development Cluster					
US Department of Agriculture					
Agricultural Research Basic and Applied Research	10.001			2,743,295	$ 408,655
Pass-through from Arkansas Children's Hospital Research Institute	10.001		58-6026-7-001	11,968	
Pass-through from National Center for Appropriate Technology	10.001		LS21-345	15,131	
Program Total				2,770,394	408,655
Plant and Animal Disease, Pest Control, and Animal Care	10.025			807,768	
Wildlife Services	10.028			61,078	
Wetlands Reserve Program	10.072			2,010	
Transportation Services	10.167			22,122	
Specialty Crop Block Grant Program - Farm Bill	10.170			123,914	
Farmers Market and Local Food Promotion Program	10.175			235,858	
Meat and Poultry Interstate Shipment and Inspection Readiness Program (ISIRP)	10.180			(22)	
Grants for Agricultural Research, Special Research Grants					
Pass-through from University of Florida	10.200		N/A	1,750	
Pass-through from University of Florida	10.200		P12051.22-ARP01	5,798	
Pass-through from University of Florida	10.200		P13332.22-ARP03	6,853	
Pass-through from Mississippi State University	10.200		2018-38500-28888	271	
Program Total				14,672	
Cooperative Forestry Research	10.202			914,144	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			4,510,597	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205			2,348,941	
Animal Health and Disease Research	10.207			79,772	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
US Department of Agriculture (Continued)					
Small Business Innovation Research					
Pass-through from Applied Microwave Technology, Inc.	10.212		2019-33610-29821	$ (2,114)	
Pass-through from CelluDot, LLC	10.212		2022-33530-37408	30,460	
Pass-through from PittMoss, LLC	10.212		2022-33530-37073	21,602	
Pass-through from Micro-Tracers	10.212		2023-70439-39189	11,582	
Program Total				61,530	
Sustainable Agriculture Research and Education	10.215			(1,581)	
Pass-through from University of Georgia	10.215		2018-38640-28417	221,898	$ 39,684
Pass-through from University of Georgia	10.215		2019-38640-29878	1,413	
Pass-through from University of Georgia	10.215		20163864025382	(1,364)	
Program Total				220,366	39,684
1890 Institution Capacity Building Grants	10.216			431,917	74,981
Higher Education - Institution Challenge Grants Program	10.217			144,878	68,611
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250			31,179	
Consumer Data and Nutrition Research	10.253			931	
Agricultural and Food Policy Research Centers					
Pass-through from Board of Curators - University of Missouri	10.291		C00076773-2	6,761	
Pass-through from Board of Curators - University of Missouri	10.291		C00081150-2	50,602	
Program Total				57,363	
Organic Agriculture Research and Extension Initiative	10.307			121,876	23,125
Pass-through from North Carolina State University	10.307		2019-51300-30247	49,185	
Pass-through from University of Georgia	10.307		2018-51300-28434	35,926	
Pass-through from Texas A&M University - AgriLife Extension Service	10.307		M2203960	61,899	
Pass-through from University of Tennessee	10.307		A23-0246-S002	6,754	
Program Total				275,640	23,125
Specialty Crop Research Initiative	10.309			19,089	469
Pass-through from Regents - University of Minnesota	10.309		A010138709	9,309	
Pass-through from Texas A&M University - AgriLife Extension Service	10.309		2020-51181-32156	86,900	
Pass-through from Virginia Polytechnic Institute and State University	10.309		2018-51181-28384	12,838	
Pass-through from Mississippi State University	10.309		2020-51181-32143	14,859	
Program Total				142,995	469
Agriculture and Food Research Initiative (AFRI)	10.310			5,014,895	2,040,393
Pass-through from Cornell University	10.310		90875-20338	4,886	
Pass-through from Cornell University	10.310		2022-67024-37043	45,103	
Pass-through from University of Delaware	10.310		49553	7,219	
Pass-through from University of Tennessee	10.310		2021-67023-33819	31,096	
Pass-through from Virginia Polytechnic Institute and State University	10.310		2019-67023-29341	22,465	
Pass-through from North Carolina A&T State University	10.310		2020-67018-30847	(332)	
Pass-through from Board of Trustees - Michigan State University	10.310		2020-68012-31822	101,588	
Pass-through from Board of Trustees - Michigan State University	10.310		2015-68003-23415	220	
Pass-through from Board of Trustees - Michigan State University	10.310		2021-67021-33998	7,127	

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Research and Development Cluster (Continued)					
US Department of Agriculture (Continued)					
Agriculture and Food Research Initiative (AFRI) (Continued)					
Pass-through from California Polytechnic State University	10.310		2020-67017-31272	$ 15,927	
Pass-through from University of Connecticut	10.310		2020-69012-31823	19,886	
Pass-through from Central State University	10.310		2021-69012-35918	17,531	
Pass-through from Louisiana State University - Agricultural Center	10.310		PO-0000222571	24,492	
Pass-through from Texas A&M University	10.310		2019-68012-29818	67,171	
Pass-through from Delaware State University	10.310		2021-69006-33355	19,109	
COVID-19: Agriculture and Food Research Initiative (AFRI)	10.310			441,915	$ 213,988
Pass-through from Texas A&M University - AgriLife Extension Service	10.310		2020-68008-31461	13,284	
Pass-through from University of California - Davis	10.310		A22-1803-S001	34,511	
Program Total				5,888,093	2,254,381
Beginning Farmer and Rancher Development Program	10.311			(5,582)	
Pass-through from Appalachian State University	10.311		2020-49400-32401	74,069	
Program Total				68,487	
Sun Grant Program					
Pass-through from Prairie View A&M University	10.320		20193850230120	55,136	
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326			340,977	168,832
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328			170,266	79,169
Pass-through from University of Nebraska Lincoln	10.328		25-6331-0412-002	(126)	
Program Total				170,140	79,169
Crop Protection and Pest Management Competitive Grants program					
Pass-through from North Carolina State University	10.329		2022-2759-03	17,487	
Pass-through from Iowa State University	10.329		2021-70006-35316	71,542	
Pass-through from Iowa State University	10.329		026157A	28,281	
Pass-through from Kansas State University	10.329		A21-0255-S003	30,857	
Program Total				148,167	
Risk Management Education Partnerships	10.460			205,531	141,350
Cooperative Extension Service					
Pass-through from Regents - University of Minnesota	10.500		20187002728584	3,330	
Equipment Grants Program (EGP)	10.519			220,155	
New Beginnings for Tribal Students	10.527			91,478	
Pass-through from North Carolina State University	10.527		20207041132770	34,863	
Program Total				126,341	
School Nutrition Training Grant for Allied Professional Organizations					
Pass-through from School Nutrition Foundation	10.532		USDA-FNS-CN-ALLIED	800	
Forestry Research	10.652			6,262	
Cooperative Forestry Assistance	10.664			22,222	
Wood Utilization Assistance	10.674			72,367	
Partnership Agreements	10.699			12,615	
National Agricultural Library	10.700			84,900	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
US Department of Agriculture (Continued)					
Research Joint Venture and Cost Reimbursable Agreements	10.707			$ 37,814	
Rural Electrification Loans and Loan Guarantees	10.850			36,916	
Soil and Water Conservation	10.902			1,009,389	
Pass-through from Mississippi State University	10.902		1907.20.067326	6,011	
Program Total				1,015,400	
Environmental Quality Incentives Program	10.912			171,588	
Pass-through from Maus Farms	10.912		82369	6,793	
Pass-through from University of Texas - Rio Grande V alley	10.912		NR213A750013G034-01	12,203	
Program Total				190,584	
Regional Conservation Partnership Program					
Pass-through from American Bird Conservancy	10.932		21055-01	1,321	
Technical Agricultural Assistance	10.960			22,483	
US Department of Agriculture Total				21,988,088	$ 3,259,257
US Department of Commerce					
Statistical, Research, and Methodology Assistance	11.016			208,086	
Sea Grant Support					
Pass-through from Regents - University of Minnesota	11.417		D007941110	30,066	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program					
Pass-through from University of Wyoming	11.478		1004495-UA	91,385	
Measurement and Engineering Research and Standards	11.609			6,185	
Arrangements for Interdisciplinary Research Infrastructure	11.619			69,643	
Pass-through from RAPID Manufacturing Institute	11.619		2970576300-03	222,619	
Program Total				292,262	
US Department of Commerce Total				627,984	
US Department of Defense					
Issue of Department of Defense Excess Equipment	12.000			151,176	
Pass-through from Galois, Inc.	12.000		No 2021-002	78,472	
Pass-through from Northrop Grumman Corporation	12.000		FA8650-20-C-7017	137,784	
Program Total				367,432	
Basic and Applied Scientific Research	12.300			4,636,166	106,648
Pass-through from East Carolina University	12.300		N00014-21-1-2649	18,332	
Pass-through from Carnegie Mellon University	12.300		1141302-387586	135,875	
Pass-through from Carnegie Mellon University	12.300		1141346-449351 | N00014-21-1-2765	41,894	
Pass-through from Arizona State University	12.300		N00014-21-1-2121	117,019	
Program Total				4,949,286	106,648
Pest Management and Vector Control Research	12.355			77,153	

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Research and Development Cluster (Continued)					
US Department of Defense (Continued)					
Military Medical Research and Development	12.420			$ 3,312,054	$ 785,322
Pass-through from Radiance Technologies, Inc.	12.420		18S-1308	45,578	
Pass-through from University of Pittsburgh	12.420		W81XWH2010745	72,006	
Pass-through from University of California - San Diego	12.420		W81XWH1810253	106,377	
Pass-through from University of Alabama - Birmingham	12.420		W81XWH1590001	8,132	
Program Total				3,544,147	785,322
Basic Scientific Research	12.431			2,124,901	
Pass-through from Ohio State University	12.431		SPC-1000007045 | GR129055	11,048	
Pass-through from University of Maryland	12.431		W911NF2210048	75,878	
Pass-through from Regents - University of California - Berkeley	12.431		W911NF2120162	147,850	
Pass-through from University of Notre Dame	12.431		203409UALR	4,456	
Pass-through from Creighton University	12.431		Al-Khateeb-UALR-01	5,422	
Program Total				2,369,555	
Basic, Applied, and Advanced Research in Science and Engineering	12.630			231,643	52,068
Air Force Defense Research Sciences Program	12.800			1,850,945	836,227
Pass-through from MacAulay-Brown, Inc.	12.800		FA650-18-D-1060	96,783	
Program Total				1,947,728	836,227
Information Security Grant Program	12.902			53,498	
CyberSecurity Core Curriculum	12.905			137,106	
Pass-through from University of Louisville Research Foundation, Inc.	12.905		ULRF_20-1034-01	173,866	
Program Total				310,972	
Research and Technology Development	12.910			73,668	10,045
US Department of Defense Total				13,925,082	1,790,310
US Department of the Interior					
Fish and Wildlife Management Assistance	15.608			104,970	
Pass-through from Nature Conservancy	15.608		2023-A108761-A	15,805	
Program Total				120,775	
Wildlife Restoration and Basic Hunter Education	15.611			99,766	
Cooperative Endangered Species Conservation Fund	15.615			22,461	
State Wildlife Grants	15.634			209,711	
Pass-through from University of Illinois - Urbana-Champaign	15.634		F21AF03626	17,601	
Pass-through from Oklahoma Department of Wildlife Conservation	15.634		F19AF00904 (T-115-R-1)	18,705	
Program Total				246,017	
National Wildlife Refuge System Enhancements	15.654			8,174	
Fish and Wildlife Coordination and Assistance	15.664			9,396	
Youth Engagement, Education, and Employment	15.676			65,673	
Cooperative Ecosystems Studies Units	15.678			447	
Assistance to State Water Resources Research Institutes	15.805			62,011	

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Research and Development Cluster (Continued)					
US Department of the Interior (Continued)					
National Water Resources Research Program	15.806			$ 4,895	
U.S. Geological Survey - Research and Data Acquisition	15.808			154,166	$ 5,534
Pass-through from University of North Texas	15.808		G21AC10729	9,204	
Program Total				163,370	5,534
Cooperative Research Units	15.812			235,699	20,000
Outdoor Recreation Acquisition, Development and Planning	15.916			24,122	
Native American Graves Protection and Repatriation Act	15.922			16,403	
Preservation of Japanese American Confinement Sites	15.933			21,640	
Challenge Cost Share	15.943			11,212	
Cooperative Research and Training Programs Resources of the National Park System	15.945			77,676	6,587
US Department of the Interior Total				1,189,737	32,121
US Department of Justice					
Juvenile Justice and Delinquency Prevention Allocation to States	16.540			83,840	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			393,503	75,767
Crime Victim Assistance/Discretionary Grants	16.582			49,730	
Drug Court Discretionary Grant Program					
Pass-through from American University	16.585		31725-A220153-S01	26,148	
Pass-through from Washington County Veteran's Treatment Court	16.585		2020-VC-BX-0049	212,039	76,637
Program Total				238,187	76,637
Violence Against Women Formula Grants	16.588			233,310	
Edward Byrne Memorial Justice Assistance Grant Program					
Pass-through from University of Tennessee - Chattanooga	16.738		2020-DG-BX-0008	32,248	
Pass-through from City of Little Rock	16.738		21135	1,114	
Program Total				33,362	
Byrne Criminal Justice Innovation Program					
Pass-through from City of Little Rock	16.817		G15DF213SA	8,457	
STOP School Violence	16.839			239,188	61,000
US Department of Justice Total				1,279,577	213,404
US Department of State					
Public Diplomacy Programs	19.040			24,986	
AEECA/ESF PD Programs					
Pass-through from American Councils for International Education	19.900		SKZ10022CA0027	9,688	
US Department of State Total				34,674	

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Research and Development Cluster (Continued)					
US Department of Transportation					
Miscellaneous US Department of Transportation Programs	20.RD	692M15-20-C-00010		$ 102,531	$ 54,492
Highway Research and Development Program	20.200			81,853	32,348
Pass-through from National Cooperative Highway Research Program	20.200		HR 12-124	53,561	
Program Total				135,414	32,348
Highway Planning and Construction	20.205			21,387	
Railroad Safety	20.301			84,518	26,895
State and Community Highway Safety	20.600			499,784	
University Transportation Centers Program	20.701			2,040,680	1,445,888
Pass-through from Louisiana State University	20.701		21GTASU01	20,336	
Pass-through from Louisiana State University	20.701		21GTASU02	10,388	
Pass-through from Louisiana State University	20.701		21BASU03	27,632	
Pass-through from Louisiana State University	20.701		PO-0000028687	52,146	
Program Total				2,151,182	1,445,888
US Department of Transportation Total				2,994,816	1,559,623
US Department of the Treasury					
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027			343	
US Department of the Treasury Total				343	
National Aeronautics and Space Administration					
Science	43.001			573,446	47,356
Pass-through from University of North Texas	43.001		GF70128-1	20,518	
Pass-through from Smithsonian Astrophysical Observatory	43.001		NAS8-03060	25,490	
Pass-through from Smithsonian Astrophysical Observatory	43.001		GO0-2J076A	40,163	
Pass-through from Universities Space Research Association	43.001		80NSSC17K0742	3,496	
Pass-through from Catholic University of America	43.001		80NSSC21M0180	23,923	
Program Total				687,036	47,356
Exploration	43.003			88,106	57,091
Pass-through from Louisiana State University	43.003		80NSSC21K0544	318,866	
Pass-through from Baylor University - College of Medicine	43.003		NNX16A069A	67,712	
Program Total				474,684	57,091
Office of STEM Engagement (OSTEM)	43.008			1,423,343	74,413
Pass-through from Arkansas Space Grant Consortium	43.008		242040-22UAF	2,026	
Pass-through from Arkansas Space Grant Consortium	43.008		242043-23UAF.Ware	2,408	
Pass-through from Arkansas Space Grant Consortium	43.008		242043-23UAF.Hu	2,446	
Pass-through from Arkansas Space Grant Consortium	43.008		242043-23UAF.MHuang	3,373	
Pass-through from Arkansas Space Grant Consortium	43.008		242043-23UAF.Song	7,736	
Pass-through from Arkansas Space Grant Consortium	43.008		242043-23UAF.Selvam	9,074	
Pass-through from Arkansas Space Grant Consortium	43.008		242044-22UAF	18,949	
Pass-through from Arkansas Space Grant Consortium	43.008		80NSSC21M0141	88,501	

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Research and Development Cluster (Continued)					
National Aeronautics and Space Administration (Continued)					
Office of STEM Engagement (OSTEM) (Continued)					
Pass-through from Arkansas Space Grant Consortium	43.008		N/A	$ (500)	
Pass-through from Arkansas Space Grant Consortium	43.008		80NSSC21M0323	130,901	
Pass-through from Arkansas Space Grant Consortium	43.008		SPOCS-ASU	7,788	
Program Total				1,696,045	$ 74,413
National Aeronautics and Space Administration Total				2,857,765	178,860
National Endowment for the Arts					
Promotion of the Arts Grants to Organizations and Individuals	45.024			19,288	
Promotion of the Arts Partnership Agreements	45.025			5,789	
National Endowment for the Arts Total				25,077	
National Endowment for the Humanities					
Promotion of the Humanities Federal/State Partnership					
Pass-through from Arkansas Humanities Council	45.129		Mini22-005	1,750	
Pass-through from Arkansas Humanities Council	45.129		AHC-22-11	2,180	
Pass-through from Arkansas Humanities Council	45.129		SL 4656	3,000	
Pass-through from Arkansas Humanities Council	45.129		004287-00001A	13,056	
Program Total				19,986	
Promotion of the Humanities Division of Preservation and Access	45.149			129,155	
Promotion of the Humanities Public Programs	45.164			361	
Promotion of the Humanities Office of Digital Humanities	45.169			47,240	
National Endowment for the Humanities Total				196,742	
National Science Foundation					
Engineering	47.041			4,790,537	174,870
Pass-through from University of Illinois - Urbana-Champaign	47.041		073708-16521 REU	5,123	
Pass-through from University of Illinois - Urbana-Champaign	47.041		1449548	867,992	
Pass-through from University of Illinois - Urbana-Champaign	47.041		088653-17019 REU	19,530	
Pass-through from University of Illinois - Urbana-Champaign	47.041		073708-16496	42,119	
Pass-through from West Virginia University	47.041		22-349-UARK	735	
Pass-through from Nanomatronix, LLC	47.041		2014280-UA1	13,743	
Pass-through from SIEV Technologies, LLC	47.041		2111756	18,767	
Pass-through from Ambots	47.041		2112009	22,482	
Pass-through from SolaRid AR, LLC	47.041		2015057	1,826	
Program Total				5,782,854	174,870
Mathematical and Physical Sciences	47.049			1,333,182	202,358
Pass-through from Baylor University	47.049		1903450	9,211	
Pass-through from Montana State University	47.049		1906383	3,650,677	
Program Total				4,993,070	202,358
Astronomical, Atmospheric, Earth and Ocean Sciences	47.050			938,620	9,605

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Research and Development Cluster (Continued)					
National Science Foundation (Continued)					
Computer and Information Science and Engineering	47.070			$ 1,352,902	$ 173,432
Pass-through from University of Texas - Dallas	47.070		2109731	17,565	
Program Total				1,370,467	173,432
Biological Sciences	47.074			3,316,063	549,266
Pass-through from University of California - Los Angeles	47.074		1951244	8,042	
Program Total				3,324,105	549,266
Social, Behavioral, and Economic Sciences	47.075			748,592	87,777
Pass-through from John F. Kennedy School of Government - Harvard University	47.075		SES-2049784	4,159	
Pass-through from Jackson State University	47.075		1649960	27,765	
Program Total				780,516	87,777
Education and Human Resources	47.076			3,071,990	134,731
Pass-through from University of Nebraska Lincoln	47.076		25-6321-0333-003-1	1,833	
Pass-through from University of Nebraska Lincoln	47.076		25-6321-0333-004	2,326	
Pass-through from Santa Clara University	47.076		NSF123-04	9,848	
Pass-through from Southern Illinois University - Edwardsville	47.076		1937392	67,509	
Pass-through from Chapman University	47.076		500839-Sub03	5,820	
Program Total				3,159,326	134,731
Office of International Science and Engineering	47.079			14,109	1,499
Integrative Activities	47.083			5,595,522	677,075
Pass-through from West Virginia University	47.083		19-473-UA	79,149	
Pass-through from West Virginia University	47.083		19-473-UALR	53,695	
Pass-through from West Virginia University	47.083		1920920	43,832	
Pass-through from University of Nebraska Lincoln	47.083		25-6222-0852-002	5,374	
Pass-through from University of Hawaii	47.083		2104126	19,948	
Pass-through from University of South Alabama	47.083		A22-0160-S002	147,809	
Pass-through from North Dakota State University	47.083		2119691	392,369	
Pass-through from Louisiana Tech University	47.083		2217824	28,820	
Pass-through from University of Nebraska	47.083		25-6238-0980-003	172,145	
Program Total				6,538,663	677,075
NSF Technology, Innovation and Partnerships	47.084			674,401	
Pass-through from University of Maryland - Baltimore County	47.084		NSF00143-02	12,161	
Pass-through from CelluDot, LLC	47.084		2051607	3,514	
Program Total				690,076	
National Science Foundation Total				27,591,806	2,010,613
Small Business Administration					
Small Business Development Centers	59.037			16,119	
State Trade Expansion	59.061			104,237	
Small Business Administration Total				120,356	

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Research and Development Cluster (Continued)					
US Department of Veterans Affairs					
Research and Development					
Pass-through from Geriatric Research Education and Clinical Center	64.054		N/A	$ 8,755	
US Department of Veterans Affairs Total				8,755	
Environmental Protection Agency					
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			97,278	
Nonpoint Source Implementation Grants	66.460			347,067	
Pass-through from Nature Conservancy	66.460		2023-A108392-A	29,793	
Program Total				376,860	
Environmental Protection Agency Total				474,138	
US Department of Energy					
Miscellaneous US Department of Energy Programs					
Pass-through from Oak Ridge National Laboratory	81.RD	DE-AC05-00OR22725		48,424	
Pass-through from Sandia National Laboratories	81.RD	P.O. 2177972		648,230	
Program Total				696,654	
Cybersecurity, Energy Security & Emergency Response (CESER)	81.008			632,386	$ 157,204
Pass-through from Board of Trustees - University of Illinois	81.008		19188	31,865	
Program Total				664,251	157,204
Office of Science Financial Assistance Program	81.049			1,636,941	548,059
Pass-through from Murray State University	81.049		DE-SC0022228	42,411	
Pass-through from CorePower Magnetics, Inc.	81.049		DE-SC0022783-01	91,796	
Pass-through from University of California - Irvine	81.049		4600051753	9,698	
Pass-through from Quasar Energy Group	81.049		DOE DE-SC0022382	48,994	
Program Total				1,829,840	548,059
Conservation Research and Development	81.086			339,887	226,725
Pass-through from North Carolina State University	81.086		2014-0654-84	13,609	
Pass-through from Power America Institute	81.086		DE-EE0006521	178,529	
Program Total				532,025	226,725
Renewable Energy Research and Development	81.087			1,466,171	1,130,252
Fossil Energy Research and Development					
Pass-through from Siemens Corporation	81.089		DE-FE0026348	24,198	
Electricity Research, Development and Analysis	81.122			292,448	
Pass-through from NextWatt, LLC	81.122		DE-OE0000919	114,874	
Program Total				407,322	
Advanced Research and Projects Agency-Energy	81.135			243,122	463
US Department of Energy Total				5,863,583	2,062,703

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Research and Development Cluster (Continued)					
US Department of Education					
Special Education Grants to States	84.027			$ 541,844	
TRIO Upward Bound	84.047			138,208	
Rehabilitation Long-Term Training	84.129			205,729	
Graduate Assistance in Areas of National Need	84.200			227,205	
Education Research, Development and Dissemination	84.305			22,054	
Pass-through from University of Alabama - Tuscaloosa	84.305		R305A210428	33,941	
Program Total				55,995	
English Language Acquisition State Grants	84.365			460,916	
US Department of Education Total				1,629,897	
US Department of Health and Human Services					
Miscellaneous US Department of Health and Human Services Programs	93.RD	S1929		89	
Pass-through from Arkansas Research Alliance	93.RD	HHSF2232016111C		370,970	
Pass-through from Leidos Biomedical Research, Inc.	93.RD	HHSN261200800001E		199,761	
Pass-through from Leidos Biomedical Research, Inc.	93.RD	75N91019D00024		1,221,917	$ 58,146
Pass-through from NRG Oncology Foundation	93.RD	206889		2,043	
Pass-through from NRG Oncology Foundation	93.RD	NRG-GY019		14	
Pass-through from Intervexion Therapeutics, LLC	93.RD	M200C-2101		9,931	
Pass-through from ContraFect Corporation	93.RD	75A5012100021		19,396	
Program Total				1,824,121	58,146
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048			152,351	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			1,000,308	43,783
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077			125,362	
Pass-through from Virginia Commonwealth University	93.077		U54DA036105	89,476	
Pass-through from Virginia Commonwealth University	93.077		R01DA050996	18,225	
Program Total				233,063	
Maternal and Child Health Federal Consolidated Programs	93.110			202,920	
Environmental Health	93.113			386,723	16,420
Oral Diseases and Disorders Research	93.121			192,375	
Pass-through from University of Florida	93.121		SUB00003475	15,650	
Program Total				208,025	
Injury Prevention and Control Research and State and Community Based Programs	93.136			336,172	
NIEHS Superfund Hazardous Substances Basic Research and Education					
Pass-through from University of New Mexico	93.143		P42ES025589	17,497	
Rural Health Research Centers	93.155			1,164,204	117,436
Human Genome Research	93.172			1,238	
Research Related to Deafness and Communication Disorders	93.173			848,579	173,442
Research and Training in Complementary and Integrative Health					
Pass-through from University of Mississippi Medical Center	93.213		R21AT011107	17,782	

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Research and Development Cluster (Continued)					
US Department of Health and Human Services (Continued)					
Research on Healthcare Costs, Quality and Outcomes	93.226			$ 82,511	$ 42,352
Pass-through from Kaiser Permanente Washington Health Research Institute	93.226		R01HS027790	85,309	
Program Total				167,820	42,352
National Center on Sleep Disorders Research	93.233			190,240	
Mental Health Research Grants					
Pass-through from Guiding Technologies	93.242		1R43MH130298-01-UAF01	17,011	
Pass-through from University of Washington	93.242		UF1MH121942	15,299	
Pass-through from University of Rochester	93.242		R01MH119264	29,343	
Program Total				61,653	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			628,710	10,082
Pass-through from Sebastian County Veterans Drug Treatment Court	93.243		TAA2108138	43,252	12,163
Program Total				671,962	22,245
Occupational Safety and Health Program	93.262			31,564	
Pass-through from University of Texas Health Science Center - Tyler	93.262		U54OH007541	5,318	
Program Total				36,882	
Alcohol Research Programs	93.273			1,494,581	616,477
Pass-through from University of Massachusetts Medical School	93.273		R01AA028240	17,296	
Program Total				1,511,877	616,477
Drug Abuse and Addiction Research Programs	93.279			1,808,591	9,731
Pass-through from University of Texas - Dallas	93.279		UG1DA020024	34,337	
Pass-through from University of California - Los Angeles	93.279		R01DA047386	6,981	
Pass-through from Arkansas Children's Hospital Research Institute	93.279		U01FA055352	433,923	
Pass-through from Intervexion Therapeutics, LLC	93.279		U01DA056240	119,333	
Pass-through from Intervexion Therapeutics, LLC	93.279		U01DA051078	191,241	
Pass-through from Intervexion Therapeutics, LLC	93.279		U01DA053043	113,892	
Pass-through from Intervexion Therapeutics, LLC	93.279		U01DA055481	114,002	
Pass-through from NYU Grossman School of Medicine	93.279		UH3CA261067	340	
Pass-through from Wake Forest University	93.279		R21DA053393	13,616	
Pass-through from Wake Forest University	93.279		7R01DA048948-04	11,661	
Pass-through from University of Texas Southwestern Medical Center - Dallas	93.279		UG1DA020024	152,374	
Pass-through from Miriam Hospital	93.279		R25DA037190	2,251	
Pass-through from New York University	93.279		UG1DA013035	594,926	
Pass-through from University of Cincinnati	93.279		UG1DA013732	47,469	
Pass-through from Yale University	93.279		RM1DA055310	118,074	
Pass-through from University of Kentucky Research Foundation	93.279		R01DA053324	85,745	
Program Total				3,848,756	9,731

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Research and Development Cluster (Continued)					
US Department of Health and Human Services (Continued)					
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			$ 2,118,893	$ 96,057
Pass-through from New Mexico State University	93.286		R21EB030654	12,000	
Pass-through from Rensselaer Polytechnic Institute	93.286		2R01EB005807-09A1 Sub A20-138-S002	93,258	93,258
Pass-through from Rensselaer Polytechnic Institute	93.286		5R01EB025241-02 Sub A18-135-S001	40,666	40,666
Program Total				2,264,817	229,981
Loan Repayment for Health Disparities Research	93.307			5,217,123	481,153
Pass-through from University of New Mexico	93.307		P50MD015706	19,715	
Pass-through from University of North Carolina	93.307		R01MD016992	86,667	
Program Total				5,323,505	481,153
Trans-NIH Research Support	93.310			11,157,337	3,037,743
Pass-through from Duke University	93.310		U2COD023375	521,940	
Pass-through from University of New Mexico	93.310		UH3OD023344	21,366	
Pass-through from University of Chicago	93.310		3UG1DA050066	34,615	22,648
Pass-through from University of Chicago	93.310		U01MD017414	167,164	60,280
Pass-through from Washington State University	93.310		R01MD016526	220,797	
Program Total				12,123,219	3,120,671
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319			111,211	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			251,934	
National Center for Advancing Translational Sciences					
Pass-through from Duke University	93.350		TL1TR003109	1,520	
Research Infrastructure Programs	93.351			256,262	
Nursing Research	93.361			683,274	
Pass-through from FaceView Mask, LLC	93.361		R42NR017124	144,383	
Pass-through from Southcentral Foundation	93.361		R01NR020491	27,131	
Program Total				854,788	
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391			621,930	
Cancer Cause and Prevention Research	93.393			674,591	103,828
Pass-through from Regents - University of Minnesota	93.393		P01CA138338	11,305	
Pass-through from Regents - University of California - Berkeley	93.393		P01CA092584	57,608	
Pass-through from University of Houston	93.393		R-23-0030	443	
Program Total				743,947	103,828
Cancer Detection and Diagnosis Research	93.394			2,229,426	728,712
Pass-through from Fred Hutchinson Cancer Research Center	93.394		U01CA214114	17,819	
Pass-through from Cytoastra, LLC	93.394		R41CA247027	802	
Program Total				2,248,047	728,712

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Research and Development Cluster (Continued)					
US Department of Health and Human Services (Continued)					
Cancer Treatment Research	93.395			$ 1,701,965	$ 72,882
Pass-through from NRG Oncology Foundation	93.395		U10CA180868	14,390	
Pass-through from Icahn School of Medicine at Mount Sinai	93.395		UM1CA121947	21,866	
Pass-through from University of California - San Francisco	93.395		R01CA249282	237,960	
Program Total				1,976,181	72,882
Cancer Biology Research	93.396			715,547	
Pass-through from Wake Forest University	93.396		R01CA248037	28,506	
Pass-through from Mayo Clinic	93.396		R01CA271486	77,250	
Program Total				821,303	
Cancer Centers Support					
Pass-through from Vanderbilt University	93.397		UNIV61645	27,662	
Pass-through from Roswell Park Comprehensive Cancer Center	93.397		5P30CA016056	88,771	
Program Total				116,433	
Cancer Research Manpower	93.398			581,904	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research					
Pass-through from Memorial Hermann Health System	93.433		90DPAD0010	24,082	
Pass-through from Pennsylvania State University	93.433		90REGE0014-01-00	35,680	
Program Total				59,762	
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498			8,588	
Temporary Assistance for Needy Families	93.558			34,785	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			276,372	
Developmental Disabilities Basic Support and Advocacy Grants	93.630			8,600	
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632			14,189	
Opioid STR	93.788			607,840	
Pass-through from University of Texas - Austin - Center for Social Work Research	93.788		1H79TI080203 Sub UTA17-000811	9,208	
Program Total				617,048	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829			240,804	51,566
Pass-through from American University	93.829		A22-0026-34297-S01	208,001	
Pass-through from Western Arkansas Counseling and Guidance Center	93.829		TAA2108137	86,279	
Program Total				535,084	51,566
Cardiovascular Diseases Research	93.837			1,554,227	7,464
Pass-through from Rutgers University	93.837		R01HL127661	132,827	
Program Total				1,687,054	7,464

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Research and Development Cluster (Continued)					
US Department of Health and Human Services (Continued)					
Lung Diseases Research					
Pass-through from WESTAT, Inc.	93.838		OT2HL158287	$ 1,817,064	$ 453,490
Blood Diseases and Resources Research	93.839			504,455	6,571
Pass-through from University of Kentucky Research Foundation	93.839		R35HL150818	25,591	
Pass-through from University of Pennsylvania	93.839		P01HL146373	25,198	
Program Total				555,244	6,571
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders					
Pass-through from Johns Hopkins University	93.840		R01HL146785	49,210	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			1,332,275	39,403
Pass-through from Johns Hopkins University	93.846		UH3AR077360	8,981	
Pass-through from Indiana University	93.846		R01AR080116	21,902	
Pass-through from Northeastern University	93.846		R01AR075121	88,759	
Pass-through from Kitware, Inc.	93.846		4R44AR075481-002 Sub K002704-00	87,469	57,295
Program Total				1,539,386	96,698
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			2,035,798	3,276
Pass-through from Oregon Health & Science University	93.847		U01DK116743	11,884	
Pass-through from Acetaminophen Toxicity Diagnostics, LLC	93.847		SB1DK079387	36,045	
Pass-through from Arkana Laboratories	93.847		R44DK130702	109,361	
Pass-through from Drexel University	93.847		R01DK125641	23,218	
Program Total				2,216,306	3,276
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			542,888	
Pass-through from Emory University	93.853		R01NS088748	32,719	
Program Total				575,607	
Allergy and Infectious Diseases Research	93.855			3,969,875	752,292
Pass-through from Regents - University of Minnesota	93.855		U19AI171954	162,965	
Pass-through from University of California - San Diego	93.855		124519281	62,093	
Pass-through from University of North Carolina	93.855		R01AI169462	8,174	
Pass-through from University of North Carolina	93.855		R01AI161841	125,775	
Pass-through from Washington State University	93.855		R01AI158372	20,005	
Pass-through from Indiana University	93.855		R01AI110637	31,318	
Pass-through from University of Vermont - State Agricultural College	93.855		R01AI158372	8,332	
Pass-through from Columbia University	93.855		U19AI067773	177,255	
Program Total				4,565,792	752,292

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)					
US Department of Health and Human Services (Continued)					
Pharmacology, Physiology	93.859			$ 17,626,444	$ 1,006,779
Pass-through from Ball State University	93.859		R15GM116032	11,197	
Pass-through from Arkansas Children's Hospital Research Institute	93.859		P20GM109096	59,329	
Pass-through from Arkansas Children's Hospital Research Institute	93.859		P20GM121293	392,977	
Pass-through from University of Washington	93.859		R01GM140635	215,333	
Pass-through from University of North Carolina - Charlotte	93.859		R01GM123251	17,604	
Pass-through from Oklahoma Medical Research Foundation	93.859		R01GM141040	211,662	
Program Total				18,534,546	1,006,779
Child Health and Human Development Extramural Research	93.865			958,292	
Pass-through from Regents - University of Minnesota	93.865		R01HD103634	20,516	
Pass-through from Gaia Medical Institute	93.865		R44HD097039	74,139	
Pass-through from Health Research, Inc.	93.865		R01HD090180	17,894	
Program Total				1,070,841	
Aging Research	93.866			2,086,327	48,843
Pass-through from Neurotrack Technologies, Inc.	93.866		R44AG063672	382,881	
Pass-through from Duke University	93.866		U19AG065188	32,864	
Pass-through from Duke University	93.866		5U19AG063744-03	29,810	
Pass-through from Johns Hopkins University	93.866		R01AG052510	3,704	
Pass-through from University of California - San Francisco	93.866		R24AG065175	27,610	
Pass-through from Oregon Health & Science University	93.866		R01AG058545	37,953	
Pass-through from University of Toledo - Health Science Campus	93.866		R01AG071332	20,212	
Program Total				2,621,361	48,843
Vision Research	93.867			242,185	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912			132,711	
HIV Prevention Activities Health Department Based	93.940			187,124	
Block Grants for Community Mental Health Services					
Pass-through from Western Arkansas Counseling and Guidance Center	93.958		H79SM085786	133,813	13,408
US Department of Health and Human Services Total				78,661,846	8,277,646
Department of Homeland Security					
State and Local Homeland Security National Training Program					
Pass-through from University of Texas - San Antonio	97.005		EMW-2019-CA-00043-A03	305,961	
Department of Homeland Security Total				305,961	
Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001			93,412	
Agency for International Development Total				93,412	
Research and Development Cluster Total				159,869,639	19,384,537
Student Financial Assistance Cluster					
US Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007			5,443,808	
Federal Work-Study Program	84.033			5,399,686	

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Student Financial Assistance Cluster (Continued)					
US Department of Education (Continued)					
Federal Perkins Loan Program Federal Capital Contributions	84.038			$ 1,512,333	
Federal Pell Grant Program	84.063			215,399,911	
Federal Direct Student Loans	84.268			477,138,537	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			517,213	
US Department of Education Total				705,411,488	
US Department of Health and Human Services					
Nurse Faculty Loan Program (NFLP)	93.264			48,192	
Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students	93.342			2,949,737	
Nursing Student Loans	93.364			69,896	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			568,445	
US Department of Health and Human Services Total				3,636,270	
Student Financial Assistance Cluster Total				709,047,758	
US Department of Agriculture					
Agricultural Research Basic and Applied Research	10.001			156,852	
Plant and Animal Disease, Pest Control, and Animal Care	10.025			1,253,161	
Wildlife Services	10.028			371,276	
Conservation Reserve Program					
Pass-through from Board of Trustees - Michigan State University	10.069		FBC21CPT0011802	6,368	
Pass-through from National Fish and Wildlife Foundation	10.069		0801.17.060806	17,551	
Program Total				23,919	
Wetlands Reserve Program	10.072			31,260	$ 9,722
Voluntary Public Access and Habitat Incentive Program	10.093			547,330	
Outreach Education and Technical Assistance	10.147			454,908	364,052
Specialty Crop Block Grant Program - Farm Bill	10.170			253,098	48,250
Organic Certification Cost Share Programs	10.171			1,962	1,962
Local Food Promotion Program	10.172			41,795	
Food Bank Network	10.182			230,598	
Local Food for Schools Cooperative Agreement Program	10.185			598,657	
Grants for Agricultural Research, Special Research Grants	10.200			3,285	
Higher Education Graduate Fellowships Grant Program	10.210			4,651	
Small Business Innovation Research					
Pass-through from Stratacor, Inc.	10.212		2021-33610-35483	40,863	
Sustainable Agriculture Research and Education					
Pass-through from University of Georgia	10.215		2018-38640-28417	586	
Pass-through from University of Georgia	10.215		2019-38640-29878	5,334	
Pass-through from University of Georgia	10.215		2020-38640-31521	42,263	
Pass-through from University of Georgia	10.215		2021-38640-34724	60,453	
Program Total				108,636	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Agriculture (Continued)					
1890 Institution Capacity Building Grants	10.216			$ 121,907	$ 24,000
Higher Education - Institution Challenge Grants Program	10.217			84,867	
Extension Collaborative on Immunization Teaching & Engagement					
Pass-through from Extension Foundation	10.229		2021-77041-34831	91,488	
Pass-through from 1890 Universities Foundation	10.229		2021-77041-34831	18,719	
Program Total				110,207	
Agricultural and Food Policy Research Centers					
Pass-through from Board of Curators - University of Missouri	10.291		58011121009	30,575	
Agricultural and Food Policy Research Centers					
Pass-through from University of Florida	10.304		UFDSP00011544	973	
Pass-through from University of Florida	10.304		2021-37621-35791	13,032	
Pass-through from University of Florida	10.304		2022-37621-38263	25,637	
Program Total				39,642	
Specialty Crop Research Initiative					
Pass-through from Virginia Polytechnic Institute and State University	10.309		422652-19D21	55,259	
Agriculture and Food Research Initiative (AFRI)	10.310			108,890	35,928
Pass-through from University of Florida	10.310		12020-67037-31555	16,649	
Pass-through from University of Wisconsin System	10.310		2021-68012-35917	29,004	
Program Total				154,543	35,928
Beginning Farmer and Rancher Development Program	10.311			276,188	107,242
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program					
Pass-through from University of Florida	10.328		2018-70020-28930	1,380	
Pass-through from University of Florida	10.328		2021-70020-35740	5,664	
Program Total				7,044	
Crop Protection and Pest Management Competitive Grants program	10.329			399,526	69,953
Pass-through from Louisiana State University	10.329		2021-70006-35320	24,585	
Pass-through from Louisiana State University	10.329		2022-70006-37985	36,763	
Program Total				460,874	69,953
Rural Rental Housing Loans	10.415			3,381,943	
State Mediation Grants	10.435			60,715	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443			120,205	18,862
Risk Management Education Partnerships	10.460			169,587	
Cooperative Extension Service	10.500			5,611,762	1,033,179
Pass-through from Kansas State University	10.500		2018-48661-28954	11	
Program Total				5,611,773	1,033,179
Smith-Lever Funding (Various Programs)	10.511			3,833,497	

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US Department of Agriculture (Continued)					
Agriculture Extension at 1890 Land-grant Institutions	10.512			$ 1,944,291	$ 30,300
Expanded Food and Nutrition Education Program	10.514			1,305,258	
Renewable Resources Extension Act and National Focus Fund Projects	10.515			96,931	
Rural Health and Safety Education Competitive Grants Program	10.516			39,208	
Agriculture Risk Management Education Partnerships Competitive Grants Program	10.520			22,109	
Centers of Excellence at 1890 Institutions					
Pass-through from North Carolina A&T State University	10.523		2021-38427-34837	12,426	
Pass-through from North Carolina A&T State University	10.523		2020-38427-31516	37,323	
Pass-through from 1890 Universities Foundation	10.523		FY21-CSFRPES-UAPB-Thrust1	24,569	
Pass-through from University of Maryland - Eastern Shore	10.523		2020-38427-31514	28,059	
Pass-through from University of Maryland - Eastern Shore	10.523		2021-38427-34838	3,418	
Program Total				105,795	
Scholarships for Students at 1890 Institutions	10.524			303,097	
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525			198,132	121,394
Pass-through from University of Tennessee	10.525		2020-70028-32730	62,591	
Program Total				260,723	121,394
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537			687,130	
Child Nutrition-Technology Innovation Grant	10.541			543,000	
Pandemic EBT Food Benefits	10.542			164,604,528	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			63,223,067	
Child and Adult Care Food Program	10.558			59,795,361	
State Administrative Expenses for Child Nutrition	10.560			5,152,625	
WIC Farmers' Market Nutrition Program (FMNP)	10.572			60,300	
Team Nutrition Grants	10.574			451	
Farm to School Grant Program	10.575			686	
Senior Farmers Market Nutrition Program	10.576			83,226	54,065
SNAP Partnership Grant	10.577			1,464,979	
Child Nutrition Discretionary Grants Limited Availability	10.579			47,319	47,319
Pandemic EBT Administrative Costs	10.649			5,270,175	
Forestry Research	10.652			399,904	
Cooperative Forestry Assistance	10.664			2,459,445	
Forest Legacy Program	10.676			2,652,678	
Forest Stewardship Program	10.678			359,237	
Forest Health Protection	10.680			278,893	
Good Neighbor Authority	10.691			76,938	
Technical Assistance and Training Grants					
Pass-through from Communities Unlimited, Inc.	10.761		000C24003G177001-UAF01	19,889	
Distance Learning and Telemedicine Loans and Grants	10.855			710,260	
Delta Health Care Services Grant Program	10.874			404,090	67,017

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Agriculture (Continued)					
Soil and Water Conservation	10.902			$ 2,726,499	$ 1,105,057
Pass-through from American Forrest Foundation	10.902		NR183A750013C004	105,469	45,754
Pass-through from American Forrest Foundation	10.902		NR223A750003C120	3,266	
Pass-through from US Endowment for Forestry & Communities	10.902		NR18-3A75-0013C-004	24,174	
Program Total				2,859,408	1,150,811
Environmental Quality Incentives Program	10.912			41,123	
Regional Conservation Partnership Program	10.932			846	
Feral Swine Eradication and Control Pilot Program	10.934			1,007,879	908,888
Partnerships for Climate-Smart Communities					
Pass-through from Mississippi State University	10.937		NR233A750004G041	840	
Cochran Fellowship Program-International Training-Foreign Participant	10.962			42,665	
US Department of Agriculture Total				334,965,431	4,092,944
US Department of Commerce					
State Digital Equity Planning Grants	11.032			798,268	798,268
Economic Development Technical Assistance	11.303			192,104	
Manufacturing Extension Partnership	11.611			1,158,460	25,000
US Department of Commerce Total				2,148,832	823,268
US Department of Defense					
Procurement Technical Assistance For Business Firms	12.002			529,500	
Payments to States in Lieu of Real Estate Taxes	12.112			1,695,748	1,695,748
Military Construction, National Guard	12.400			138,486	
National Guard Military Operations and Maintenance (O&M) Projects	12.401			55,378,296	
National Guard ChalleNGe Program	12.404			3,256,911	
Military Medical Research and Development	12.420			952,034	
Pass-through from University of Washington	12.420		W81XWH-16-2-004	27,203	
Pass-through from SUNY Upstate Medical University	12.420		W81XWH1910737	37,094	
Program Total				1,016,331	
Basic Scientific Research	12.431			8,192	
Basic, Applied, and Advanced Research in Science and Engineering	12.630			43,988	
Air Force Defense Research Sciences Program	12.800			95,914	72,076
GenCyber Grants Program	12.903			66,001	
CyberSecurity Core Curriculum	12.905			518,911	79,201
US Department of Defense Total				62,748,278	1,847,025
US Department of Housing and Urban Development					
Manufactured Home Dispute Resolution	14.171			84,412	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			15,380,020	14,906,285
COVID-19: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228			6,245,338	6,219,353
Program Total				21,625,358	21,125,638

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US Department of Housing and Urban Development (Continued)					
Emergency Solutions Grant Program	14.231			$ 2,340,370	$ 2,138,398
COVID-19: Emergency Solutions Grant Program	14.231			5,745,521	5,500,419
Program Total				8,085,891	7,638,817
Home Investment Partnerships Program	14.239			3,648,600	246,520
COVID-19: Home Investment Partnerships Program	14.239			192,855	
Program Total				3,841,455	246,520
Housing Opportunities for Persons with AIDS	14.241			934,635	918,446
COVID-19: Housing Opportunities for Persons with AIDS	14.241			1,669	1,669
Program Total				936,304	920,115
Housing Trust Fund	14.275			2,025,432	
Fair Housing Assistance Program State and Local	14.401			333,751	
US Department of Housing and Urban Development Total				36,932,603	29,931,090
US Department of the Interior					
Energy Community Revitalization Program (ECRP)	15.018			396,426	
Zoonotic Disease Initiative	15.069			83,611	
Indian Child Welfare Act Title II Grants	15.144			220,547	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			68,967	
Abandoned Mine Land Reclamation (AMLR) Program	15.252			1,015,380	
Flood Control Act Lands	15.433			143,783	143,783
Minerals Leasing Act	15.437			747,611	377,037
National Forest Acquired Lands	15.438			467,775	467,775
Fish and Wildlife Management Assistance	15.608			420,366	80,261
Cooperative Endangered Species Conservation Fund	15.615			554,273	454,172
Clean Vessel Act Program	15.616			1,312,017	1,197,136
State Wildlife Grants	15.634			289,015	223,802
White-nose Syndrome National Response Implementation	15.684			71,702	
National Cooperative Geologic Mapping	15.810			65,542	
National Geological and Geophysical Data Preservation	15.814			15,665	
Historic Preservation Fund Grants-In-Aid	15.904			870,882	180,321
Outdoor Recreation Acquisition, Development and Planning	15.916			4,402,227	
Cooperative Research and Training Programs Resources of the National Park System	15.945			3,557	
National Park Service Conservation, Protection, Outreach, and Education Pass-through from National Writing Project	15.954		P18AC1307	3,731	
Water Use and Data Research	15.981			35,910	
US Department of the Interior Total				11,188,987	3,124,287
US Department of Justice					
Miscellaneous US Department of Justice Programs	16.U01	15DDHQ20P00000859		13,317	
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001			15,394	
Sexual Assault Services Formula Program	16.017			431,362	431,362
COVID-19: Coronavirus Emergency Supplemental Funding Program	16.034			1,241,490	896,336

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US Department of Justice (Continued)					
Juvenile Justice and Delinquency Prevention Allocation to States	16.540			$ 257,945	$ 180,940
Missing Children's Assistance	16.543			646,706	
National Criminal History Improvement Program (NCHIP)	16.554			256,596	
Crime Victim Assistance	16.575			19,327,938	18,329,811
Crime Victim Compensation	16.576			466,695	
Crime Victim Assistance/Discretionary Grants	16.582			1,025,789	
Drug Court Discretionary Grant Program	16.585			462,526	
Pass-through from American University	16.585		15PBJA-21-GG-04227-VTCX	41,089	
Program Total				503,615	
Violence Against Women Formula Grants	16.588			1,507,283	1,295,839
Residential Substance Abuse Treatment for State Prisoners	16.593			119,413	
Project Safe Neighborhoods	16.609			234,222	219,757
Juvenile Mentoring Program	16.726			246	
Pass-through from National 4-H Council	16.726		2020-JU-FX-0031	4,977	
Pass-through from National 4-H Council	16.726		15PJDD-21-GG-02766-MENT	17,982	
Program Total				23,205	
Edward Byrne Memorial Justice Assistance Grant Program	16.738			2,628,076	2,181,030
Pass-through from Craighead County	16.738		15PBJA-21-GG-04304-NTCP	18,658	
Program Total				2,646,734	2,181,030
DNA Backlog Reduction Program	16.741			982,250	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			307,440	
Support for Adam Walsh Act Implementation Grant Program	16.750			329,242	
Edward Byrne Memorial Competitive Grant Program					
Pass-through from 20th Judicial District Prosecuting Attorney's Office	16.751		2020-DG-BX-K011	133,999	
Harold Rogers Prescription Drug Monitoring Program	16.754			519,261	
Second Chance Act Reentry Initiative	16.812			320,629	
John R. Justice Prosecutors and Defenders Incentive Act	16.816			114,106	
Emergency Planning for Juvenile Justice Facilities	16.823			24,000	
Justice Reinvestment Initiative	16.827			440,617	
National Sexual Assault Kit Initiative	16.833			22,028	
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838			1,797,667	1,577,981
STOP School Violence	16.839			480,320	
Equitable Sharing Program	16.922			20,176	
US Department of Justice Total				34,209,439	25,113,056
US Department of Labor					
Labor Force Statistics	17.002			916,604	
Compensation and Working Conditions	17.005			143,758	
Unemployment Insurance	17.225			88,925,958	
COVID-19: Unemployment Insurance	17.225			9,921,281	
Program Total				98,847,239	

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US Department of Labor (Continued)					
Senior Community Service Employment Program	17.235			$ 1,410,285	$ 1,369,293
Trade Adjustment Assistance	17.245			1,282,380	
WIOA Pilots, Demonstrations, and Research Projects	17.261			836,715	
H-1B Job Training Grants	17.268			591,370	516,375
Work Opportunity Tax Credit Program (WOTC)	17.271			310,909	
Temporary Labor Certification for Foreign Workers	17.273			174,798	
YOUTHBUILD	17.274			166,625	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			559,779	
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280			1,396,896	
Pass-through from Council on Adult & Educational Learning	17.280		MI-399001-22-60-A018	6,167	
Program Total				1,403,063	
Apprenticeship USA Grants	17.285			229,382	
Occupational Safety and Health Susan Harwood Training Grants	17.502			111,868	
Consultation Agreements	17.504			1,258,370	
Mine Health and Safety Grants	17.600			142,018	
US Department of Labor Total				108,385,163	1,885,668
US Department of State					
Academic Exchange Programs - Undergraduate Programs					
Pass-through from World Learning, Inc.	19.009		SL 3319	17,074	
Investing in People in The Middle East and North Africa					
Pass-through from America-Mideast Educational & Training Services, Inc.	19.021		S-IZ-100-19-GR0030	155,876	130,026
Academic Exchange Programs - Teachers					
Pass-through from International Research and Exchanges Board	19.408		S-ECAGD-21_CA-3005	189,704	166,247
Pass-through from International Research and Exchanges Board	19.408		S-ECAGD-20-CA-3005	203,182	
Program Total				392,886	166,247
US Department of State Total				565,836	296,273
US Department of Transportation					
Highway Planning and Construction	20.205			850,694,324	30,864,964
COVID-19: Highway Planning and Construction	20.205			31,100,311	
Program Total				881,794,635	30,864,964
Highway Training and Education	20.215			71,647	
Recreational Trails Program	20.219			1,237,923	1,219,128
Federal Lands Access Program	20.224			33,720	33,720
Commercial Driver's License Program Implementation Grant	20.232			203,790	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			2,248,896	2,180,372
Formula Grants for Rural Areas and Tribal Transit Program	20.509			15,907,803	15,148,528
COVID-19: Formula Grants for Rural Areas and Tribal Transit Program	20.509			7,811,069	4,305,234
Program Total				23,718,872	19,453,762

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US Department of Transportation (Continued)					
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528			$ 290,521	$ 182,931
Technical Assistance and Workforce Development					
Pass-through from Community Transportation Association of America	20.531		DC-2022-001-00	10,386	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			9	
Pipeline Safety Program State Base Grant	20.700			590,090	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			312,817	32,000
US Department of Transportation Total				910,513,306	53,966,877
US Department of the Treasury					
Low Income Taxpayer Clinics	21.008			94,259	
Equitable Sharing Program	21.016			174,317	
COVID-19: Coronavirus Relief Fund	21.019			6,393,015	(57,931)
COVID-19: Emergency Rental Assistance Program	21.023			(2,485,519)	
COVID-19: Homeowner Assistance Fund	21.026			37,634,809	
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027			150,049,928	74,261,396
Pass-through from City of Little Rock	21.027		SLFRP0030	70,412	
Program Total				150,120,340	74,261,396
US Department of the Treasury Total				191,931,221	74,203,465
Federal Communications Commission					
COVID-19: Telehealth Program	32.006			10,640	
Affordable Connectivity Outreach Grant Program	32.011			6,127	
Federal Communications Commission Total				16,767	
Federal Financial Institutions Examination Council Appraisal Subcommittee					
State Appraiser Agency Support Grants	38.006			52,745	
Federal Financial Institutions Examination Council Appraisal Subcommittee Total				52,745	
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			4,884,426	
General Services Administration Total				4,884,426	
National Aeronautics and Space Administration					
Office of STEM Engagement (OSTEM)	43.008			39,716	
National Aeronautics and Space Administration Total				39,716	

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Institute of Museum and Library Services					
Museum Grants for African American History and Culture	45.309			$ 253,762	
Grants to States	45.310			2,386,890	
COVID-19: Grants to States	45.310			165,813	$ 9,146
Program Total				2,552,703	9,146
National Leadership Grants	45.312			12,136	
Institute of Museum and Library Services Total				2,818,601	9,146
National Endowment for the Arts					
Promotion of the Arts Grants to Organizations and Individuals	45.024			10,462	
Promotion of the Arts Partnership Agreements	45.025			690,181	590,747
Pass-through from Arkansas Arts Council	45.025		1844195-61-18	13,100	
Program Total				703,281	590,747
National Endowment for the Arts Total				713,743	590,747
National Endowment for the Humanities					
Promotion of the Humanities Federal/State Partnership					
Pass-through from Arkansas Humanities Council	45.129		AHC-22-12	8,795	
Pass-through from Arkansas Humanities Council	45.129		AHC-22-14	6,744	
Program Total				15,539	
Promotion of the Humanities Challenge Grants	45.130			24,741	
Promotion of the Humanities Division of Preservation and Access	45.149			126,930	
Promotion of the Humanities Research	45.161			9,569	5,050
Promotion of the Humanities Professional Development	45.163			119,441	
Pass-through from Weber State University	45.163		ES-281237-21	6,042	
Program Total				125,483	
Promotion of the Humanities Office of Digital Humanities	45.169			46,943	
National Endowment for the Humanities Total				349,205	5,050
National Science Foundation					
Engineering	47.041			16,590	
Astronomical, Atmospheric, Earth and Ocean Sciences	47.050			46,684	
Biological Sciences	47.074			16,084	
Education and Human Resources	47.076			2,234,106	55,170
Integrative Activities	47.083			163,074	
National Science Foundation Total				2,476,538	55,170

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Small Business Administration					
Small Business Development Centers	59.037			$ 1,179,039	
COVID-19: Small Business Development Centers	59.037			46	
Program Total				1,179,085	
Federal and State Technology Partnership Program	59.058			120,168	
State Trade Expansion	59.061			101,774	
Community Navigator Pilot Program	59.077			426,883	
COVID-19: Community Navigator Pilot Program	59.077			1,041,586	$ 445,254
Program Total				1,468,469	445,254
Small Business Administration Total				2,869,496	445,254
US Department of Veterans Affairs					
Miscellaneous US Department of Veterans Affairs Programs	64.U01	N/A		81,402	
Veterans State Nursing Home Care	64.015			17,266,531	
COVID-19: Veterans State Nursing Home Care	64.015			1,563,886	
Program Total				18,830,417	
Post-9/11 Veterans Educational Assistance	64.027			16,375	
Burial Expenses Allowance for Veterans	64.101			367,154	
All-Volunteer Force Educational Assistance	64.124			318,616	
Veterans Cemetery Grants Program	64.203			2,993,001	
US Department of Veterans Affairs Total				22,606,965	
Environmental Protection Agency					
Air Pollution Control Program Support	66.001			1,935,637	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			353,640	
COVID-19: Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			398,758	
Program Total				752,398	
Diesel Emissions Reduction Act (DERA) State Grants	66.040			114,863	114,863
Multipurpose Grants to States and Tribes	66.204			103,719	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			2,825,124	27,138
State Public Water System Supervision	66.432			1,257,046	
State Underground Water Source Protection	66.433			108,956	
Surveys, Studies, Investigations, Demonstrations, and Special Purpose Grants - Section 1442 of the Safe Drinking Water Act	66.436			63,996	
Pass-through from University of Wisconsin System	66.436		01D00921	1,123	
Program Total				65,119	
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442			207,033	207,033

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Environmental Protection Agency (Continued)					
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464)	66.444			$ 5,834	
Water Quality Management Planning	66.454			186,514	
Nonpoint Source Implementation Grants	66.460			2,590,089	$ 1,565,059
Pass-through from Audubon Arkansas	66.460		22103	24,447	
Program Total				2,614,536	1,565,059
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			64,083	
Consolidated Pesticide Enforcement Cooperative Agreements	66.700			585,726	
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701			10,308	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707			262,729	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies					
Pass-through from Extension Foundation	66.716		SA-2022-60	9,321	
Hazardous Waste Management State Program Support	66.801			787,245	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			10,938	
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804			434,704	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			534,576	
State and Tribal Response Program Grants	66.817			361,320	
Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	66.961			282,020	
Environmental Protection Agency Total				13,519,749	1,914,093
US Department of Energy					
State Energy Program	81.041			410,630	
Weatherization Assistance for Low-Income Persons	81.042			3,027,045	2,572,140
Renewable Energy Research and Development	81.087			2,418	
Fossil Energy Research and Development					
Pass-through from University of Texas - Austin	81.089		UTA18-001356	683	
State Energy Program Special Projects	81.119			455,723	1,000
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program					
Pass-through from National Science Foundation	81.123		DE-NA0004114	1,110	
US Department of Energy Total				3,897,609	2,573,140
Federal Emergency Management Administration					
COVID-19: Miscellaneous Federal Emergency Management Administration Programs	83.U01	N/A		317,450	
Federal Emergency Management Administration Total				317,450	

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US Department of Education					
Miscellaneous US Department of Education Programs					
Pass-through from Little Rock School District	84.U01	PO# : 2300636		$ 66,564	
Adult Education - Basic Grants to States	84.002			7,167,590	$ 2,297,728
Title I Grants to Local Educational Agencies	84.010			174,942,898	173,971,075
Migrant Education State Grant Program	84.011			5,321,111	5,056,433
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			405,085	40,425
Higher Education Institution Aid	84.031			7,807,661	
Connected from the Start	84.031A			244,923	
Federal Family Education Loans	84.032			112,142,243	
Career and Technical Education -- Basic Grants to States	84.048			18,296,229	12,414,252
Pass-through from Jonesboro Public School System	84.048		V048A190004	101,671	
Program Total				18,397,900	12,414,252
Indian Education Grants to Local Educational Agencies	84.060			4,350	
Fund for the Improvement of Postsecondary Education	84.116			627,144	
Pass-through from University of California - Davis	84.116		A19-2776-S006	(4,293)	
Program Total				622,851	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126			38,188,638	
Rehabilitation Long-Term Training	84.129			144,965	
Migrant Education Coordination Program	84.144			54,762	
Business and International Education Projects	84.153			122,086	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177			370,595	
Special Education-Grants for Infants and Families	84.181			5,302,751	
COVID-19: Special Education-Grants for Infants and Families	84.181			1,508,412	
Program Total				6,811,163	
School Safety National Activities	84.184			63,524	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			147,729	
Education for Homeless Children and Youth	84.196			974,135	868,846
Javits Gifted and Talented Students Education	84.206			601,318	
Twenty-First Century Community Learning Centers	84.287			10,705,985	10,005,163
Special Education - State Personnel Development	84.323			1,049,639	1,048,238
Pass-through from Great Rivers Education Service Cooperative	84.323		H323A200017	116,751	
Program Total				1,166,390	1,048,238
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325			913,290	229,022
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326			150,050	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330			(1,000)	(1,000)

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US Department of Education (Continued)					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334			$ 2,104,862	
Child Care Access Means Parents in School	84.335			841,478	
Reading Excellence	84.338			(572)	$ (572)
Rural Education	84.358			3,873,415	3,779,894
Small, Rural School Achievement Program	84.358A			4,523	
English Language Acquisition State Grants	84.365			4,808,648	4,017,622
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367			22,293,055	22,164,970
Competitive Grants for State Assessments	84.368			437,251	437,251
Grants for State Assessments and Related Activities	84.369			5,537,752	
Comprehensive Literacy Development	84.371			6,595,047	5,417,330
Strengthening Minority-Serving Institutions	84.382			887,703	
Student Support and Academic Enrichment Program	84.424			12,419,990	12,336,241
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C			10,487,144	5,175,523
Pass-through from Arkansas Community Colleges	84.425C		S425C200051	49,345	
Program Total				10,536,489	5,175,523
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D			89,608,778	79,631,691
COVID-19: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E			20,914,530	
COVID-19: HEERF Institutional Portion	84.425F			69,559,920	
COVID-19: Discretionary Grants: Reimagining Workforce Preparation Grants	84.425G			4,922,733	807,512
COVID-19: HEERF Minority Serving Institutions (MSIs)	84.425L			298,811	
COVID-19: HEERF Strengthening Institutions Program (SIP)	84.425M			3,713,474	
COVID-19: Institutional Resilience and Expended Postsecondary Opportunity	84.425P			447,788	
COVID-19: CRRSAA: Higher Education Emergency Relief Fund (HEERF II)	84.425R			6,956,958	1,730,700
COVID-19: HEERF Supplemental Assistance to Institutions of Higher Education (SAIHE) program	84.425S			1,787,939	
COVID-19: HEERF Supplemental Support under American Rescue Plan (SSARP) Program	84.425T			6,013,542	
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U			520,353,933	509,534,764
COVID-19: American Rescue Plan - Emercengy Assistance to Non-Public Schools (ARP EANS)	84.425V			2,308,199	591,097
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W			2,102,776	2,102,776
Education Stabilization Fund Program Total				739,525,870	599,574,063
American Printing House for the Blind	84.906			79,250	
US Department of Education Total				1,186,945,078	853,656,981

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Delta Regional Authority					
Delta Regional Development	90.200			$ 239,496	
Delta Area Economic Development	90.201			238,565	
Pass-through from Winrock International Wallace Center	90.201		AR-50553	222	
Program Total				238,787	
Delta Regional Authority Total				478,283	
US Department of Health and Human Services					
Miscellaneous US Department of Health and Human Services Programs	93.U01	75F40120C00144		541,144	
Pass-through from Leidos Biomedical Research, Inc.	93.U02	HHSN261200800001E		354,261	
Pass-through from Leidos Biomedical Research, Inc.	93.U03	75N91020F00011		6,084	
Pass-through from Leidos Biomedical Research, Inc.	93.U04	20x023F		10,552	
Pass-through from University of Texas Health Science Center - Houston	93.U05	T42OH008421		148	
Pass-through from NRG Oncology Foundation	93.U06	260043		125	
Pass-through from ECOG-ACRIN Cancer Research Group	93.U07	260064		359	
Pass-through from Southwest Oncology Group	93.U08	S1914		2,285	
Pass-through from NYU Grossman School of Medicine	93.U09	OT2HL156812		2,280	
Pass-through from Duke University	93.U10	HHSO100201400021		1,500	
COVID-19: Miscellaneous US Department of Health and Human Services Programs					
Pass-through from University of California - Los Angeles	93.U11	CDC-RFA-OT21-2103		198,801	
Program Total				1,117,539	
COVID-19: National Organizations of State and Local Officials	93.011			7,993,429	$ 4,401,622
Special Programs for the Aging Title V II, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042			142,885	142,885
COVID-19: Special Programs for the Aging Title V II, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042			5,255	
Program Total				148,140	142,885
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043			132,882	132,882
COVID-19: Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043			88,162	
Program Total				221,044	132,882
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048			340,514	
National Family Caregiver Support, Title III, Part E	93.052			1,401,854	1,372,025
COVID-19: National Family Caregiver Support, Title III, Part E	93.052			463,377	
Program Total				1,865,231	1,372,025
Sexual Risk Avoidance Education	93.060			251,235	194,045
Public Health Emergency Preparedness	93.069			6,713,029	
Medicare Enrollment Assistance Program	93.071			418,334	
Lifespan Respite Care Program	93.072			101,874	

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US Department of Health and Human Services (Continued)					
Cooperative Agreements to Promote Adolescent Health through School-Based HIV /STD Prevention and School-Based Surveillance	93.079			$ 68,122	$ 59,261
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086			1,006,021	
Guardianship Assistance	93.090			1,658,581	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			317,262	233,565
Food and Drug Administration Research	93.103			1,041,542	89,984
Pass-through from Mississippi State University	93.103		00D87719	14,832	
Program Total				1,056,374	89,984
Area Health Education Centers	93.107			1,537,197	
Maternal and Child Health Federal Consolidated Programs	93.110			1,464,814	43,882
Pass-through from Johns Hopkins University	93.110		U7A33717	91,809	
Pass-through from American College of Obstetricians and Gynecologists	93.110		2 UC4MC280420500	173	
Pass-through from University of Oklahoma Health Science Center	93.110		UH735353	183,194	
Program Total				1,739,990	43,882
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			628,109	
Emergency Medical Services for Children	93.127			116,646	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			120,536	
Injury Prevention and Control Research and State and Community Based Programs	93.136			3,571,898	1,173,807
Community Programs to Improve Minority Health Grant Program	93.137			473,076	60,781
Pass-through from Oklahoma State University	93.137		CPIMP211317	28,305	
Pass-through from Benton County Government	93.137		CPIMP211231	548,681	
Program Total				1,050,062	60,781
Projects for Assistance in Transition from Homelessness (PATH)	93.150			304,656	304,656
Rural Health Research Centers	93.155			313,039	
COVID-19: Rural Health Research Centers	93.155			5,136,800	5,136,551
Program Total				5,449,839	5,136,551
Graduate Psychology Education	93.191			426,930	
Telehealth Programs	93.211			328,373	
Pass-through from University of Mississippi Medical Center	93.211		U66RH31459	101,326	
Program Total				429,699	
Family Planning Services	93.217			3,905,362	
Traumatic Brain Injury State Demonstration Grant Program	93.234			207,340	
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235			731,163	725,449
State Capacity Building	93.240			61,999	

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US Department of Health and Human Services (Continued)					
State Rural Hospital Flexibility Program	93.241			$ 192,795	$ 52,029
Pass-through from University of California - Los Angeles	93.241		NU38OT000288	6,941	
Program Total				199,736	52,029
Mental Health Research Grants	93.242			26,606	26,606
Pass-through from University of Florida - Miami	93.242		OS00000548	15,476	
Program Total				42,082	26,606
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			8,452,408	2,243,170
Pass-through from Positive Energy Affecting Recovering Lives, Inc.	93.243		TI085575	27,428	
Pass-through from Washington/Madison County Adult Drug Court	93.243		H79TI082976	59,397	
Pass-through from Mid-South Health Systems	93.243		1H79SM084357-01	4,869	
Program Total				8,544,102	2,243,170
Advanced Nursing Education Workforce Grant Program	93.247			1,687,049	
Early Hearing Detection and Intervention	93.251			280,805	56,388
Poison Center Support and Enhancement Grant	93.253			222,525	
Occupational Safety and Health Program	93.262			13,249	
Pass-through from University of Texas Health Science Center - Tyler	93.262		6 U54OH007541-20-02	2,529	
Program Total				15,778	
Immunization Cooperative Agreements	93.268			54,431,791	1,089,435
COVID-19: Immunization Cooperative Agreements	93.268			18,265,873	
Program Total				72,697,664	1,089,435
Viral Hepatitis Prevention and Control	93.270			332,134	50,330
Alcohol Research Programs	93.273			18,976	
Drug-Free Communities Support Program Grants	93.276			107,364	
Pass-through from Out of the Dark, Inc.	93.276		N/A	27,988	
Pass-through from Crossridge Community Hospital	93.276		N/A	4,161	
Program Total				139,513	
Drug Abuse and Addiction Research Programs	93.279			12	
Small Rural Hospital Improvement Grant Program	93.301			316,445	280,670
Trans-NIH Research Support	93.310			2	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314			168,231	
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319			664,863	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			19,867,587	
COVID-19: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			14,459,997	7,471,797
Program Total				34,327,584	7,471,797

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US Department of Health and Human Services (Continued)					
State Health Insurance Assistance Program	93.324			$ 1,164,376	
COVID-19: State Health Insurance Assistance Program	93.324			2,783	
Program Total				1,167,159	
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	93.334			86,334	
Behavioral Risk Factor Surveillance System	93.336			396,290	
National Center for Advancing Translational Sciences	93.350			4,805,510	$ 421,305
Research Infrastructure Programs					
Pass-through from University of Utah	93.351		R21OD026618	45,462	
COVID-19: Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			4,555,587	
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366			390,821	157,258
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367			215,620	
ACL Independent Living State Grants	93.369			262,452	
COVID-19: ACL Independent Living State Grants	93.369			108,973	
Program Total				371,425	
National and State Tobacco Control Program	93.387			1,482,744	
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391			8,508,977	5,501,600
Cancer Cause and Prevention Research	93.393			115,888	
Cancer Treatment Research					
Pass-through from NRG Oncology Foundation	93.395		U10CA180868	200	
Pass-through from The Emmes Corporation	93.395		UM1CA121947-EMMS	19,567	
Program Total				19,767	
Cancer Biology Research	93.396			154,911	
Pass-through from Medical College of Wisconsin	93.396		R01CA151354	10,900	
Pass-through from Indiana University	93.396		2UM1CAJ21947-09	28,880	
Program Total				194,691	
The State Flexibility to Stabilize the Market Grant Program	93.413			209,445	
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health					
Pass-through from National Foundation for the Centers of Diseases Control and Prevention, Inc.	93.421		NU38OT000288	91,488	
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426			1,563,297	432,702
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436			468,461	
State Physical Activity and Nutrition (SPAN)	93.439			668,793	45,657
Food Safety and Security Monitoring Project	93.448			(457)	

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US Department of Health and Human Services (Continued)					
ACL Assistive Technology	93.464			$ 600,231	
Title IV-E Prevention Program	93.472			2,882,972	
Community Health Workers for Public Health Response and Resilience					
Pass-through from Benton County Government	93.495		NU58DP007044	1,566,221	
COVID-19: Provider Relief Fund and American Rescue Plan (ARP)					
Rural Distribution	93.498			27,936,978	
Low income Household Water Assistance Program	93.499			6,819,237	$ 6,819,237
COVID-19: Low income Household Water Assistance Program	93.499			2,004,174	1,993,444
Program Total				8,823,411	8,812,681
Public Health Training Centers Program	93.516			167,770	
COVID-19: State Planning and Establishment Grants for the Affordable					
Care Act (ACA)s Exchanges	93.525			475,443	
Teaching Health Center Graduate Medical Education Payment	93.530			546,558	
MaryLee Allen Promoting Safe and Stable Families Program	93.556			5,657,768	
Temporary Assistance for Needy Families	93.558			97,856,277	38,727,360
COVID-19: Temporary Assistance for Needy Families	93.558			4,152,527	
Program Total				102,008,804	38,727,360
Child Support Enforcement	93.563			35,158,103	
Refugee and Entrant Assistance State Administered Programs	93.566			56,711	
Low-Income Home Energy Assistance	93.568			45,437,715	43,910,009
COVID-19: Low-Income Home Energy Assistance	93.568			6,603,346	6,603,846
Program Total				52,041,061	50,513,855
Community Services Block Grant	93.569			11,699,686	11,085,463
COVID-19: Community Services Block Grant	93.569			3,865,690	3,519,357
Program Total				15,565,376	14,604,820
State Court Improvement Program	93.586			563,117	
Community-Based Child Abuse Prevention Grants	93.590			635,551	
COVID-19: Community-Based Child Abuse Prevention Grants	93.590			771,032	
Program Total				1,406,583	
Grants to States for Access and Visitation Programs	93.597			88,459	
Chafee Education and Training Vouchers Program (ETV)	93.599			209,786	
Adoption and Legal Guardianship Incentive Payments	93.603			603,288	
Developmental Disabilities Basic Support and Advocacy Grants	93.630			1,099,243	624,339
University Centers for Excellence in Developmental Disabilities Education,					
Research and Service	93.632			591,665	
Children's Justice Grants to States	93.643			132,173	
Stephanie Tubbs Jones Child Welfare Services Program	93.645			3,073,024	

State of Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Child Welfare Research Training or Demonstration					
Pass-through from Research Foundation for SUNY - University at Albany	93.648		12-92159	$ 6,436	
Pass-through from Research Foundation for SUNY - University at Albany	93.648		12-95862	115,138	
Program Total				121,574	
Foster Care Title IV-E	93.658			48,808,103	
Adoption Assistance	93.659			38,127,737	
COVID-19: Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665			1,726,532	
Social Services Block Grant	93.667			19,080,395	$ 79,199
Child Abuse and Neglect State Grants	93.669			813,745	
COVID-19: Child Abuse and Neglect State Grants	93.669			546,522	
Program Total				1,360,267	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			1,316,934	1,256,510
COVID-19: Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			613,959	604,116
Program Total				1,930,893	1,860,626
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674			1,303,631	
Medical Student Education	93.680			5,601,761	264,000
Pass-through from University of South Alabama	93.680		T99HP33560	108,231	
Program Total				5,709,992	264,000
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Programs Parts A and B	93.686			1,038,671	448,689
Mental and Behavioral Health Education and Training Grants	93.732			434,691	
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738			1,224,862	
Elder Abuse Prevention Interventions Program	93.747			505,509	
COVID-19: Elder Abuse Prevention Interventions Program					
Pass-through from Corporation for Public Broadcasting	93.747		N/A	6,036	
Program Total				511,545	
Children's Health Insurance Program	93.767			180,990,314	
Pass-through from Arkansas Children's Hospital	93.767		ARKids B SCHIP	13,726	
Program Total				181,004,040	
Opioid STR	93.788			8,738,896	
Money Follows the Person Rebalancing Demonstration	93.791			935,522	248,431
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796			3,917,741	

State of Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Organized Approaches to Increase Colorectal Cancer Screening	93.800			$ 443,101	$ 37,825
Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	93.810			395,453	31,712
Section 223 Demonstration Programs to Improve Community Mental Health Services					
Pass-through from Mid-South Health Systems	93.829		H79SM083041	82,529	
Cardiovascular Diseases Research					
Pass-through from University of Florida - Miami	93.837		R25HL105444	7,874	
Blood Diseases and Resources Research					
Pass-through from University of Pennsylvania	93.839		R01HL141408	58,164	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			23,794	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			16,731	
Extramural Research Programs in the Neurosciences and Neurological Disorders					
Pass-through from University of Cincinnati	93.853		IRB260036-ARCADIA	1	
Pass-through from University of Cincinnati	93.853		IRB260503-SATURN	1,875	
Program Total				1,876	
Allergy and Infectious Diseases Research	93.855			463,346	264,362
Pass-through from East Carolina University	93.855		R01AI46930	102,044	
Program Total				565,390	264,362
Pharmacology, Physiology	93.859			389,352	
Pass-through from Arkansas Children's Hospital Research Institute	93.859		P20GM109096	6,444	
Pass-through from Arkansas Children's Hospital Research Institute	93.859		P20GM121293	(359)	
Pass-through from University of New Mexico	93.859		R01GM047251	2,211	
Program Total				397,648	
Child Health and Human Development Extramural Research	93.865			158,605	
Aging Research	93.866			88,406	
Maternal, Infant and Early Childhood Homevisiting Grant	93.870			8,083,901	
Pass-through from Arkansas Children's Hospital	93.870		FY21-24 AVHN	406,049	
COVID-19: Maternal, Infant and Early Childhood Homevisiting Grant	93.870			198,048	
Program Total				8,687,998	
Primary Care Training and Enhancement	93.884			486,842	
Pass-through from University of South Alabama	93.884		T3442151	52,472	
Program Total				539,314	
National Bioterrorism Hospital Preparedness Program	93.889			1,768,572	1,307,290
COVID-19: National Bioterrorism Hospital Preparedness Program	93.889			270,884	270,884
Program Total				2,039,456	1,578,174
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			3,062,134	224,386
Grants to States for Operation of State Offices of Rural Health	93.913			219,090	
HIV Care Formula Grants	93.917			8,086,493	2,099,602

State of Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)					
Healthy Start Initiative	93.926			$ 1,271,155	
HIV Prevention Activities Health Department Based	93.940			3,578,044	$ 962,723
Assistance Programs for Chronic Disease Prevention and Control	93.945			323,585	93,116
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			335,772	
Block Grants for Community Mental Health Services	93.958			2,200,685	
COVID-19: Block Grants for Community Mental Health Services	93.958			10,959,925	9,112,632
Program Total				13,160,610	9,112,632
Block Grants for Prevention and Treatment of Substance Abuse	93.959			19,672,147	10,527,238
COVID-19: Block Grants for Prevention and Treatment of Substance Abuse	93.959			1,453,417	1,099,749
Program Total				21,125,564	11,626,987
PPHF Geriatric Education Centers	93.969			777,697	186,170
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			1,024,759	
COVID-19: Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			120,223	68,569
Program Total				1,144,982	68,569
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981			350,590	105,621
COVID-19: Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981			226,718	175,195
Program Total				577,308	280,816
Preventive Health and Health Services Block Grant	93.991			1,266,798	92,235
Maternal and Child Health Services Block Grant to the States	93.994			7,209,630	
Autism and Other Developmental Disabilities, Surveillance, Research, and Prevention	93.998			533,210	
Test for Suppression Effects of Advanced Energy	93.999			10,421	
US Department of Health and Human Services Total				841,991,627	174,743,651
Corporation for National and Community Service					
AmeriCorps State Commissions Support Grant	94.003			197,068	
COVID-19: AmeriCorps State Commissions Support Grant	94.003			94,924	
Program Total				291,992	
AmeriCorps State and National 94.006	94.006			1,715,053	1,234,575
AmeriCorps Commission Investment Fund 94.008	94.008			102,170	
AmeriCorps Volunteers in Service to America 94.013	94.013			218,759	
Corporation for National and Community Service Total				2,327,974	1,234,575

State of Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Other Identifying Number	Pass-Through Identifying Number	Expenditures	Amount Provided to Subrecipients
Executive Office of the President					
High Intensity Drug Trafficking Program	95.001			$ 64,974	
Executive Office of the President Total				64,974	
Department of Homeland Security					
State and Local Homeland Security National Training Program	97.005			3,579,843	$ 1,406,249
Pass-through from Eastern Kentucky University	97.005		1656-2023	10,000	
Program Total				3,589,843	1,406,249
Non-Profit Security Program	97.008			140,599	140,599
Boating Safety Financial Assistance	97.012			1,842,727	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			91,427	
Flood Mitigation Assistance	97.029			190,328	171,516
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			39,242,942	28,421,594
Hazard Mitigation Grant	97.039			2,933,048	2,701,433
National Dam Safety Program	97.041			31,732	
Emergency Management Performance Grants	97.042			4,807,797	2,299,922
COVID-19: Emergency Management Performance Grants	97.042			658,553	
Program Total				5,466,350	2,299,922
State Fire Training Systems Grants	97.043			22,911	
Cooperating Technical Partners	97.045			965,059	430,055
BRIC: Building Resilient Infrastructure and Communities	97.047			4,094,377	4,094,308
COVID-19: Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			(216,715)	
Homeland Security Grant Program	97.067			3,451,661	2,800,257
Earthquake Consortium	97.082			31,904	13,102
Department of Homeland Security Total				61,878,193	42,479,035
Total Expenditure of Federal Awards				$ 13,769,262,935	$ 1,743,267,221

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

State of Arkansas
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (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	Assistance Listing Number(s)	Expenditures
Arkansas Development Finance Authority:		
Homeowner Assistance Fund	21.026	$ 37,634,809
Federal Family Education Loans	84.032	$112,142,243
State of Arkansas Construction Assistance Revolving Loan Fund:		
Clean Water State Revolving Fund Cluster	66.458	$ 16,888,660
University of Arkansas for Medical Sciences:		
Research and Development Cluster	various	$ 70,514,600
Student Financial Assistance Cluster	various	$ 63,069,732
Head Start Cluster	93.600	$ 8,711,696
Provider Relief Fund	93.498	$ 27,894,078

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

(1) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation

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

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.

(c) Basis of Accounting

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

(d) Indirect Cost Rate

State/Educational Agencies negotiate and manage their own indirect cost rates. Approximately 14% of State/Educational Agencies within the State reporting entity elected to use the de minimus 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, 2023, for these loans are as follows:

Assistance Listing Number	Program Name	Amount
84.038	Federal Perkins Loan Program_Federal Capital Contributions	$ 192,667
93.264	Nurse Faculty Loan Program (NFLP)	98,576
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	3,140,349
93.364	Nursing Student Loans	475,003
	Total	$3,906,595

(3) Federally Funded Loan Programs (Continued)

The State also participates in the Federal Direct Loans (Direct Loan) Program, FAL 84.268, and the Federal Family Education Loans Program (FFEL), FAL 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, 2023, Direct Loans totaling $477,138,537 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 FAL 84.032 at June 30, 2023, was $113,181,000.

Education loans made or purchased by the Arkansas Student Loan Authority, a division of the Arkansas Development Finance Authority, are guaranteed by the Great Lakes Higher Education 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 $111,022,493 at July 1, 2022. 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 FAL 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 the Arkansas Development Finance Authority and the U.S. Department of Agriculture Rural Development during fiscal year 2013 and fiscal year 2016. When received, the funds were used to make new loans for program activities. The outstanding loan receivable balance was $3,319,936 for the year ended June 30, 2023. There were no disbursements for loans made during the year ended June 30, 2023, as all funding commitments have been fully disbursed for this program in prior years.[1]

Expenditures reflected in FAL 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 after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable balance was $108,643,201 for the year ended June 30, 2023. Total disbursements of federal funds for repayable loans totaled $2,647,145 during the year ended June 30, 2023.[1]

Expenditures reflected in FAL 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 after expenses have been incurred as forgiveness of principal and repayable loans. The outstanding loan receivable balance was $5,967,376 for the year ended June 30, 2023. Total disbursements for repayable loans made were $1,143,750 during the year ended June 30, 2023.[1]

Expenditures reflected in FAL 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 from all funding sources was $417.3 million for the year ended June 30, 2023. During fiscal 2023, approximately $4.1 million of loans were forgiven. Total federal disbursements totaled approximately $16.6 million during fiscal year 2023, which represented funding for principal forgiveness and repayable loans.[1]

(3) Federally Funded Loan Programs (Continued)

Expenditures reflected in FAL 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 $205.3 million for the year ended June 30, 2023. There were no federal loan disbursements for repayable loans during fiscal year 2023. Total loans forgiven totaled $283,000 during fiscal year 2023. For the year ended June 30, 2023, the Program received $3.7 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 (FAL 81.041) funds to create the Energy Revolving Loan Program. The loan program was created to encourage the development, implementation and deployment of cost-effective energy efficiency, and renewable energy projects in the state, and to support the creation of additional employment opportunities and other economic development benefits. Of the total amount of program funds expended and reported on the accompanying SEFA for fiscal year 2011 and 2012, $11,370,000 was transferred to the revolving loan fund and made available for future loans. There were no program funds transferred to the revolving loan fund for fiscal year 2023. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2023, totaled $3,210,726. Total disbursements for new loans made during fiscal year 2023 totaled $533,565.

(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:

Assistance Listing Number	Program Name	Amount
10.542	Pandemic EBT Food Benefits	$ 164,604,528
10.551	Supplemental Nutrition Assistance Program	497,798,790
10.555	National School Lunch Program	22,933,640
10.558	Child and Adult Care Food Program	83,025
10.559	Summer Food Service Program for Children	10,433
10.565	Commodity Supplemental Food Program	3,449,382
10.569	COVID-19: Emergency Food Assistance Program (Food Commodities)	41,487
10.569	Emergency Food Assistance Program (Food Commodities)	13,474,364
39.003	Donation of Federal Surplus Personal Property	4,884,426
83.000	COVID-19: Miscellaneous Federal Emergency Management Administration Programs	317,450
84.906	American Printing House for the Blind	79,250
93.268	COVID-19: Immunizations Cooperative Agreements	16,039,485
93.268	Immunizations Cooperative Agreements	52,302,215
	Total	$ 776,018,475

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

During fiscal year 2023, the State received cash rebates totaling $17,453,173 from infant formula manufacturers on sales of formula to participants in the WIC program (ALN 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 234,173 more persons than could be served this fiscal year in the absence of the rebate contract.

(6) Disability Determination for Social Security

External auditors other than Arkansas Legislative Audit have been engaged to audit the Disability Determination for Social Security Administration (DDSSA) included in the State of Arkansas Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023. This entity is not included in the Schedule of Expenditures of Federal Awards because the audit is based on the federal fiscal year which ends September 30. The audit firm was Stan Parks, CPA, which issued an audit report for October 1, 2021 through September 30, 2022. The audit for the period ended September 30, 2023, has been procured by DDSSA.

(7) Unemployment Insurance

State unemployment tax revenues, as well as the government and nonprofit contributions made 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 ALN 17.225. The $98,847,239 of expenditures reported on the Schedule is comprised of $33,743,786 of federal funds and $65,103,453 of State UI funds.

(8) Notes Payable

The federal loan programs listed subsequently are administered directly by the Arkansas Development Finance Authority (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 SEFA. The balance of the notes payable outstanding at June 30, 2023, consists of: [1]

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2023
10.415	Preservation Revolving Loan Fund	$ 3,242,419

(9) State and Local Fiscal Recovery Fund

On March 11, 2021, the Federal government enacted the American Rescue Plan Act (ARPA). ARPA provided funding for several economic assistance programs to address the impact of the COVID-19 outbreak. ARPA established the State and Local Fiscal Recovery Fund (SLFRF) to provide assistance to states and other local and tribal governments with necessary expenditures incurred to address the public health emergency. The assistance must be applied to allowable expenditures incurred in the period beginning March 3, 2021, and ending December 31, 2024. In May 2022, the State of Arkansas received the last of two equal distributions of SLFRF assistance in the amount of $786.6 million, of the $1.6 billion total allocated to the State of Arkansas. Any SLFRF funds not expended by December 31, 2026, must be returned to the U. S. Treasury. Because of the requirement to return unexpended SLFRF funds, the State accrued a liability of $835.3 million for SLFRF funds unexpended as of June 30, 2023. In the period from July 1, 2023, through December 22, 2023, the State of Arkansas expended $75.2 million of SLFRF funding resulting in a remaining liability of $760.1 million.

(10) Temporary Increase is Federal Medical Assistance Percentage

During the year ended June 30, 2023, certain federal programs listed in the Schedule received a temporary increase in the Federal Medical Assistance Percentage (FMAP) or Enhanced Federal Medical Assistance Percentage (E-FMAP), authorized through the Family First Coronavirus Response Act. The programs affected by this increase include the following:

Assistance Listing Number	Program Name
93.090	Guardianship Assistance
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care_Title IV-E
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.778	Medical Assistance Program

[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, 2023

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

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, 2023 is located on **page 154** and includes all findings from the prior audit, June 30, 2022, and certain findings from previous audits, including the years ended June 30, 2021, and 2020.

Financial Statement Findings	Page Number(s)
Division of Workforce Services	260

Federal Program Name	Page Number(s)
Unemployment Insurance	155 - 160; 261 - 262; 264 - 265; 290 - 291
COVID-19: Unemployment Insurance	261 - 266
COVID-19: Emergency Rental Assistance	161 - 175
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	176 - 194
COVID-19: Education Stabilization Fund	195 - 196
HEERF Institutional Aid Program (Higher Education Emergency Relief Fund)	197 - 198
Medicaid Cluster	199 - 212; 223 - 240; 284
Children's Health Insurance Program	199 - 222; 284
COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)	241 - 243; 285 - 289
Research and Development Cluster	244 - 254
Medical Student Education	255 - 257
Head Start Cluster	258 - 259
COVID-19: Coronavirus Relief Fund	267 - 283
Student Financial Assistance Cluster	292 - 293

STATE OF ARKANSAS
Department of Finance and Administration

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March 7, 2024

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

Dear Mr. Norman,

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

Please find attached the Summary Schedule of Prior Audit Findings for fiscal year ended June 30, 2023, which was prepared in accordance with Uniform Guidance, based on the responses provided by the State/Educational Agency indicated within each finding.

Sincerely,

Jim Hudson
Director

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-001**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

ADWS is currently participating in 2 pilot projects with the Department of Labor for identity verification. One is using Login.gov and the other involves the United States Postal Service where they verify the identity of claimants for using multifactor authentication and in person presentation of ID. The Login.gov pilot started in 2022 and the USPS pilot project started in 2023.

The Login.gov pilot project uses the current system that Federal agencies use to verify identity. A link is given to the claimant, when they select verify ID through login.gov and go through the steps to verify their identity through the federal government system. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.

The United States Postal Service pilot project gives the claimant the same link as Login.gov, but they can select to verify their identity at the participating Post Offices within a 50-mile radius of them, which in now available in every post office in the state. They are given a barcode and must take in a valid government-issued ID (they are given examples) along with proof of current address to the post office. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-003**.

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.

In addition, 2 CFR § 200.516 (a)(6) requires the auditor to report as an audit finding any known or likely fraud affecting a federal award.

Condition and Context:
In state fiscal year 2022, the Division of Workforce Services (DWS) identified 1,332 claims paid for Unemployment Insurance programs totaling $6,534,456 as likely fraud, in addition to the claims identified in the previous year. This $6,534,456 is comprised of $5,101,176 in federal funds and $1,433,280 in state funds.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$6,534,456

Cause:
In response to the increase in demand for services/benefits, the State relaxed controls over identify verification and income verification for the program during fiscal year 2021. DWS continued to identify claims in fiscal year 2022 that were paid during the previous fiscal year.

State of Arkansas
Summary Schedule of Prior Audit Findings
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2022 Prior Year Finding Number:	**2022-001 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

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

Recommendation:
ALA staff recommend the Agency continue to strengthen controls over benefit payments to ensure that payments are made in the correct amount and to eligible claimants. Additionally, ALA staff recommend the Agency continue to seek recoupment of the identified overpayments, returning them to the appropriate source.

Views of Responsible Officials and Planned Corrective Action:
Due to the health concerns of the pandemic as well as unprecedented claims volume, claimants were not required to come into a local office for identity verification, the waiting week was waived for 2020, and the requirements for work search were adjusted to protect employees and claimants. Before the pandemic, all claimants were required to come to the local office to verify their identity. Removing these process controls resulted in several consequences as itemized below:

- By waiving the waiting week, the claimant was able to receive payment the following week. For example, a fraudster could file a claim on Friday, then receive payment on Sunday, removing the typical week that an employer would respond to validate the separation from employment.
- The information mailed to the employer and claimant were not received before payments were made due to the lack of waiting week.
- Businesses were closed at that time and did not respond to the unemployment paperwork timely to report fraudulent claims.
- Identity theft fraudsters often changed the address of the individuals for which they had filed claims to prevent the victims from being notified and reporting the fraud.

In 2020, the work search requirement was reinstated. In 2021, all claimants had to verify their identity in-person at the local office before the claim was opened for a regular unemployment claim. The UIdentify program was utilized for identity verification for the PUA claims filed after January 1, 2021. The waiting week was reinstated in January 2021, which lengthened the period for employers to respond before payment was issued.

In addition, Internal Audit created the Fraud Investigation Unit and hired additional staff to focus on investigating the identity theft fraud claims. When the perpetrator is identified, a determination is issued, and an overpayment is established in the perpetrator's name/SSN for collection. The NASWA Integrity Data Hub (IDH) crossmatch was implemented in July 2020 as well to identify additional fraudulent claims for investigation.

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-002**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL 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 Cost/Cost Principles**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action taken.
The agency has an approved PACAP as of February 2023.

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 95.509, the State shall promptly amend the cost allocation plan and submit the amended plan to the regional office of the Department of Health and Human Services (DHHS) when procedures in the existing cost allocation plan become outdated. Also, per 45 CFR § 95.519, if the State fails to submit an amended cost allocation plan as required by 45 CFR § 95.509, the costs improperly claimed will be disallowed.

Condition and Context:
In July 2021, the Division of Workforce Services (DWS) transitioned from using Microsoft Great Plains accounting and reporting software, which had stopped functioning, to using Microsoft Excel spreadsheets, for the purposes of identifying and allocating costs to programs. As of January 6, 2023, DWS had not received approval from DHHS for an amended cost allocation plan covering the new system. Indirect costs allocated to the grant using the unapproved cost allocation plan totaled $20,416,865.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$20,416,865

Cause:
The Agency failed to ensure that approval was obtained from DHHS before adopting an amended cost allocation plan.

Effect:
Allocating costs to grants using an unapproved cost allocation plan could result in costs being disallowed, creating a liability back to the federal grantor.

Recommendation:
ALA staff recommend the Agency work with DHHS to submit and obtain approval for the cost allocation plan in use at the Agency. In addition, ALA staff recommend the Agency strengthen controls to ensure that amended cost allocation plans are not put into use without prior approval by DHHS.

Views of Responsible Officials and Planned Corrective Action:
The revised PACAP was submitted to DHHS for the changes that took place on July 1, 2021. While the Great Plains software is no longer being used the same methodology for allocating expenses has continued to be used. DWS and DHHS have been in monthly contact regarding the revised PACAP. According to DHHS they have 12 months to review and approve the PACAP but sometimes it may take longer. However, they have advised us that according to 45 CFR 95.517 the State may claim FFP costs associated with a program if the State has submitted a plan or amendment for a state agency. The Agency has been operating in compliance with 45 CFR 95.517 which has been provided below.

2022 Prior Year Finding Number:	**2022-002 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL 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 Cost/Cost Principles**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action (Continued):
45 CFR § 95.517 Claims for Federal financial participation.

(a) A state must claim FFP for costs associated with a program only in accordance with its approved cost allocation plan. However, if a state has submitted a plan or plan amendment for a state agency, it may, at its option claim FFP based on the proposed plan or plan amendment, unless otherwise advised by the DCA. However, where a state has claimed costs based on a proposed plan or plan amendment the state, if necessary, shall retroactively adjust its claims in accordance with the plan or amendment as subsequently approved by the Director, DCA. The State may also continue to claim FFP under its existing approved cost allocation plan for all costs not affected by the proposed amendment.

Anticipated Completion Date: The Agency was advised verbally on 2/28/2023 that the new PACAP has been approved and is awaiting final sign off from DHHS management. The Agency is expecting the official approval letter any day that will be retroactive back to July 1, 2021.

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-003**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL 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:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: **Partially Corrected:**

The agency has an Assistant Controller completing SEFA and DFA provided SEFA training in 2023. This is a continuation of improvement.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302, the state's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statues, regulations, and the terms and conditions of the federal award.

In accordance with 2 CFR § 200.510, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements, which must include the total federal awards expended.

Training and Employment Guidance Letter (TEGL) No. 02-16, updated by TEGL No. 20-19, requires the Agency to submit quarterly ETA-9130 financial reports to report the federal share of expenditures of its administrative grants. Per the ETA-9130 instructions, expenditures should be actual cash disbursements and indirect expenses incurred.

Condition and Context:
The Agency did not have appropriate controls in place to ensure the accurate reporting of direct costs on the SEFA. The Agency erroneously reflected $1,277,222 in penalty and interest revenue as a negative expenditure when calculating SEFA expenditures.

Our review of 24 ETA-9130 reports revealed that administrative expenditures for fiscal year 2022 were based on estimates rather than actual costs. In addition, the $29,972,370 total expenditures reported for fiscal year 2022 on the ETA-9130s exceeded the $20,416,865 in total administrative expenditures reported for fiscal year 2022 on the SEFA, for a difference of $9,555,505. We could not determine which, if either, of these values is more reasonable.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Not applicable

Cause:
The deficiency in Agency controls was caused by the failure of the accounting system used in allocating indirect costs, which was also used in ETA-9130 and SEFA preparation.

Effect:
Lack of appropriate internal controls resulted in noncompliance with federal laws and regulations over reporting and could allow misappropriation of assets to go undetected.

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2022 Prior Year Finding Number:	**2022-003 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL 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:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency strengthen controls over reporting to ensure that amounts reported are properly supported by the appropriate records and documentation, in accordance with federal laws and regulations.

Views of Responsible Officials and Planned Corrective Action:
The issue that $1,277,222 in penalty and interest revenue was reported on the SEFA as a negative expenditure was due to a coding error. The GL account used to code the transactions was correct for the penalty and interest revenue, but the WBS element used to code the revenue transactions was incorrect since it was an expenditure WBS element. Since the SEFA reporting process relies upon the WBS element to identify revenues and expenditures for the report, the amount was reported incorrectly on the SEFA as a negative expenditure.

The Agency has strengthened its controls over reporting by implementing a periodic review of AASIS GL accounts and WBS elements to determine when there is a mismatch between the codes. Once identified, the incorrect codes will be corrected by the staff so that they will flow correctly into the SEFA and ACFR reports.

Additionally, The ETA-9130 reports and the SEFA report were prepared using estimated amounts due to the failure of the accounting system used in allocating indirect costs as stated in the finding. In addition to the expected differences in the amounts of expenditures which normally occur between the reports due to them being prepared on different bases of accounting, other differences also existed such as FY 2022 year-end correcting journal entries that reclassified expenditures between federal programs, which were not posted until after the ETA-9130 reports used for the audit testing were prepared. The timing of the SEFA reporting procedures allowed the same correcting entries to be included in the final SEFA amounts, leading to a difference between the reports. Additionally, the failure of the accounting system used for cost allocations made it more difficult for staff to fully reconcile amounts between the ETA-9130 reports and the SEFA report to identify other possible errors and timing differences.

The Agency has strengthened its controls over reporting by implementing a new cloud-based cost allocation system. The cloud-based nature of this system should help prevent future system failures. The new cost allocation system will provide detailed reports of actual expenditures rather than estimated expenditures to enable the staff to prepare more accurate reports and to better reconcile between the ETA-9130 reports and the SEFA report.

Anticipated Completion Date: The Agency completed the implementation of a new cost allocation system, a new periodic review process of AASIS GL accounts and WBS elements and provided additional training and experienced staff to reconcile the ETA-9130 reports by March 1, 2023.

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-004**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
Division N, Title V, Section 501 of the Consolidation Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020) (codified at 15 U.S.C. § 9058a) provides that financial "assistance shall be provided for a period not to exceed 12 months except that grantees may provide assistance for an additional 3 months only if necessary to ensure housing stability for a household subject to the availability of funds." This requirement restricts funding to a maximum of 15 months of assistance.

Condition and Context:
Using data analytics, ALA staff identified a population totaling $1,819,690 at high risk of exceeding the 15-month maximum for rental assistance. From a population of 124 households, we selected a sample of 15, with payments totaling $257,682, to determine if more than 15 months of rental assistance was provided to the individual household.

Our testing revealed the following exceptions:

- Sample Item 1: Two different tenants applied for and received rental assistance for the same rental address and rental period, at least partially. Rental assistance payments for the months of July 2020, October 2020 through May 2021, and July through August 2021 were paid to both tenants. Neither tenant disclosed the other tenant as a household member on their application. As a result, questioned costs for 11 months of rental assistance totaled $8,625.

  In addition, one of the tenants was paid rental assistance twice for the month of June 2021, resulting in questioned costs totaling $473.
- Sample Item 2: The month of April 2021 was paid twice on behalf of one tenant at one rental address. Questioned costs totaled $625.
- Sample Item 3: Two different tenants applied for and received rental assistance for the same rental address and rental period, at least partially. Rental assistance payments for the months of March through October 2021 were paid to both tenants. Only one lease agreement could be provided for one of the tenants, and a household member was not disclosed on the application or lease. Questioned costs totaled $8,580.
- Sample Item 4: Two different tenants applied for and received rental assistance for the same rental address and rental period, at least partially. Rental assistance payments for the months of May 2020 through June 2021 were paid to the same landlord. Neither tenant disclosed the other tenant as a household member. Questioned costs totaled $15,750.
- Sample Item 5: Two different tenants applied for and received rental assistance for the same rental address and rental period, at least partially. Rental assistance payments for the months of August 2020 through June 2021 were paid, resulting in questioned costs totaling $12,600. Neither tenant disclosed the other tenant as a household member.
- Sample Item 6: Sixteen months of rental assistance was paid on behalf of one tenant at one rental address, resulting in questioned costs for one month totaling $650.

2022 Prior Year Finding Number:	**2022-004 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- Sample Item 7: Twenty-one months of rental assistance was paid on behalf of one tenant at one rental address, resulting in questioned costs for six months totaling $3,925.

  In addition, the month of June 2021 was paid twice, resulting in questioned costs totaling $650.
- Sample Item 10: Eighteen months of rental assistance was paid on behalf of one tenant at one rental address, resulting in questioned costs for three months totaling $3,600.
- Sample Item 12: Nineteen months of rental assistance was paid on behalf of one tenant at one rental address, resulting in questioned costs for four months totaling $2,865.
- Sample Item 13: Two different tenants applied for and received rental assistance for the same rental address and rental period, at least partially. The last two months for tenant #1 and the first two months for tenant #2 overlapped. Both payments, representing the months of November and December 2021, were paid directly to the landlord. Neither tenant disclosed the other tenant as a household member on their application. Questioned costs totaled $900.
- Sample Item 15: Rental assistance was paid for the same rental address and rental period (July and August 2021) on behalf of two different tenants. Questioned costs totaled $1,250. A 12-month lease agreement, with a "no sublet" clause, for tenant #1 became effective on April 20, 2020, and was extended through November 21, 2021. Rental assistance claimed for tenant #1 totaled $16,122.

  Tenant #1 entered into a lease agreement as landlord with another party (tenant #2) for the same rental address and rental period, at least partially, effective October 1, 2020. There is no documentation supporting that tenant #1 owned the property, and as previously stated, there was a "no sublet" clause in the signed agreement from April 20, 2020. Rental assistance claimed for tenant #2 totaled $3,750.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$60,493

Cause:
The Agency did not have sufficient controls and procedures in place regarding the review of application information to determine if rental assistance payments were being made in accordance with program criteria.

Effect:
A lack of adequate controls allowed benefits to be paid for periods exceeding the maximum 15-month period and also did not prevent payments that covered the same rental period for the same rental address.

Recommendation:
ALA staff recommend the Agency pursue the recovery of overpayments of funds, returning them to the appropriate source.

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2022 Prior Year Finding Number:	**2022-004 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with, in part, and disputes, in part, this finding. The applicants noted in Sample Items 4, 5, and 13 produced what appear to be valid leases from the same landlord and were determined to be eligible under program guidelines.

The Agency will investigate all other identified deficiencies for potential fraud and will seek guidance from the United States Department of Treasury on recoupment of payments that were not made in accordance with program criteria.

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-005**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
2 CFR § 200.516(a)(6) requires the auditor to report as an audit finding any known or likely fraud affecting a federal award.

Condition and Context:
The Agency identified $995,655 in fraud committed on behalf of beneficiaries of the Emergency Rental Assistance Program.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$995,655

Cause:
Increased funding opportunities and an online application process provided for the increased ability to commit fraud on behalf of beneficiaries in the Program.

Effect:
Ineligible individuals received benefits or misappropriated benefits received under the Program using fraudulent means.

Recommendation:
ALA staff recommend the Agency continue to seek the prosecution of perpetrators and recoupment of benefits fraudulently obtained on behalf of beneficiaries, whenever possible.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency will continue to investigate claims of fraud in the Emergency Rental Assistance Program and collaborate with prosecutors and local law enforcement on cases of suspected fraud.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-006**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 15 USC § 9058a(k), an eligible household means a "household that has a household income that is not more than 80% of the area median income for the household."

Condition and Context:
ALA reviewed a sample of 25 payments (totaling $26,777) out of 47,696 payments (totaling $99,457,430) to determine whether the payments were made to an eligible household.

Our review revealed that a payment, totaling $226, made in January 2022 was made to an ineligible applicant because the annual household income of $58,368 exceeded 80% of the area median income by $1,168. According to Treasury guidance, 80% of the annual area median income for a household of four in the area at the time of disbursement was $57,200.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$226

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

Cause:
The dual review process implemented by the Agency's contractor failed to identify the applicant as ineligible.

Effect:
Lack of adequate review of submitted applications resulted in ineligible households receiving assistance.

Recommendation:
ALA staff recommend the Agency review and strengthen internal controls over eligibility determinations for federal funds and recoup any funds disbursed to ineligible households.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Division of County Operations will perform a review of controls for eligibility determinations made by Agency contractors in active programs that disburse federal funds to applicants and seek guidance from the United States Department of Treasury on recoupment.

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2022 Prior Year Finding Number:	**2022-006 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-007**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 15 U.S.C. § 9058a(c)(2)(C)(i)(I), "with respect to financial assistance for rent and rental arrears and utilities and home energy costs and utility and home energy costs arrears provided to an eligible household from a payment made under this [program], an eligible grantee shall make payments to a lessor or utility provider on behalf of the eligible household, except that, if the lessor or utility provider does not agree to accept such payment from the grantee after outreach to the lessor or utility provider by the grantee, the grantee may make such payments directly to the eligible household for the purpose of making payments to the lessor or utility provider." Guidance provided by the U.S. Department of Treasury states, "grantees must make reasonable efforts to obtain the cooperation of landlords and utility providers to accept payments from the ERA program. Outreach will be considered complete if…the grantee has made at least three attempts by…e-mail over a five calendar-day period to request the landlords' or utility providers' participation…."

Condition and Context:
The Agency paid approximately $24,226,688 in rental assistance directly to tenants (and issued on single-payee checks) under the program. The Agency established a process to automatically send system-generated emails to the landlords over a 10-day period based upon information provided by and attested to by the tenants in the grants management system.

Using data analysis, ALA identified 565 high-risk payments, totaling $1,212,572, that indicated the landlord email address was the same as the tenant email address. We selected 40 payments, totaling $93,967, and requested copies of the emails sent to determine whether (1) controls were in place to ensure that at least three emails were sent to landlords regarding the tenant's rental assistance application prior to payment being issued directly to the tenant and (2) the email addresses used for communication with the tenant and landlord were different.

Our review of controls to confirm that three emails had been sent to the landlord email address prior to payment revealed documentation for the emails could not be provided in seven instances.

Our review to determine compliance regarding the email address used for communicating with the landlord revealed the following:

- In 30 instances, the email addresses for the tenant and the landlord were the same. Questioned costs totaled $61,340.
- In two instances, the landlord email address and the tenant email address were reversed. This error would cause the tenant to receive the landlord-designated emails when the required reasonable effort for outreach was made. Questioned costs totaled $17,205.
- In three instances, although the landlord and tenant email addresses were different, they closely resembled each other. For instance, a landlord's email was JaneDoe@email.com, and the tenant's email was Jdoe@email.com. Questioned costs totaled $4,289.
- In one instance, a payment approved for the landlord went to the tenant. Questioned costs totaled $4,500.

2022 Prior Year Finding Number:	**2022-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
As a result of the control and compliance exceptions noted above with the high-risk population, ALA selected an additional 20 payments, totaling $55,220, from the remaining lower-risk population of payments, totaling $23,014,116. Our review revealed the following exceptions:

- In six instances, documentation supporting three emails being sent to the landlord could not be provided.
- In one instance, although the landlord and tenant email addresses were different, they closely resembled each other. For instance, a landlord's email was JaneDoe@email.com, and the tenant's email was Jdoe@email.com. Questioned costs totaled $761.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$88,095

Cause:
The Agency failed to implement sufficient internal controls over landlord outreach efforts to ensure compliance with Treasury-issued guidance and establish eligibility of the tenant to receive rental assistance payments directly.

Effect:
The State of Arkansas could be subject to repayment of funds to the federal government.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure Treasury guidelines are followed regarding outreach to landlords. In addition, the Agency should contact the federal awarding agency to determine if recoupment is required.

Views of Responsible Officials and Planned Corrective Action:
The Agency concurs with, in part, and disputes, in part, this finding. While some cases did include matching email addresses for the landlord and tenant, this may be attributable to a landlord's refusal to participate or their lack of an email address. The cases with similar email addresses between landlord and tenant have not been confirmed to be in violation of program regulations. The Agency will review these cases to determine if program regulations were violated and seek guidance from the United States Department of Treasury on recoupment.

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-008**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

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

Condition and Context:
ALA staff selected 19 of 182 total transactions from the Agency's accounting system to determine whether any one of four key Emergency Rental Assistance Program staff approved the expenditure prior to payment. Of the 19 transactions selected, 3 did not have any documented approval by key staff prior to payment.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency failed to implement the aforementioned internal control in a consistent, uniform manner.

Effect:
Expenditures could be charged to the grant that are not allowed under the applicable federal requirements.

Recommendation:
ALA staff recommend the Agency ensure that all expenditures are reviewed by the appropriate program staff prior to disbursement.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Division of County Operations will perform a review of its controls for approval of expenditures for active programs that disburse federal funds to applicants.

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-009**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
To assist in complying with Division N, Title V, Section 501(g) of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020), the U.S. Department of Treasury (Treasury) required grantees to report expenditures and obligations quarterly.

Furthermore, on January 24, 2022, the Treasury issued a document entitled "Quarterly Reporting Special Tip," which specifically states that "amounts returned to Treasury, whether excess funds or voluntary reallocation, should be excluded from reporting since the funds are no longer available for obligation or expenditure."

Finally, 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 the June 30, 2022, quarterly report revealed an overstatement of expenditures totaling $31,822,809 because the Agency failed to exclude amounts returned to Treasury from the expenditure line item, in accordance with Treasury guidance.

In addition, the December 31, 2021, and March 30, 2022, reports erroneously included funds (representing bank balances) that were not obligated or expended, totaling $6,524,494 and $4,034,643, respectively. As of June 30, 2022, the bank balance included in the report totaled $3,724,092.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$35,546,901

Cause:
The Agency failed to implement sufficient internal controls to review reports for accuracy and to comply with Treasury-issued reporting guidance.

Effect:
The Treasury potentially relied on inaccurate information in determining the amount of funds subject to recapture during the period of the grant award.

Recommendation:
ALA staff recommend the Agency strengthen internal controls over the review of federal reports to ensure compliance with grantor-issued guidance and correct any erroneously reported information.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-009 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency corrected the reported information in the final 2022 program report that was submitted to the United States Department of Treasury on February 8, 2023.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-010**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
To assist in complying with Division N, Title V, Section 501(g) of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (December 27, 2020), the U.S. Department of Treasury (Treasury) required grantees to report monthly the total number of unique households that received program assistance of any kind during the month. Reporting guidance issued by the Treasury indicated that the number reported for any particular month should capture all previously-approved applicants receiving assistance during the month as well as new applicants approved and receiving assistance in the reporting month.

Finally, 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:
ALA's review of the January, February, and March 2022 ERA1-Monthly Compliance reports indicated that the Agency understated the number of households receiving assistance on all three monthly reports as follows:

- January was understated by 1,780.
- February was understated by 1,298.
- March was understated by 1,239.

The Agency only reported a unique household receiving assistance in the first month that assistance was received. Subsequent assistance received by the household was not reported during any additional months, in conflict with Treasury guidance.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency relied on information provided by a contractor in preparing the federal reports and failed to implement sufficient internal controls to review the information and ensure it complied with Treasury-issued guidance.

Effect:
Inaccurate information was reported to the Treasury and relied on by the Treasury in meeting its obligation under federal law.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-010 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency strengthen internal controls over the review of federal reports to ensure compliance with grantor-issued guidance and correct any erroneously reported information.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency corrected the reported information in the final 2022 program report that was submitted to the United States Department of Treasury on February 8, 2023.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-011**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Special Tests and Provisions**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
Pursuant to section 501(d) of the Consolidated Appropriations Act, 2021, Treasury was required to reallocate "excess" award funds. Treasury calculated a reallocation expenditure ratio based upon information reported by the grantees to determine whether the grantee was subject to the involuntary reallocation and recapture of excess funds.

Condition and Context:
ALA tested the April, May, and June 2022 ERA1-Monthly Compliance reports to determine whether the grantee accurately reported the amount expended for housing activity at the time of submission. The May 2022 report was understated because it did not include reissuances totaling $176,194 or subrecipient payments totaling $92,871.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$269,065

Cause:
The Agency failed to implement sufficient internal controls over reporting to ensure compliance with Treasury-issued guidance and accuracy in reported amounts.

Effect:
Inaccurate information was reported to the Treasury and relied upon by the Treasury in meeting its obligation under federal law.

Recommendation:
ALA staff recommend the Agency strengthen internal controls over the review of federal reports to ensure compliance with grantor-issued guidance and accuracy in the amounts reported, as well as to correct any erroneously reported information.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency corrected the reported information in the final 2022 program report that was submitted to the United States Department of Treasury on February 8, 2023.

Anticipated Completion Date: Complete

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.023 – COVID 19: Emergency Rental Assistance Program**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**ERA0417**
Federal Award Year(s):	**2021**
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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-012**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Whereas Executive Order 23-14 repealed Executive Order 21-08 that established the Arkansas American Rescue Plan Act of 2021 Steering Committee, the internal controls related to expenditure of the CSLFRF funds remain under the purview of both the Governor of the State of Arkansas and the Arkansas State Legislature. Further, internal controls are in place in which dedicated staff at the Arkansas Department of Finance and Administration review the above approved expenditures and determine the appropriate expenditure category as defined by the U.S. Treasury.

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:
Department of Finance and Administration (DFA) documented procedures state that complete proposals are sent to a contractor for compliance review prior to the proposals' submission for approval from the Arkansas American Rescue Plan Act of 2021 Steering Committee (Committee). The contract between DFA and the contractor provides that the contractor will review projects for overall compliance and adherence to Committee rules prior to review by the Committee.

ALA identified 18 proposals that were approved by the Committee and funded during the fiscal year. We selected five proposals and requested documentation of the review performed by either the contractor or DFA staff concerning the allowability of the proposals prior to submission to the Committee. Two of the funded proposals had no documentation of review for compliance by DFA or the contractor prior to submission to the Committee.

In addition, all portions of the Nursing and Hospital programs were evaluated for eligibility against Federal Emergency Management Agency (FEMA) requirements. According to the Agency and the contractor, the Center for Toxicology and Environmental Health (CTEH), FEMA requirements are considered more stringent than requirements of CSLFRF. Therefore, if FEMA requirements were met, the programs would also be considered compliant for CSLFRF.

A nursing program's fixed property expense was evaluated as unlikely to be eligible for FEMA funding but was still funded. No documentation was provided supporting CSLFRF allowability.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency failed to follow its documented internal control procedures or document the justification for diverging from those documented procedures.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Material Weakness**

Effect:
Unallowable expenses could be paid by the Agency if proposals are not properly evaluated for CLSFRF restrictions prior to funding.

Recommendation:
ALA staff recommend the Agency follow its documented procedures concerning CLSFRF proposals to ensure the proper evaluation for compliance with CLSFRF requirements is made prior to funding the proposals.

Views of Responsible Officials and Planned Corrective Action:
The Agency acknowledges that we failed to follow our own policies and procedures regarding the review of proposals. We will review and subsequently report accordingly.

Anticipated Completion Date: September 30, 2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-013**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

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

Condition and Context:
The Agency implemented a process whereby all weekly payment batches for the nursing and hospital programs were approved by management prior to submission to the providers.

Of 17 nursing program batches and 7 hospital program batches, ALA staff reviewed 4 from the nursing program and 2 from the hospital program to ensure management approval was documented. Our review revealed that the Agency was unable to provide documentation of management approval for one hospital program batch payment.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency failed to maintain adequate documentation of management's prior approval of disbursements of federal funds.

Effect:
Unallowable expenses could be paid by the Agency if management fails to provide its required prior approval for federal fund disbursements.

Recommendation:
ALA staff recommend the Agency implement sufficient internal controls over disbursements to ensure proper payments of federal funds and maintain adequate documentation of the function of those internal controls.

Views of Responsible Officials and Planned Corrective Action:
The Agency concurs with this finding and has developed controls for approval of future program fund disbursements.

Anticipated Completion Date: Complete

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-013 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Material Weakness**

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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-014**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.434(a), costs of contributions and donations are unallowable expenses. In addition, 2 CFR § 400.421(e)(4) states that costs of advertising and public relations designed solely to promote the non-federal entity are unallowable.

Additionally, state-promulgated rules governing the Arkansas Rural Connect (ARC) Program provide that allowable expenses do not include operating expenses not related to the project build.

Finally, 2 CFR § 200.303 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.
- 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 staff selected 10 payments to internet service providers (ISP) under the ARC Program to determine if sufficient, appropriate documentation was maintained to support that reimbursements were made for allowable project expenses. Our review revealed the following:

Project 1:

- Employee payroll taxes and other payroll withholdings were paid twice, totaling $108,794. (All costs were incurred in fiscal year 2022, but $51,239 was paid in fiscal year 2023.)
- A blue-ribbon sponsorship to a local watermelon festival was reimbursed, totaling $3,000.

Project 2:

- Nine claims, totaling $6,735, were reimbursed for personal/business type items. Examples of the items include vehicle maintenance, electrical work, and vehicle registration fees.
- Five claims, totaling $2,936, did not contain enough supporting documentation for a determination to be made regarding allowability.

Statistically Valid Sample:
Not a statistically valid sample

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
$121,465

Cause:
Agency controls were not sufficient, and staff were not adequately trained to ensure only allowable expenditures were processed for reimbursement for the projects. In addition, Agency staff failed to adequately review costs regarding payroll, which caused the duplication of those costs.

Effect:
Reimbursements were approved for expenditures that were not of direct benefit to the project or program or were duplicated. The federal awarding agency may require recoupment.

Recommendation:
ALA staff recommend the Agency establish and immediately implement internal controls and provide training to staff to ensure compliance.

Views of Responsible Officials and Planned Corrective Action:
The Arkansas State Broadband Office ("ASBO") intends to immediately update its policies and procedures to explicitly indicate that any expense not directly related to the build of an awarded project is an unallowable expense. The ASBO will directly communicate this policy via several mediums, to include official written notification, email, telephone conversation, and online webinar, to the following stakeholders:

- All previously awarded ARC grant participants with at least one ongoing project
- All ASBO staff
- All staff within the Department of Commerce that interact, in any manner, with the ARC grant program
- All future ARC grant award winners prior to the execution of the grant agreement
- All ARC grant program administrative subcontractors

The ASBO will implement policy to require its staff, as well as its financial reconciliation subcontractor, to specifically review all submitted expenses for any unallowable expenses.

The ASBO will develop specific training materials and provide targeted, required training to all ASBO staff and ASBO's administrative subcontractors.

Anticipated Completion Date: 06/01/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-015**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 31 CFR § 35.5, a recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024.

Condition and Context:
During our review of payments made to internet service providers (ISPs) under the Arkansas Rural Connect (ARC) Program, we discovered expenses incurred prior to March 3, 2021, for one ISP. The unallowable expenses, totaling $82,226, were incurred from June 6, 2020, through February 3, 2021.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$82,226

Cause:
Proper review and familiarity with the requirement for period of performance were lacking.

Effect:
Unallowable expenses were paid and may require recoupment.

Recommendation:
ALA staff recommend the Agency provide appropriate training to personnel involved in reviewing expenses to ensure they understand the requirements for period of performance for the ARC Program. In addition, the Agency should contact the federal awarding agency to determine if recoupment is required.

Views of Responsible Officials and Planned Corrective Action:
The ASBO intends to immediately update its policies and procedures to explicitly indicate official timelines and periods of performance for expenses related to each applicable federal funding source. The ASBO will directly communicate this policy via several mediums, to include official written notification, email, telephone conversation, and online webinar, to the following stakeholders:

- All previously awarded ARC grant participants with at least one ongoing project
- All ASBO staff
- All staff within the Department of Commerce that interact, in any manner, with the ARC grant program

2022 Prior Year Finding Number:	**2022-015 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Period of Performance**
Type of Finding:	**Noncompliance and Material Weakness**

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

- All future ARC grant award winners prior to the execution of the grant agreement
- All ARC grant program administrative subcontractors

The ASBO will implement policy to require its staff, as well as its financial reconciliation subcontractor, to specifically review the dates of all submitted expenses to ensure compliance with established timelines and periods of performance specific to the federal funding source.

The ASBO will develop specific training materials and provide targeted, required training to all ASBO staff and ASBO's administrative subcontractors.

The ASBO will also contact the federal awarding agency to determine if recoupment is required.

Anticipated Completion Date: 06/01/2023

Contact Person:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-016**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially Corrected:

	Corrective Action	Important Dates	Method of Monitoring	Status as of June 30, 2023
1	The Arkansas Department of Health Procurement Support Branch will revise the current policy and procedures manual for contracts and subgrants to include the mandatory inclusion of the 9 clauses required by 2 CFR § 200.327 to be in all Agency contracts and subgrants.	June 2023 – Policy and Procedures will be updated and distributed to all ADH employees. July 1, 2023 – All contracts and subgrants will require the new clauses within each official document.	Each month, the ADH Procurement Branch Chief will submit a report to the Chief Financial Officer within the first 2 weeks of each month certifying the number of contracts and subgrants developed during the month and that the 9 clauses required by 2 CFR § 200.327 have been attached to each agreement and the that agreements have been monitored for compliance.	On June 30, 2023, ADH policy, procedures, and forms for contracts and subgrants were revised to include the 9 required clauses of 2 CFR § 200.327 and approved by ADH senior leadership. *(Revised policies, procedures, and forms for contracts and subgrants were distributed to all ADH staff on July19, 2023, and are required to be included in on all new agreements.)*

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Noncompliance and Material Weakness**

	Corrective Action	Important Dates	Method of Monitoring	Status as of June 30, 2023
2	Upon being contacted by Arkansas Legislative Audit in January 2023 concerning a potential finding regarding the Arkansas Department of Health not verifying that all COVID-19 MOA recipients were not on the suspension and debarment listings, the Agency checked and confirmed that all vendors were not on the lists. Furthermore, to avoid future findings in this area, the Arkansas Department of Health Procurement Support Branch will add the requirement for all Agency buyers who develop contracts and subgrants for the Agency to begin taking screen shots when they have reviewed the suspension and debarment listings. They will print the screen shots a verification that they have check the listings and will include them within the hard files in the Procurement office.	March 2023 – Buyers within the ADH Procurement Support Branch will begin taking screen shots when they have reviewed the suspension and debarment listings for all contractors and subgrants.	Effective December 2023, a random sampling of ADH contracts and subgrants will be reviewed by the ADH Office of Finance to secure that screen shots of the suspension and debarment listings are on file for all agreements within the sampling. The findings of the sampling report will be submitted to the ADH Chief Financial Officer in January 2024. This monitoring effort will occur annually in December	In March 2023, procedural updates were implemented. Buyers within the ADH Procurement Support Branch began taking screen shots when reviewing the suspension and debarment listings for both the State Suspended/Debarred website and SAM.gov when developing all subgrants and contracts. *(The review of a random sampling of ADH contracts and subgrants for compliance will be conducted as planned in December 2023.)*

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302(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.

2022 Prior Year Finding Number:	**2022-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Noncompliance and Material Weakness**

Criteria (Continued):
In accordance with 2 CFR § 200.302(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, 2 CFR § 200.303(a) requires a non-federal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the 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.

Finally, 2 CFR § 200.317 states that when procuring property and services under a federal award, the State must follow the same policies and procedures it uses for procurements from its non-federal funds. The State will comply with 2 CFR §§ 200.321, 200.322, and 200.323 regarding contracting with small and minority businesses, domestic preferences for procurements, and procurement of recovered materials, respectively. In addition, every purchase order or other contract must include the clauses required by 2 CFR § 200.327, which include the following:

1) Contracts for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.
2) Contracts in excess of $10,000 must address termination for cause and for convenience by the non-federal entity.
3) Include the equal opportunity clause.
4) Include a provision for compliance with the Davis-Bacon Act.
5) All contracts awarded in excess of $100,000 that involve the employment of mechanics or laborers must include a provision to compute the wages on the basis of a standard work week of 40 hours.
6) Include the Rights to Inventions.
7) Include the Clean Air Act.
8) Adhere to debarment and suspension rules.
9) Contractors that apply or bid for an award exceeding $100,000 must file the required certification regarding the Byrd Anti-Lobbying Amendment.

Condition and Context:
The Agency failed to establish documented control procedures for the suspension and debarment compliance requirement.

The Agency contracted with hospitals to provide staffed beds for COVID-19 patients. Discussion with Agency staff disclosed that a memorandum of agreement (MOA) and purchase order (PO) were provided to hospital administrators.

The Agency failed to establish documented control procedures for the suspension and debarment compliance requirement.

The Agency contracted with hospitals to provide staffed beds for COVID-19 patients. Discussion with Agency staff disclosed that a memorandum of agreement (MOA) and purchase order (PO) were provided to hospital administrators.

2022 Prior Year Finding Number:	**2022-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):
ALA reviewed 10 of the 15 contracts issued by the Agency to determine if the required contractual terms were included. Our review revealed that all 10 contracts did not include all required disclosures, specifically #1, #2, #7, and #9 from the above listing. In addition, the contracts did not contain a clause regarding domestic preferences.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Although the Agency had documented control procedures for the procurement piece of the compliance requirement area, it failed to document control procedures for the suspension and debarment compliance requirement area. Additionally, the Agency failed to ensure the contractual agreements met federal requirements.

Effect:
The Agency could potentially enter into agreements that violate federal or state regulations.

Recommendation:
ALA staff recommend the Agency establish and implement controls to ensure suspension and debarment requirements are met. Additionally, ALA staff recommend the Agency review federal regulations regarding contract requirements to ensure all applicable contract provisions are included in future contract documents.

Views of Responsible Officials and Planned Corrective Action:
During a peak time of the Coronavirus pandemic, the Arkansas Department of Health entered into memorandums of agreement (MOA) and purchase orders with hospitals to increase hospital bed capacity for COVID-19 patients throughout the state. We acknowledge that although the Department was in compliance with checking the suspension and debarment areas, we did not document our efforts appropriately and our existing policy does not include sufficient internal controls concerning this area.

Additionally, the Department acknowledges that it was not aware of all required disclosures listed within 2 CFR § 200.327 concerning the clauses that are required in every purchase order or other contract regarding contracting with small and minority businesses, domestic preference procurements, and procurements of recovered materials.

The following corrective action plan is being submitted for consideration and approval:

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

	Corrective Action	Important Dates	Method of Monitoring
1	The Arkansas Department of Health Procurement Support Branch will revise the current policy and procedures manual for contracts and subgrants to include the mandatory inclusion of the 9 clauses required by 2 CFR § 200.327 to be in all Agency contracts and subgrants. Please see the listing of the 9 required clauses below: 1) Contracts for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate. 2) Contracts in excess of $10,000 must address termination for cause and for convenience by the non-federal entity. 3) Include the equal opportunity clause. Include a provision for compliance with the Davis-Bacon Act. 4) All contracts awarded in excess of $100,000 that involve the employment of mechanics or laborers must include a provision to compute the wages on the basis of a standard work week of 40 hours. 5) Include the Rights to Inventions. 6) Include the Clean Air Act. 7) Adhere to debarment and suspension rules. 8) Contractors that apply or bid for an award exceeding $100,000 must file the required certification regarding the Byrd Anti-Lobbying Amendment.	June 2023 – Policy and Procedures will be updated and distributed to all ADH employees. July 1, 2023 – All contracts and subgrants will require the new clauses within each official document.	Each month, the ADH Procurement Branch Chief will submit a report to the Chief Financial Officer within the first 2 weeks of each month certifying the number of contracts and subgrants developed during the month and that the 9 clauses required by 2 CFR § 200.327 have been attached to each agreement and the that agreements have been monitored for compliance.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Health**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

	Corrective Action	Important Dates	Method of Monitoring
2	Upon being contacted by Arkansas Legislative Audit in January 2023 concerning a potential finding regarding the Arkansas Department of Health not verifying that all COVID-19 MOA recipients were not on the suspension and debarment listings, the Agency checked and confirmed that all vendors were not on the lists. Furthermore, to avoid future findings in this area, the Arkansas Department of Health Procurement Support Branch will add the requirement for all Agency buyers who develop contracts and subgrants for the Agency to begin taking screen shots when they have reviewed the suspension and debarment listings. They will print the screen shots a verification that they have check the listings and will include them within the hard files in the Procurement office.	March 2023 – Buyers within the ADH Procurement Support Branch will begin taking screen shots when they have reviewed the suspension and debarment listings for all contractors and subgrants.	Effective December 2023, a random sampling of ADH contracts and subgrants will be reviewed by the ADH Office of Finance to secure that screen shots of the suspension and debarment listings are on file for all agreements within the sampling. The findings of the sampling report will be submitted to the ADH Chief Financial Officer in January 2024. This monitoring effort will occur annually in December

Anticipated Completion Date: July 1, 2023, and March 31, 2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-017**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.302(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, 2 CFR § 200.303(a) 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 award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Finally, 2 CFR § 200.214 holds entities subject to 2 CFR Part 180, which restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Condition and Context:
The Agency failed to establish documented control procedures for this compliance requirement area.

The Agency is responsible for ensuring that entities receiving awards are registered in the System for Award Management (SAM) database and have not been suspended or debarred. Registration must occur prior to the issuance of a contract or grant agreement. ALA staff reviewed 10 contracts and grant agreements to determine if the Agency was in compliance with the requirement. Our review revealed the following:

- Two entities, with agreements dated September 20, 2021, failed to register on SAM until January 26, 2022, and February 28, 2022, respectively.
- The SAM registration could not be verified for two entities with agreements dated July 9, 2021, and September 20, 2021. Their status is unknown.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
The Agency failed to establish documented control procedures and did not have adequately trained staff to ensure compliance.

Effect:
Failure to develop, document, and implement procedures for internal control over compliance increases risk for issuance of contracts and grant agreements to excluded or ineligible entities.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-017 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency promptly develop, document, and establish policies to ensure contracts and grant agreements are only issued to eligible entities.

Views of Responsible Officials and Planned Corrective Action:
The ASBO intends to immediately update its policies and procedures to explicitly indicate that, in accordance with Uniform Guidance, it must be confirmed that a potential ARC grant program awardee has registered in the SAM system prior to the execution of the official grant agreement.

The ASBO will implement policy to require its staff, as well as any subcontractor tasked with the responsibility to confirm SAM registration, to confirm SAM registration prior to the execution of a grant agreement.

The ASBO will develop specific training materials and provide targeted, required training to all ASBO staff and ASBO's administrative subcontractors.

The ASBO will also notify all potential ARC grant program awardees of this requirement prior to the execution of the grant agreement.

Anticipated Completion Date: 06/01/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-018**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.332(a)(1), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward:

i. Subrecipient name (which must match the name associated with its unique entity identifier).
ii. Subrecipient's unique entity identifier.
iii. Federal Award Identification Number (FAIN).
iv. Federal award date.
v. Subaward Period of Performance start and end date.
vi. Subaward budget period start and end date.
vii. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient.
viii. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation.
ix. Total amount of the federal award committed to the subrecipient by the pass-through entity.
x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA).
xi. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity.
xii. Assistance listings number (ALN) and title; the pass-through entity must identify the dollar amount made available under each Federal award and the ALN at time of disbursement.
xiii. Identification of whether the award is Research & Development.
xiv. Indirect cost rate for the federal award.

In addition, 2 CFR § 200.332(a)(4) requires an approved federally recognized indirect cost rate between the subrecipient and the federal awarding agency.

Finally, 2 CFR § 200.332(b) states that pass-through entities must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Under the Arkansas Rural Connect (ARC) Program, the Arkansas Economic Development Commission (Agency) issued grant agreements to internet service providers (ISPs) to provide new or improved broadband infrastructure to unserved or underserved rural communities. The Agency issued grant agreements based on the locality of services performed. For example, if an ISP provided services to two areas, then two separate grant agreements were issued.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context:
ALA staff reviewed 10 executed grant agreements, totaling $34,218,458, to determine if they met the Uniform Guidance criteria. The following deficiencies were noted:

- The 10 grant agreements did not include all required terms, specifically from the criteria noted above, ii, iii, iv, ix, xi, xii, xiii, and xiv.
- Discussion with management indicated that the ISPs were evaluated during the application process, but the results were not documented. Without proper documentation, ALA staff were unable to determine if the ISPs were assessed for risk as required by Uniform Guidance.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not ensure staff were trained and knowledgeable regarding Uniform Guidance requirements for subrecipients.

Effect:
Without a proper grant agreement, subrecipients may be unaware that their award is subject to federal compliance requirements. The Agency could award federal funds to a high-risk entity and fail to adjust the methods of monitoring accordingly.

Recommendation:
ALA staff recommend the Agency provide training to appropriate staff to ensure adherence to Uniform Guidance regarding subrecipient monitoring.

Views of Responsible Officials and Planned Corrective Action:
The ASBO intends to immediately update its policies and procedures to explicitly indicate that, in accordance with Uniform Guidance, 1) all required identifications and conditions are incorporated into the official grant agreement prior to the execution of said agreement; and 2) all applicant evaluations, including but not limited to technical feasibility and financial evaluation, be documented, recorded, and saved.

The ASBO will implement policy to require its staff, as well as any subcontractor tasked with the responsibility, to be aware of such requirements.

The ASBO will develop specific training materials and provide targeted, required training to all ASBO staff and ASBO's administrative subcontractors.

Anticipated Completion Date: 06/01/2023

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material 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, 2023

2022 Prior Year Finding Number:	**2022-019**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425 – COVID 19: Education Stabilization Fund – CARES Act**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425C200051; S425C210051; S425D200039; S425D210039; S425U210039; S425W210004**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

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

In addition, 2 CFR § 200.332(f) states that all pass-through entities must verify that every subrecipient with federal expenditures totaling $750,000 or more receive a Single Audit as required by Uniform Guidance.

Finally, 2 CFR § 200.332(d)(1) and (2) state that the pass-through entity is responsible for reviewing subrecipient financial reports and audits and ensuring that the subrecipient has taken appropriate action on any deficiencies identified.

Condition and Context:
Historically, the Agency's internal auditor maintained an audit log that was used to record the receipt of annual audit reports from local educational agencies (LEAs), select nonprofit organizations, and private institutions of higher education and document whether corrective action was taken on any reported deficiencies, as applicable.

During fiscal year 2022, the Agency's internal auditor resigned. Because the Agency has been unable to fill the position, it transferred the audit log responsibility to another staff member, who resigned during fiscal year 2023. As a result, the audit log has not been consistently maintained; therefore, the Agency is not in compliance with the terms of the grant award.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Agency management did not ensure the audit log was maintained after the resignation of two staff members.

Effect:
Failure to monitor subrecipients could result in undetected noncompliance with program requirements.

Recommendation:
ALA staff recommend the Agency provide necessary training to multiple staff members to ensure full compliance with subrecipient monitoring requirements.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-019 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.425 – COVID 19: Education Stabilization Fund – CARES Act**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**S425C200051; S425C210051; S425D200039; S425D210039; S425U210039; S425W210004**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

The Arkansas Department of Education (ADE) has reviewed the finding related to the 84.425 – Education Stabilization Fund, which will be included in the Statewide Single Audit. Management has designated two individuals within the Fiscal Services and Support unit to maintain the audit log and document the procedure to ensure compliance. The ADE Fiscal Services and Support unit will implement the audit log process for all local educational agencies (LEAs), and the Grants Coordinator will be responsible for select nonprofit organizations and private institutions of higher education. The Fiscal Services and Support unit will document the process to ensure continuity in the event of staffing changes. All documentation will be maintained on ADE's shared network drive to ensure that all documentation is readily available to the Finance division.

Anticipated Completion Date: 07/01/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-020**
State/Educational Agency(s):	**Ozarka College**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**84.425F – HEERF Institutional Aid Portion (Higher Education Emergency Relief Fund)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**84.425F (P425F201221 – 20B)**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.414 and Appendix III to Part 200, indirect costs must be distributed to applicable federal awards on the basis of modified total direct costs (MTDC) at the current negotiated rate. The MTDC consists of program expenditures exclusive of capital items and other costs specifically identified as unallowable.

Condition and Context:
The College incorrectly calculated indirect costs for the Institutional Portion of the HEERF program. The College utilized the federal award allocation received for the fiscal year ending June 30, 2022, rather than the MTDC as the indirect cost base.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$180,513.

Cause:
Lack of internal controls and management oversight regarding indirect costs contributed to the claiming of excessive costs.

Effect:
The College claimed excessive indirect costs of $180,513.

Recommendation:
ALA staff recommend the Agency enhance controls to ensure adherence to relevant federal guidance. The College should consult with the U.S. Department of Education for resolution regarding this matter.

Views of Responsible Officials and Planned Corrective Action:
Ozarka College wants to be in compliance with all regulations. We have reached out to our Program Specialist at the Department of Education and have provided the documentation that was requested. We are currently waiting for the Department of Education to complete a review of the information and provide guidance on how to proceed. We will work diligently with the Department to resolve the issue and follow the directions given.

Anticipated Completion Date: Immediately upon the receipt of instructions from the Department of Education.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-020 (Continued)**
State/Educational Agency(s):	**Ozarka College**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**84.425F – HEERF Institutional Aid Portion (Higher Education Emergency Relief Fund)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**84.425F (P425F201221 – 20B)**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

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, 2023

2022 Prior Year Finding Number:	**2022-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021; 05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
Section 2105(c)(10) of the Social Security Act allows states to elect to offer a premium assistance subsidy for qualified employer-sponsored insurance coverage to all targeted low-income children eligible for the Children's Health Insurance Program (CHIP). To be allowable, the Health Insurance Premium Payment (HIPP) assistance must be included coverage defined in the CHIP State Plan.

Condition and Context:
The Arkansas CHIP State Plan does not include coverage for HIPP; therefore, premium assistance payments are unallowable for CHIP recipients. ALA discovered premium assistance payments, totaling $152,884, made on behalf of CHIP recipients.

Additionally, the unallowable premium assistance payments were paid using Medicaid grant funds and were incorrectly reported as Medicaid expenditures.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$152,884

Cause:
The Agency failed to adhere to its CHIP State Plan and did not receive approval from the federal awarding agency to offer premium assistance payments.

Effect:
Unallowable HIPP assistance was paid on behalf of CHIP recipients using Medicaid grant funds.

Recommendation:
ALA staff recommend the Agency request a State Plan Amendment to allow premium assistance subsidies for CHIP recipients and implement adequate controls to ensure expenditures are made in accordance with the approved State Plan and are paid from the appropriate grant award.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency contracts with a vendor to perform eligibility determinations for the HIPP program. The Agency provided the vendor with a list that identified all HIPP eligible aid categories. The list incorrectly included CHIP aid categories.

2022 Prior Year Finding Number:	**2022-021 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021; 05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action (Continued):
The Agency will direct the vendor to exclude CHIP aid categories from the list of aid categories eligible for HIPP. The Agency will ensure CHIP clients are disenrolled from the HIPP program and will develop and implement internal controls to ensure that the vendor enrolls only beneficiaries in HIPP eligible aid categories.

Anticipated Completion Date: 5/31/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-022**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

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

In addition, 42 CFR § 435.1009 states that federal financial participation (FFP) is not available for payments made on behalf of individuals who are inmates in public institutions, including eligible juveniles. To be considered an inmate of a public institution, a person must be living in an institution that is the responsibility of a governmental unit or over which a governmental unit exercises administrative control.

Finally, under section 1001 of the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act), states are 1) prohibited from terminating the Medicaid eligibility of an "eligible juvenile" who becomes an inmate of a public institution, 2) required to process applications submitted by incarcerated youth, and 3) required to re-determine the Medicaid eligibility of eligible juveniles before their release from a public institution.

An eligible juvenile is defined as a "juvenile who is an inmate of a public institution and who (A) was determined eligible for medical assistance under the State plan immediately before becoming an inmate of such a public institution; or (B) is determined eligible for such medical assistance while an inmate of a public institution."

In compliance with this requirement, Medical Services Manual section D-380 states that coverage for children entering the custody of the Division of Youth Services (DYS) will be placed in suspension status for up to 12 months from the initial approval or most recent renewal. When a child with suspended Medicaid eligibility receives eligible medical treatment off the grounds of the juvenile detention facility (inpatient services) or is released from custody, the child's Medicaid case will be reinstated for a fixed eligibility period from the date of hospitalization to the date of hospital discharge. Once the child returns to the DYS state run facility, the Medicaid case is re-suspended.

Condition and Context:
ALA staff selected 60 files for incarcerated juveniles to determine whether the State is properly suspending a juvenile's benefit coverage when the juvenile is held in a public institution and then properly reinstating coverage when the juvenile is placed in non-public institutions or released from DYS custody. ALA's review also included ensuring that benefit payments were not made for dates of service that fell within the juvenile's incarceration period.

2022 Prior Year Finding Number:	**2022-022 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Our review revealed the following deficiencies:

- The Agency failed to suspend Medicaid benefits for 21 juveniles in DYS custody. ALA also identified Medicaid payments, totaling $137,811, made for dates of service within the incarceration period for 18 of these individuals. The federal portion of these payments totaled $105,030.
- Although the Agency appropriately suspended Medicaid and CHIP benefits for 7 juveniles, Medicaid and CHIP payments, totaling $22,278 and $44, respectively, were made for dates of service within the incarceration period for these juveniles. The federal portion of the Medicaid and CHIP payments totaled $17,308 and $37, respectively.
- The Agency improperly reinstated Medicaid benefits for 2 juveniles prior to the placement of the juvenile in a private institution. Medicaid payments, totaling $5,625, were made for dates of service within the incarceration period for these individuals. The federal portion of these payments totaled $4,378.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$126,716 – Medical Assistance Program
$37 – Children's Health Insurance Program

Cause:
The Agency failed to properly monitor Medicaid and CHIP eligibility for juveniles in DYS custody. Suspensions of benefits were not always entered timely, were entered with incorrect effective dates, or were not entered into the system when an eligible juvenile was incarcerated.

Effect:
The Agency improperly received and used federal funds for payments made on behalf of incarcerated juveniles.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that Medicaid and CHIP benefits are properly suspended when eligible juveniles are incarcerated and properly reinstated by designated DYS staff based on guidance set forth in the Medical Services Policy Manual and in compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. In October 2021, the Division of Youth Services (DYS) began using a new Juvenile Justice Information System (JJIS) which provide more accurate and timely information on adjudications than the previous system. These improvements will allow DYS to timely process Medicaid suspensions and reinstatements. In addition to the improved JJIS, DYS has implemented numerous controls to monitor the incarceration status of juveniles and suspension and reinstatement of Medicaid benefits.

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For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-022 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**US Department of Health and Human Services**
Federal Award Number(s):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-023**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

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

Condition and Context:
The Public Assistance Reporting Information System, or PARIS, is a data-matching service that identifies recipients of public assistance who receive duplicate benefits in two or more states, in order to help detect improper payments. This system is administered by the 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 2022 for review to ensure that the Agency participated in the interstate PARIS match and to determine that adequate supporting documentation was available to demonstrate that the Agency adequately reviewed identified matches and determined whether those recipients were currently residing in the State and, therefore, properly received benefits under the Arkansas Medicaid or CHIP programs.

Our review confirmed that the Agency participated in the PARIS match for the two quarters (August 2021 and February 2022) selected for testing.

ALA then selected a sample of 20 recipient cases (10 recipient cases from each selected quarterly report) that were flagged as receiving benefits in Arkansas and another state to determine if those cases were reviewed. Our testing revealed that 6 of the 20 cases were not reviewed in the Arkansas Integrated Eligibility System (ARIES) eligibility system.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
Agency system controls built into ARIES did not identify that a recipient's PARIS match case should have been reviewed if the phone number for a recipient was blank. The recipient's residency issue between Arkansas and another state should have qualified the case for benefit review. According to the Division of County Operations (DCO), the PARIS matching system logic within ARIES will need to be adjusted to ensure these types of cases are identified in the future.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-023 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Weakness**

Effect:
Failure to review the PARIS interstate matches could result in the Agency not identifying individuals who are no longer residents of the State and, as a result, are ineligible to receive benefits under the Arkansas Medicaid or CHIP programs. Improper payments could be made on behalf of ineligible recipients.

Recommendation:
ALA staff recommend the Agency develop system controls in ARIES to ensure that all PARIS interstate matches are reviewed timely to aid in confirming that benefits are only made on behalf of eligible recipients.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency has updated the PARIS matching logic in ARIES to identify these types of cases.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-024**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DHS is in the process of building out the general ledger system's fund management dashboard to identify state and other transactions by internal order. Completion is estimated by 7/31/23.

Repeat Finding:
A similar issue was reported in prior-year findings **2021-024** and **2020-017**.

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 the state match requirements were met for the Medical Assistance Program (MAP) and the Children's Health Insurance Program (CHIP).

As a result, the Agency was again unable to provide sufficient documentation for ALA to complete 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

Cause:
The Agency does not maintain documentation identifying the original source of revenues for the category *"other non-federal."* Additionally, 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 other controls are in place to ensure the accuracy of the funding category balances. Agency procedures implemented to monitor the use of *state general revenue* and *other non-federal* funding sources are completed at the Division level and are not broken out to the federal program level.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-024 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, Earmarking**
Type of Finding:	**Material Noncompliance and Material Weakness**

Effect:
The Agency's inadequate controls resulted in a failure to document the required state match and could limit the Agency's resources to ensure the State can continue to provide benefits.

Recommendation:
ALA staff recommend the Agency immediately 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 concurs with this finding. In calendar year 2022, DHS implemented a new General Ledger platform to track and reconcile expenditures and revenues. The General Ledger - Revenue Side was implemented on April 1, 2022. The full General Ledger application was operational with all journal entries back to January 1, 2022 on June 30, 2022. This application will allow the Agency to monitor state general revenues and other non-federal revenues used to "match" the federal grant award monies to determine the State match requirements were met for the Medical Assistance Program (MAP) and the Children's Health Insurance Program (CHIP); however, the volume of daily transactions and the daily exception file has resulted in the need to build out the Funds Management Dashboard to identify State and Other transactions by internal order. The Agency's vendor is currently working on a LOE to provide a timeline and estimated costs to proceed. The Agency's expectation is to have the system fully operational on July 1, 2023.

Anticipated Completion Date: 7/1/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-025**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Managed Care Financial Audits (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DHS has developed internal controls to ensure that PASSE and Dental Managed Care entities annually submit audited financial reports conducted in accordance with generally accepted accounting standards and is in the process of updating the Dental Managed Care contract to specifically state that financials specific to the agreement must be audited in accordance with generally accepted account principles and generally accepted audit standards submitted annually. The estimated completion date is 12/1/23.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-027**.

Criteria:
42 CFR § 438.3(m) states that managed care contracts must require Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), and Prepaid Ambulatory Health Plans (PAHPs) to annually submit audited financial reports that are conducted in accordance with generally accepted accounting principles and generally accepted auditing standards specific to the Medicaid contract.

In addition, 42 CFR § 438.602(e) states that an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of, any MCO, PIHP, or PAHP must be conducted at least every three years.

Condition and Context:
ALA performed testing to ensure that both the annual audited financial reports as well as the periodic reviews were performed for the applicable managed care program entities and that the reports and reviews were in compliance with federal regulations.

Three MCOs that participated in the Provider-Led Arkansas Shared Savings Entity (PASSE) managed care program and two dental managed care entities participated in the Dental Managed Care program for calendar year 2021. These entities would have been required to submit audited financial reports.

The results of our testing revealed that although audited financial reports were provided by all of the PASSE and dental managed care entities, two of the three PASSE entity's reports and both dental managed care entities' reports were not in accordance with generally accepted accounting principles. In addition, the audits for the two dental managed care entities were not specific to the Medicaid contract.

Finally, the periodic reviews for the three PASSE and two dental managed care entities completed by the external quality review organization did not include the required financial data.

Statistically Valid Sample:
Not a statistically valid sample

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-025 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2005AR5021; 05-2105AR5021 (Children's Health Insurance Program)** **05-2005AR5MAP; 05-2105AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Managed Care Financial Audits (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
None

Cause:
The Agency did not adequately monitor the submission of reports to ensure they complied with federal regulations.

Effect:
Failure to monitor the adequacy of the reports submitted led to the Agency not identifying that the reports received did not comply with federal regulations.

Recommendation:
ALA staff recommend the Agency strengthen monitoring controls to ensure that all reports received comply with requirements included in the federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency has amended the Dental Managed Care (DMC) contract to require DMC entities to perform and provide financial audit reports that have been audited in accordance with generally accepted accounting standards. The contract amendments are pending CMS approval. The Agency will also develop and implement internal controls to ensure that PASSE MCO's and dental managed care entities annually submit audited financial reports conducted in accordance with generally accepted accounting principles and generally accepted accounting standards that are specific to the Medicaid contract. The Agency will continue to provide the external quality review organization and its contracted actuary with the audited financial reports for both PASSE MCO's and dental managed care entities and will ensure the reports contain all required financial data. DMS Finance and the Assistant Director for Plan Partnership will review the report to ensure compliance.

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-026**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2005AR5021; 05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2020, 2021 and 2022**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-023**.

Criteria:
In a final rule, published in the Federal Register on May 6, 2016 (81 FR 27498), the Centers for Medicare and Medicaid Services (CMS) adopted Medical Loss Ratio (MLR) requirements for Medicaid and Children's Health Insurance Program (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.

Also, 42 CFR § 438.8(e)(4) states that the treatment of expenditures related to fraud prevention activities in the numerator of the MLR must be consistent with private market regulations noted at 45 CFR § 158.150. Based on current regulations, these expenditures are not allowed to be included in the private market MLR.

Finally, in accordance with 42 CFR § 438.5(c)(1), states must provide audited financial reports to the actuary, who determines capitation rates for the three most recent and complete years for the managed care entities. These reports must be specific to the Medicaid contract and in accordance with generally accepted accounting principles and generally accepted auditing standards.

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 a result of procedures performed, the following deficiencies were noted:

Dental Managed Care:

- The calendar year 2021 MLR calculation for one of the two Dental Managed Care entities included expenditures related to fraud prevention activities, which is unallowable; these expenditures totaled $132,300. The total questioned costs related to the federal portion of these expenditures was $91,584 and $11,940 for Medicaid and CHIP, respectively.
- Audited financial reports were not provided to the actuary for the three most recent and complete years prior to the reporting period. As the Dental Managed Care program was effective beginning on January 1, 2018, audited financial reports from calendar years 2018, 2019, and 2020 should have been provided.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-026 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2005AR5021; 05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2020, 2021 and 2022**
Compliance Requirement(s) Affected:	**Allowable Costs and Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
PASSE:

- The calendar year 2021 MLR calculation for one of the three PASSE entities included expenditures related to fraud prevention activities totaling $32,152, which is unallowable. There are no questioned costs related to these expenditures as the PASSE program does not require remittance to the State based on MLR results.
- Audited financial reports were not provided to the actuary for the three most recent and complete years prior to the reporting period. As the PASSE managed care program was effective beginning on March 1, 2019, audited financial reports from calendar years 2019 and 2020 should have been provided.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$91,584 (Medicaid)
$11,940 (CHIP)

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 the required audited financial reports are provided and that MLR calculations comply with federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. Internal monitoring procedures will be developed to ensure that only allowable expenditures are included in dental managed care and PASSE MLR calculations. The Agency previously provided financial reporting templates to the actuary that determines capitation rates for managed care entities. Audited financial statements will be provided to the actuary going forward.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-026 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2005AR5021; 05-2105AR5021; 05-2205AR5021 (Children's Health Insurance Program)** **05-2105AR5MAP; 05-2205AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2020, 2021 and 2022**
Compliance Requirement(s) Affected:	**Allowable Costs and 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 (Continued):

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-027**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care (PASSE)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

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 (IA) performed that designates him or her 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. Appendix K flexibilities were granted by which an additional 12-month extension was allowed for the IAs effective beginning March 12, 2020.

§ 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. Section 1135 flexibilities were granted by which an additional 12-month extension was allowed for the IAs effective beginning March 17, 2020.

Condition and Context:
ALA selected 40 PASSE recipients (all BH 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.
- No disallowed fee-for-service claims paid for a recipient already covered by PASSE

Our review revealed an exception affecting payments for one BH recipient as detailed below:

- Sample item 36: The IA expired on May 3, 2022, and no other IA was completed prior to June 30, 2022. Payments for this recipient continued for dates of service from May 4, 2022 through June 30, 2022. Questioned costs totaled $2,054.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$2,054

(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, 2023

2022 Prior Year Finding Number:	**2022-027 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2205AR5021**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care (PASSE)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Cause:
The Agency did not adequately monitor the completion of IAs to ensure they were completed timely.

Effect:
Gaps were revealed in the performance of the required IAs. As a result, payments were made outside the approved/updated dates of service.

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 disputes this finding. As noted by Legislative Audit, in accordance with the Families First Coronavirus Response Act (FFCRA), states must provide continuous coverage, through the end of the month in which the public health emergency period ends, to all Medicaid beneficiaries enrolled on or after March 18, 2020, regardless of any changes in circumstances or redeterminations at scheduled renewals that otherwise would result in termination. In this instance, DHS and its contractors responsible for scheduling and conducting assessments followed all established assessment procedures. But for the public health emergency, the Agency would have discontinued services until an assessment was completed.

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:
The Families First Coronavirus Response Act (FFCRA) is applicable to all Medicaid and Medicaid expansion recipients. The deficiency above relates to payments coded to an ARKids B recipient. ARKids B recipients are not considered Medicaid or Medicaid expansion recipients.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-028**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health of Human Services**
Federal Award Number(s):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

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

The Agency is responsible for determining Children's Health Insurance Program (CHIP) recipients meet the eligibility criteria as specified in its approved State Plan. Eligibility requirements for CHIP are outlined in the Arkansas Medical Services Manual. The Manual contains specific CHIP policies and procedures and is in addition to the approved State Plan.

The State's ARKids First program includes three separate recipient aid categories under which children receive benefits. Placement in these categories is determined based on monthly household income and a Federal Poverty Level (FPL) percentage.

1. ARKids A (Medicaid) is funded through the Medical Assistance Program grant and provides coverage as follows:
   - Children under the age of 6 with household income up to 142% of the FPL.
   - Children aged 6 - 18 with household income up to 100% of the FPL.
2. ARKids A (MCHIP) is funded through the CHIP grant in accordance with the Affordable Care Act and provides coverage to children aged 6 - 18 with household income over 100% of the FPL up to 142% of the FPL.
3. ARKids B is funded through the CHIP grant and provides coverage to children up to the age of 19 with household incomes from 142% of the FPL up to 211% of the FPL. Once determined eligible, recipients remain eligible for a 12-month period, regardless of changes in household income.

Condition and Context:
The State received approval for a CHIP Public Health Emergency (PHE) state plan amendment that became effective on March 18, 2020, and, in accordance with CMS guidance, allowed CHIP cases to be extended through the end of the PHE even if the recipient was determined ineligible at the time of redetermination. The amendment also allowed certain eligibility requirements to be waived through the duration of the PHE and included the following:

- Waived requirements related to timely processing of applications and renewals.
- Delayed processing of renewals and extended deadlines for families to respond to renewal requests.
- Delayed action on closure for certain changes in circumstances for CHIP beneficiaries. However, the following circumstances for closure will be allowed during the PHE:
  - ❖ Recipient ceases to be a resident of the state.
  - ❖ Voluntary closure.
  - ❖ Eligibility was due to fraud, abuse or perjury, or death.

2022 Prior Year Finding Number:	**2022-028 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health of Human Services**
Federal Award Number(s):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Condition and Context (Continued):

- Waived co-payments for COVID-19 testing and treatment for the duration of the PHE.

On January 6, 2021, the Agency received updated guidance from CMS that specifically stated if information is received and processed regarding an enrollee and the State determines the enrollee ineligible for ARKIDS B, the State is required to process the termination and transfer the individual to Medicaid or the Exchange. The guidance further stated that the PHE amendment does not grant the State authority to extend eligibility periods for those determined ineligible for coverage under ARKids B.

ALA staff selected 60 CHIP recipients for review to determine that eligibility criteria were met. Our review revealed that five recipients, with claims totaling $6,398, were no longer eligible for ARKids B as follows:

- Sample Item 10: For one ARKids B recipient, a March 2021 redetermination indicated that the maximum household income had been exceeded, and coverage should have been terminated effective April 1, 2021. Claims were paid for service dates subsequent to April 1, 2021 through June 30, 2022, totaling $1,023, with the federal portion totaling $863.
- Sample Item 17: For one ARKids B recipient, a July 2021 redetermination indicated that the maximum household income had been exceeded, and coverage should have been terminated effective August 1, 2021. Claims were paid for service dates subsequent to August 1, 2021 through June 30, 2022, totaling $510, with the federal portion totaling $431.
- Sample Item 21: For one ARKids B recipient, multiple eligibility determinations were made during the year ended June 30, 2022, and are summarized below:
  - ❖ In April 2021, the eligibility system processed the recipient's annual renewal and properly determined the individual eligible for the ARKids B category. This recipient should have remained in this category for 12 months, according to program criteria.
  - ❖ In November 2021, the Agency received documentation supporting a change in household income reported in July 2021. As noted in bullet #1, the recipient was eligible for ARKids B until March 31, 2022. However, a program eligibility specialist improperly determined the recipient eligible for ARKids A and closed the recipient's ARKids B case.
  - ❖ In March 2022, the system performed an automatic renewal. As no significant changes in eligibility requirements were identified, including income, the system again determined the recipient to be eligible under the ARKids B recipient aid category. However, further review indicated that the recipient's household income was below 100% FPL, and the recipient should have been placed in the ARKids A (Medicaid) category.

  Claims incorrectly paid from CHIP, instead of Medicaid, totaled $106, with the federal portion totaling $89.
- Sample Item 53: For one ARKids B recipient, a September 2021 redetermination indicated that the maximum household income had been exceeded and coverage should have been terminated effective October 1, 2021. Claims paid for service dates subsequent to October 1, 2021 through June 30, 2022, totaled $4,354, with the federal portion totaling $3,678.
- Sample Item 54: For one ARKids A (M-CHIP) recipient, a March 2021 redetermination indicated that household income fell below 100% FPL, and as a result, the recipient was no longer eligible for ARKids A (M-CHIP) and should have been placed in ARKids A (Medicaid). Claims incorrectly paid from the CHIP grant for dates of service subsequent to the redetermination through June 30, 2022, totaled $1,588, with the federal portion totaling $1,337.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-028 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health of Human Services**
Federal Award Number(s):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Material Noncompliance and Material Weakness**

Statistically Valid Sample:
Not a statically valid sample

Questioned Costs:
$6,398

(Known questioned costs greater than $25,000 for a type of compliance requirement are required to be reported. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned [likely questioned costs], not just the questioned costs specifically identified. The auditor must also report known questioned costs when likely questioned costs are greater than $25,000 for a type of compliance requirement for a major program.)

Cause:
Errors in the Arkansas Integrated Eligibility System (ARIES) system resulted in improper eligibility determinations. Additionally, discussion with Agency personnel indicated that top-level Agency management chose to continue allowing the ARKIDS B eligibility segments to remain open, even though information was provided that should have resulted in an ineligible determination. This is in direct conflict with CMS guidance issued on January 6, 2021, clarifying that ARKids B cases MUST be closed once deemed ineligible.

Effect:
Expenditures were not accurately reported to the federal awarding agency, were not paid from the appropriate grant award, and were not funded at the appropriate federal rate.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that recipients are placed in the appropriate ARKids First category.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency will review the incorrect eligibility determinations and identify and implement any needed updates to the automatic renewal process.

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-029**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
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, 2023: Partially corrected:

DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS with an anticipated completion date of 8/15/23.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-029**.

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:
From a population of 5,941 providers, ALA staff reviewed files of 40 providers to ensure sufficient, appropriate evidence was provided to support the determination of eligibility, including compliance with revalidation requirements. Our review revealed deficiencies with four of the provider files as follows:

Limited-risk category:

- Sample item 4: The Agency failed to provide documentation of the provider's W-9 form that covered the entire enrollment period. Questioned costs totaled $3,685.
- Sample item 17: The Agency failed to provide documentation of the provider's professional license and certification that covered the entire enrollment period. Questioned costs totaled $16,789.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-029 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
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 34: The Agency failed to provide documentation of the provider's certification that covered the entire enrollment period. Questioned costs totaled $67,590.
- Sample item 40: The Agency failed to provide documentation of the provider's certification that covered the entire enrollment period. Questioned costs totaled $63.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$88,127

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 the timing of implementation of the new procedures, deficiencies continued to exist during fiscal year 2022.

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.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with, in part, and disputes, in part, this finding. The Agency has obtained all licensure and certification documentation covering the audit period. DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS. DMS disputes the questioned costs as CMS has approved Arkansas' request to temporarily cease revalidation, including screening, of Medicaid providers.

Anticipated Completion Date: 8/15/2023

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Additional Comments from the Auditor:
Deficiencies are determined based on support provided by the Agency and reviewed by auditors during an iterative process performed during fieldwork. The deficiencies above are not specific to timely revalidation requirements, which are further described above, but to lack of documentation primarily related to licensure and certification.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-030**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS with an anticipated completion date of 8/15/23.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-030**.

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 40 provider files from a population of 2,708 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 five of the provider files as follows:

2022 Prior Year Finding Number:	**2022-030 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Moderate-risk category:

- Sample item 15: The Agency did not provide documentation of the provider's licensure covering the entire enrollment period. Ineligible costs totaled $10,711 (PASSE).
- Sample item 17: The Agency did not 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. Ineligible costs totaled $501 (PASSE).
- Sample item 23: The Agency did not provide documentation of the provider's certification that covered the entire enrollment period. Ineligible costs totaled $207,286 (PASSE).

Limited-risk category:

- Sample item 19: The Agency did not provide documentation of the required W-9 form that covered the entire enrollment period. Ineligible costs totaled $404 (PASSE).
- Sample item 30: The Agency did not provide any of the required documentation (contract, application, W-9 form, disclosure forms, or the background check) that covered the entire enrollment period. Ineligible costs totaled $55,092 (Dental).

Total ineligible costs identified above totaled $55,092 for Dental Managed Care and $218,902 for PASSE.

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.

In addition, due to the Coronavirus pandemic, the Center for Medicare and Medicaid Services (CMS), under section 1135(b)(1)(B) of the Social Security Act, approved Arkansas's request to temporarily cease revalidation, including screening requirements, of providers who are located in Arkansas or are otherwise directly impacted by the emergency. This was effective as of March 1, 2020, and will continue until the termination of the public health emergency, including any extensions.

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 the timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2022.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-030 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5021; 05-2205AR5021**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Claims were processed and paid to providers that did not meet all the 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. The Agency has obtained all licensure and certification documentation covering the audit period. DMS is in the process of automating inclusion of current provider licensure and certification documentation and enrollment documentation into the MMIS.

Anticipated Completion Date: 8/15/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-031**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Benefit Payments (ARWorks/ARHOME)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DHS amended the Healthy Smiles waiver to reflect that ARHOME clients who are 19 or 20 will receive dental benefits through dental managed care. The agency is in the process of updating the waiver to ensure that other categories of eligibility cannot be dually enrolled in ARHOME and Dental Managed Care. The estimated completion date is 8/31/23.

Repeat Finding:
Not applicable

Criteria:
During the year ended June 30, 2022, the Arkansas Department of Human Services (DHS) participated in the Arkansas Works, Section 1115(a) demonstration waiver program (now referred to as Arkansas Health and Opportunity for Me [ARHOME]). This program enables the State to provide premium assistance to adults who are eligible for Medicaid under the new adult group in the purchase of coverage from qualified health plans (QHPs) offered on the Arkansas Exchange.

Eligibility requirements dictate that individuals in the Adult Expansion category (newly eligible) be between the ages of 19 and 64. The State also pays actuarially determined estimated monthly Advanced Cost Sharing Reduction (ACSR) payments to cover co-insurance and deductibles. Effective January 1, 2022, recipients' incomes determine the FPL bracket placement, which determines the estimated ACSR payment. These estimated payments are reconciled after the end of the plan year based upon actual utilization data for the covered recipients for the plan year from the QHPs.

Section 1115 demonstration waiver programs must be budget neutral, which means that expenditures must not be more than federal spending without the demonstration. Budget neutrality costs for these programs include premiums, cost sharing reduction payments, and any additional wrap-around costs. Wrap-around costs are costs that are required to be provided, such as non-emergency transportation and Early Periodic Screening, Diagnostic and Treatment (EPSDT) services for those individuals under the age of 21, but not covered under the QHPs.

Additionally, terms included in the Dental managed care program, Healthy Smiles, specifically exclude participation of adults made newly eligible under the Patient Protection and Affordable Care Act.

Condition and Context:
ALA staff reviewed data for 40 beneficiaries to determine if the proper premium and ACRS payments were made on behalf of the beneficiary and to ensure that no disallowed fee-for-service payments were paid for a recipient already covered by a QHP. Our review revealed the following deficiencies regarding seven beneficiaries:

- For two beneficiaries, the FPL percentage was not calculated correctly. As a result, the ACSR payments for the months of April, May, and June 2022 were not in accordance with the Agency's planned methodology. New FPL thresholds were effective April 1, 2022, and implemented in the Arkansas Integrated Eligibility System (ARIES) but not applied to these cases because of the case status in ARIES. There are no associated questioned costs with these cases.
- Dental managed care payments were made for five recipients, all newly eligible under the Patient Protection and Affordable Care Act, which is in conflict with the Healthy Smiles Waiver that specifically excludes participation of those individuals. Questioned costs totaled $590.

2022 Prior Year Finding Number:	**2022-031 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Benefit Payments (ARWorks/ARHOME)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

Our review was expanded because of the error noted above regarding dental managed care payments made on behalf of newly eligible individuals. As a result, $4,083,072 in additional questioned costs were identified for over 49,000 recipients.

In addition, we identified 25 recipients within the expanded review that were under the age of 19 and would not be eligible for any payments under the Adult Expansion category. Further review of these cases revealed the following:

- The Agency asserted that the root cause of the deficiency for 13 of the 25 items was data integrity issues (incorrect dates of birth) in the system. Utilizing information available in the Medicaid Management Information System (MMIS) claims payment system and the ARIES eligibility system, ALA was able to verify this assertion for 4 of the 13 recipients.
- The root cause of the deficiency for the remaining 12 items was not identified by the Agency and could not be determined based upon our review of the MMIS and ARIES systems.
- For 7 of the 25 recipients, more than one eligibility segment was open at a point in time.
- The Agency was unable to identify in which eligibility system (CURAM or ARIES) the error originated. All eligibility cases were transferred into ARIES by June 30, 2021. ALA reviewed information in MMIS and ARIES in an attempt to determine the origination but found different scenarios as follows:
  1) There were cases in which it appeared the error originated in CURAM and continued upon transfer to ARIES.
  2) There were cases in which it appeared the error originated in CURAM but did not continue upon transfer to ARIES.
  3) There were cases in which the error originated in ARIES.

An absolute conclusion regarding the cause could not be determined, and further review is warranted by the Agency.

Finally, it was determined that although the Agency asserted that the dental managed care payments were provided to serve the purpose of the required EPSDT wrap-around services for those under age 21, they were not included in the budget neutrality calculations for the program. Further review by the Agency is required to determine the amount that should have been included in the budget neutrality calculations.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$4,083,662

Cause:
The Agency did not adequately develop or implement procedures to ensure that the correct ARWorks/ARHOME ACSR payment amounts were consistently paid or that there were no inappropriate fee-for-service payments made while recipients were enrolled in a QHP. In addition, support could not be provided to ensure that all eligible expenses were included in the required budget neutrality calculations and that Adult Expansion aid eligibility segments were only opened for recipients between the ages of 19 and 64.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-031 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Benefit Payments (ARWorks/ARHOME)**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
Incorrect ACSR payments were made. Improper dental managed care payments were also made, resulting in questioned costs totaling $4,083,662. Required budget neutrality calculations were inaccurate as all wrap-around expenses were not included. Adult Expansion eligibility segments were opened in error for recipients under the age of 19.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure that ARWorks/ARHOME ACSR payments are made properly, that there are no disallowed fee-for-service payments for a recipient already covered by a QHP, that the budget neutrality calculations are complete and include all relevant wrap-around expenses, and that there are no Adult Expansion eligibility segments open for individuals under the age of 19.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DMS will amend the Healthy Smiles waiver to reflect that ARHOME clients who are 19 or 20 will receive dental benefits through dental managed care. All other ARHOME clients will continue to be excluded from the Healthy Smiles waiver. Additionally, the Agency will implement systems changes to ensure that clients who are not 19- or 20-years old cannot enroll in dental managed care plans and that clients under 19 cannot be accepted from the ARIES system as an ARHOME enrollee.

Anticipated Completion Date: 6/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-032**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
The Arkansas Independent Assessment (ARIA) tool was utilized by the Arkansas Department of Human Services (DHS) contractor, OPTUM, to collect information to identify recipients' physical dependency needs and to determine those who require services provided through the Personal Care state plan program. Independent assessments must occur at least annually, with the exception of recipients who are enrolled in the ARChoices Home and Community-Based (HCB) waiver program. Effective December 31, 2020, once initially performed, independent assessments must occur as needed for ARChoices recipients.

Once recipients are deemed eligible, Personal Care hours are determined utilizing the Task and Hour Standards (THS), which is the written methodology used by the DHS Registered Nurses (RNs) or their contractors as the basis for calculating the number of Personal Care hours that are reasonably and medically necessary. Prior authorization letters or completed ARChoices Person-Centered Service Plans (PCSP) are then sent to the providers to serve as notification that the Personal Care services are authorized.

A Personal Care Individualized Service Plan (Individualized Service Plan), signed by a supervisor or RN, must be prepared and maintained by the provider. The Individualized Service Plan must be in accordance with the number of Personal Care hours authorized on the THS, and services received must be in accordance with the Individualized Service Plan. Individualized Service Plans are effective for up to one year from the date of the last ARIA. Effective April 1, 2021, the annual review and renewal of the Individualized Service Plan was suspended through December 31, 2022.

Condition and Context:
ALA staff reviewed data for 40 beneficiaries to determine if an ARIA, a THS document, a Prior Authorization or ARChoices PCSP, and an Individualized Service Plan were in effect for all dates of service for which claims were paid and to ensure that services were provided in accordance with the beneficiary's THS and Individualized Service Plan and did not exceed the maximum amount allowed. Our review revealed the following deficiencies regarding 14 beneficiaries:

- Sample item 5: Claims totaling $2,540 were paid without an ARIA in place for dates of service beginning December 1, 2021 through February 5, 2022.
- Sample item 7: Claims totaling $1,147 were paid without an ARIA in place for dates of service beginning September 17, 2021 through November 17, 2021.
- Sample item 8: Claims totaling $1,915 were paid without an ARIA in place for dates of service beginning December 2, 2021 through January 25, 2022.
- Sample item 10: Claims totaling $148 were paid without an ARIA in place for dates of service beginning June 25, 2021 through July 3, 2021.
- Sample item 11: Claims totaling $763 were paid without an ARIA in place for dates of service beginning December 1, 2021 through December 21, 2021.

2022 Prior Year Finding Number:	**2022-032 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):

- Sample item 16: Claims totaling $3,021 were paid without a THS document in place for dates of service beginning June 14, 2021 through September 6, 2021. (ARChoices Recipient)
- Sample item 19: Claims totaling $11,551 were paid without an Individualized Service Plan in place for dates of service beginning June 14, 2021 through June 16, 2022. (ARChoices Recipient)
- Sample item 20: Claims totaling $792 were paid without an Individualized Service Plan in place for dates of service beginning November 16, 2020 through December 31, 2020.
- Sample item 21: Claims totaling $12,872 were paid without an Individualized Service Plan in place for dates of service beginning September 3, 2021 through June 17, 2022. (ARChoices Recipient)
- Sample item 24: Claims totaling $14,572 were paid without an ARIA in place for dates of service beginning June 14, 2021 through June 17, 2022. (ARChoices Recipient)
- Sample item 28: Claims totaling $7,280 were paid without an Individualized Service Plan in place for dates of service beginning June 17, 2021 through June 17, 2022. (ARChoices Recipient)
- Sample item 32: Claims totaling $1,582 were paid without an Individualized Service Plan in place for dates of service beginning February 1, 2022 through May 27, 2022.
- Sample item 33: Claims totaling $2,616 were paid without an Individualized Service Plan in place for dates of service beginning June 14, 2021 through August 12, 2021. (ARChoices Recipient)
- Sample item 35: Claims totaling $2,744 were paid without an Individualized Service Plan in place for dates of service beginning June 7, 2021 through August 11, 2021.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
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 enrolled on or after March 18, 2020, regardless of any changes in circumstances or redeterminations at scheduled renewals that otherwise would result in termination. As a result, questioned costs were not calculated for the claims paid without a valid Arkansas Independent Assessment (ARIA), Task and Hours Standards (THS), or Personal Care Individualized Service Plan.

Cause:
Providers submit requests to OPTUM, the contractor responsible for completing ARIAs, through another DHS contractor, Kepro, for all non-ARChoices recipients, while DHS RNs within the Office of Long Term Care submit requests for all ARChoices recipients. According to the Agency, delays in submitting the referrals to OPTUM along with scheduling conflicts experienced by OPTUM when contacting recipients for the assessments contributed to deficiencies related to missing ARIAs.

The Agency asserts that the deficiency related to the missing THS was an isolated incident in which a DHS RN, who is no longer employed with the Agency, failed to create a THS for the recipient tested.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-032 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)**
Type of Finding:	**Noncompliance and Material Weakness**

Cause (Continued):
Providers create and maintain Individualized Service Plans. Although the Agency could obtain them for additional oversight and review, current policy and practice do not require providers to submit the Individualized Service Plans to the Agency or the contractor.

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 an ARIA, a THS, and a valid and current Individualized Service Plan support all amounts paid.

Views of Responsible Officials and Planned Corrective Action:
DHS disputes this finding. As noted by Legislative Audit, in accordance with the Families First Coronavirus Response Act (FFCRA), states must provide continuous coverage, through the end of the month in which the public health emergency period ends, to all Medicaid beneficiaries enrolled on or after March 18, 2020, regardless of any changes in circumstances or redeterminations at scheduled renewals that otherwise would result in termination. Five sample items noted that claims were paid without an ARIA in place. In all five instances, DHS and its contractors responsible for scheduling and conducting assessment followed all established assessment procedures. But for the public health emergency, the Agency would have discontinued services until an assessment was completed. Legislative Audit also notes the Agency could not provide either a THS document or Individualized Service Plan for clients receiving personal care services through the ARChoices Program. While providers are required to create and maintain THS documents and Individualized Service Plans for each client, these documents are not required to be submitted as part of a prior authorization request. In order for clients to receive personal care services through the ARChoices Program, they must have an authorized Person-Centered Service Plan (PCSP). All clients reviewed as a part of Legislative Audit's sample had active PCSP's for the dates of service reviewed.

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:
ALA is unable to identify what, specifically, the Agency disputes. Items are noted as deficient without associated questioned costs due to the Families First Coronavirus Response Act (FFCRA) requirements. As noted above, the review was performed to determine if there was an ARIA, a THS document, a Prior Authorization or ARChoices PCSP, and an Individualized Service Plan in effect. Only those items that were deficient are included in the Condition and Context portion of the finding.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-033**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.778 – Medicaid Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-025**.

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 ending December 31, 2021, and March 31, 2022, 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, 2021, CMS-64 report, 20 line items totaling $1,617,677,418 and representing 88.48% of MAP expenditures were selected. ALA identified an uncorrected error regarding the line item for "Medicaid Health Insurance Payments: Coinsurance and Deductibles," resulting in an understatement of the federal portion of expenditures totaling $26,144,906.

  According to the Agency, this was a special payout on December 31, 2021, that was not picked up by the DMS General Operations staff in week #27. As a result, it was not included on the quarterly payout by the category of service used to prepare the reporting workbooks.
- From the March 31, 2022, CMS-64 report, 21 line items totaling $1,724,737,110 and representing 84.33% of MAP expenditures were selected. ALA identified uncorrected errors affecting four line items, resulting in a net understatement of the federal portion of expenditures totaling $10,654,640. The line items affected were 1) Drug Rebate Offset – National Agreement, 2) Medicaid Health Insurance Payments: Managed Care Organizations, 3) Prepaid Ambulatory Health Plan, and 4) Non-Emergency Medical Transportation – Regular Payments.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$36,799,546

Cause:
The Agency failed to adequately review line item calculations for accuracy prior to submitting quarterly CMS-64 reports.

Effect:
Expenditure amounts reported on the quarterly statement of expenditures report (CMS-64) were understated for the Medical Assistance Program; therefore, the Agency claimed less federal funding for the expenditures than was allowable.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-033 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.778 – Medicaid Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Recommendation:
ALA staff recommend the Agency perform a thorough review of report calculations for accuracy prior to submitting the quarterly CMS-64 reports; review and verify the accuracy of the supporting documentation for all manual adjustments; and correct identified errors by entering prior-period adjustments on subsequent reports.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DMS has developed and implemented an additional reconciliation process for the Quarterly NET Payout Report and has corrected a formula that is used to calculate program expenditures. The understatement of federal expenditures will be corrected through prior period adjustments on the CMS-64.

Anticipated Completion Date: 4/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-034**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS with an anticipated completion date of 8/15/23.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-032**.

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:
From a population of 11,145, ALA staff reviewed files of 40 providers to ensure sufficient, appropriate evidence was provided to support the determination of eligibility, including compliance with revalidation requirements. Our review revealed deficiencies with three of the provider files as follows:

Moderate-risk category:

- Sample item 29: The Agency did not perform the additional screening requirement (site visit). In addition, the Agency did not provide documentation of the provider's licensure that covered the entire engagement period. Questioned costs totaled $5,061.

2022 Prior Year Finding Number:	**2022-034 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Limited-risk category:

- Sample item 6: The Agency failed to provide documentation of the provider's W-9 form that covered the entire enrollment period. Questioned costs totaled $30,276.
- Sample item 38: The Agency did not provide documentation of the provider's certification that covered the entire enrollment period. Questioned costs totaled $58,282.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$93,619

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 the timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2022.

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.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs, in part, and disputes, in part, this finding.

Effective May 31, 2019, DMS established and implemented new procedures to improve the following areas of provider enrollment: maintenance of provider application documents, provider revalidation, site visits and fingerprint background requirements. The deficiency noted for the provider referenced in sample item 29 relates to non-compliance with site visit requirements pre-dating May 31, 2019. The provider was scheduled for a site visit after the implementation of the aforementioned procedures, but it was not conducted due to the suspension of site visits during the public health emergency, pursuant to an approved 1135 blanket waiver.

The Agency has obtained all enrollment and certification documentation covering the audit period for the other deficiencies. DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-034 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Noncompliance and Material Weakness**

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

Anticipated Completion Date: 8/15/2023

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Additional Comments from the Auditor:

Deficiencies are determined based on support provided by the Agency and reviewed by auditors during an iterative process performed during fieldwork.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-035**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS with an anticipated completion date of 8/15/23.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-033**.

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 provider files from a population of 5,902 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 three of the provider files as follows:

High-risk category:

- Sample item 23: The Agency did not provide documentation of the provider's accreditation that covered the entire engagement period. Ineligible costs totaled $111.

2022 Prior Year Finding Number:	**2022-035 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context (Continued):
Moderate-risk category:

- Sample item 22: The provider's revalidation was due by July 29, 2019, but was never performed. In addition, the Agency did not provide documentation of the provider's accreditation that covered the entire engagement period. Finally, the Agency did not perform the additional screening requirement (site visit). Ineligible costs totaled $8.

Limited-risk category:

- Sample item 8: The provider's revalidation was due by September 25, 2016, but was never performed. In addition, the Agency did not provide documentation of the provider's signed disclosure forms or the standard background check performed by the Agency. Ineligible costs totaled $797.

All ineligible costs identified above were PASSE payments totaling $916.

NOTE: Because these providers are participating in the managed care portion of Medicaid, 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.

In addition, due to the Coronavirus pandemic, the Center for Medicare and Medicaid Services (CMS), under section 1135(b)(1)(B) of the Social Security Act, approved Arkansas's request to temporarily cease revalidation, including screening requirements, of providers who are located in Arkansas or are otherwise directly impacted by the emergency. This was effective as of March 1, 2020, and will continue until the termination of the public health emergency, including any extensions.

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 the timing of the implementation of the new procedures, deficiencies continued to exist during fiscal year 2022.

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

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-035 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with, in part, and disputes, in part, this finding. The Agency has obtained all accreditation documentation for each provider covering the audit period. DMS is in the process of automating inclusion of current provider licensure and certification documentation into the MMIS.

The Agency disputes the two deficiencies in which it was noted that provider revalidation was not performed. In these two instances, the Agency relied upon screening of the providers performed by Medicare as permitted by 42 CFR §455.410(c)(1).

Anticipated Completion Date: Complete

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Additional Comments from the Auditor:

Deficiencies are determined based on support provided by the Agency and reviewed by auditors during an iterative process performed during fieldwork.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-036**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid Fraud Control Unit**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Partially corrected:

DHS is progressing toward updating the MMIS to track unpaid restitution and fine balances associated with Medicaid overpayment. The anticipated completion date is 10/1/23.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-034**.

Criteria:
42 CFR § 433, Subpart F, establishes requirements for identifying overpayments to Medicaid providers and 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, as stated in a CMS letter to the State Health Official, SHO #08-004, in accordance with Sections 1903(d)(2)(A) and (d)(3)(A) of the Social Security Act, states are required to return "the federal share of Medicaid overpayments, damages, fines, penalties, and any other component of a legal judgment or settlement when a State recovers pursuant to legal action under its State False Claims Act (SFCA)."

Condition and Context:
ALA performed procedures to verify overpayments identified by the Medicaid Fraud Control Unit (MFCU) were properly reported on the quarterly CMS-64 report. The following errors were discovered:

- Two payments representing restitution for a criminal conviction or settlement agreement, totaling $1,431, were not reported on the CMS-64 report. The federal share that should have been reported for MFCU related overpayments was $1,113.
- Unpaid restitution and fines balances from previous fiscal years, totaling $308,602, were not included on the CMS-64. The federal share that should have been reported was $240,154.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$241,267

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-036 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid Fraud Control Unit**
Type of Finding:	**Noncompliance and Material Weakness**

Cause:
Due to significant employee turnover, Agency accounts receivable staff did not have a complete understanding of the Medicaid reporting requirements regarding MFCU identified overpayments. As a result, supporting documents compiled for the MFCU overpayments were not properly prepared. In addition, records related to unpaid balances were not properly maintained for the Agency to adequately monitor past due balances and verify required report dates.

Effect:
The Agency failed to report all required restitution and other judgments on its CMS-64 reports.

Recommendation:
ALA staff recommend the Agency review and strengthen its accounts receivable procedures and provide adequate training to all individuals involved in collecting, recording, and reporting provider overpayments identified by MFCU.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The two restitution and fine payments were not reported due to a transition in the process for tracking overpayments. Both payments will be reported on the CMS-64 report. DMS is developing a process to track all unpaid restitution and fine balances associated with overpayments for which one year has lapsed since the date of discovery. All balances will be reported on the CMS-64 report.

Anticipated Completion Date: 4/30/2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

022 Prior Year Finding Number:	**2022-037**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid National Correct Coding Initiative (NCCI)**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
Not applicable

Criteria:
Effective October 1, 2010, states were required to incorporate National Correct Coding Initiatives (NCCI) methodologies, which promote correct coding, prevent coding errors, prevent code manipulation, reduce improper payments, and reduce the paid claims improper payment rate, into the Medicaid program, pursuant to the requirements of Section 6507 of the Affordable Care Act (section 1903(r) of the Act). The NCCI Medicaid Policy Manual and the NCCI Medicaid Technical Guidance Manual contain requirements for the implementation of the NCCI methodologies.

Section 2.0 of the NCCI Technical Guidance Manual requires states to implement and use in paying all applicable Medicaid claims the new quarterly Medicaid NCCI edit files on the first day of every calendar quarter corresponding to the effective date of the files. If the new quarterly Medicaid NCCI edit files are not implemented by the first day of the second month of the new calendar quarter, then the state must reprocess the claims with the new quarterly edits once implemented from the first day of the quarter until the day the edits were implemented.

Condition and Context:
ALA staff reviewed two quarters (July 1, 2021 – September 30, 2021 and January 1, 2022 – March 31, 2022) to ensure that NCCI edits were implemented in the Medicaid Enterprise System (MES) timely, no later than the first day of the calendar quarter for which the edits were applicable.

The review revealed that for the quarter beginning January 1, 2022, the NCCI edits were not implemented in the MES system until February 24, 2022. In addition, as of the fieldwork date of November 8, 2022, the claims for that quarter had not been reprocessed as required. Although the final amount of improper payments (claims) will not be known until the claims have been reprocessed, the Agency and its contractor estimated that $65,984 would likely be identified as improper payments.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Unknown

Cause:
A process with multiple steps, and involving multiple entities, must occur so that the NCCI edits are implemented timely, no later than the first day of the calendar quarter. For this particular quarter, the Agency asserted that the final version of the NCCI edit files were not available until December 15, 2021, when CMS published them. Once published, the files were not provided to the Agency's MES contractor from the Office of Medicaid Inspector General until December 27, 2021. The Agency was not provided with the request for approval of the edits by its MES contractor until January 7, 2022, and although the Agency submitted its approval to the MES contractor on January 21, 2022, the edits were not implemented until February 24, 2022.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-037 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL 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):	**05-2105AR5MAP; 05-2205AR5MAP**
Federal Award Year(s):	**2021 and 2022**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid National Correct Coding Initiative (NCCI)**
Type of Finding:	**Noncompliance and Material Weakness**

Effect:
The NCCI edits were not implemented timely, which resulted in an estimated $65,984 of improper claims payments.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure the quarterly NCCI edits are implemented timely, no later than the first day of the calendar quarter.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The Agency has developed a process in collaboration with its MMIS vendor to ensure timely updates of NCCI edits. For the quarter beginning on January 1, 2022, the Agency reprocessed claims with the new quarterly edits on December 1, 2022.

Anticipated Completion Date: Complete

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-038**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

ADWS is currently participating in 2 pilot projects with the Department of Labor for identity verification. One is using Login.gov and the other involves the United States Postal Service where they verify the identity of claimants for using multifactor authentication and in person presentation of ID. The Login.gov pilot started in 2022 and the USPS pilot project started in 2023.

1. The Login.gov pilot project uses the current system that Federal agencies use to verify identity. A link is given to the claimant, when they select verify ID through login.gov and go through the steps to verify their identity through the federal government system. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.
2. The United States Postal Service pilot project gives the claimant the same link as Login.gov, but they can select to verify their identity at the participating Post Offices within a 50-mile radius of them, which in now available in every post office in the state. They are given a barcode and must take in a valid government-issued ID (they are given examples) along with proof of current address to the post office. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.

Repeat Finding:
A similar issue was reported in prior year finding **2021-037**.

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.

In addition, 2 CFR § 200.516(a)(6) requires the auditor to report known or likely fraud affecting a federal award.

Condition and Context:
In state fiscal year 2022, the Division of Workforce Services (DWS) identified 285 claims paid for Lost Wages Assistance (LWA) totaling $235,800 as likely fraud. These claims are in addition to the claims identified in the previous fiscal year.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$235,800

Cause:
In response to the increase in demand for services/benefits, the State relaxed controls over identify verification and income verification for the program during fiscal year 2021. DWS continued to identify claims in fiscal year 2022 that were paid during the previous fiscal year.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-038 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

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

Recommendation:
ALA staff recommend the Agency continue to strengthen controls over benefit payments to ensure that payments are made in the correct amounts and to eligible claimants. Additionally, ALA staff recommend the Agency continue to seek recoupment of the identified overpayments, returning them to the appropriate source.

Views of Responsible Officials and Planned Corrective Action:
ADWS has received $41,000 from a third-party debit card provider, identified as LWA funds and returned to the state. The Financial Management team is in the process of sending those funds back to FEMA. ADWS has not been able to identify any of the bad actors involved in the LWA related identity theft overpayments, but as those bad actors are uncovered overpayments will be created and funds collected will be forwarded to FEMA. To strengthen controls over benefit payments, ID Verification on all unemployment claims filed was restarted in January 2021.

Due to the health concerns of the pandemic as well as unprecedented claims volume, claimants were not required to come into a local office for identity verification, the waiting week was waived for 2020, and the requirements for work search were adjusted to protect employees and claimants. Before the pandemic, all claimants were required to come to the local office to verify their identity. Removing these process controls resulted in several consequences as itemized below:

- By waiving the waiting week, the claimant was able to receive payment the following week. For example, a fraudster could file a claim on Friday, then receive payment on Sunday, removing the typical week that an employer would respond to validate the separation from employment.
- The information mailed to the employer and claimant were not received before payments were made due to the lack of waiting week.
- Businesses were closed at that time and did not respond to the unemployment paperwork timely to report fraudulent claims.
- Identity theft fraudsters often changed the address of the individuals for which they had filed claims to prevent the victims from being notified and reporting the fraud.

In 2020, the work search requirement was reinstated. In 2021, all claimants had to verify their identity in-person at the local office before the claim was opened for a regular unemployment claim. The UIdentify program was utilized for identity verification for the PUA claims filed after January 1, 2021. The waiting week was reinstated in January 2021, which lengthened the period for employers to respond before payment was issued.

In addition, Internal Audit created the Fraud Investigation Unit and hired additional staff to focus on investigating the identity theft fraud claims. When the perpetrator is identified, a determination is issued and an overpayment is established in the perpetrator's name/SSN for collection. The NASWA Integrity Data Hub (IDH) crossmatch was implemented in July 2020 as well to identify additional fraudulent claims for investigation.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-038 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
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, 2023

2022 Prior Year Finding Number:	**2022-039**
State/Educational Agency(s):	**University of Arkansas, Fayetteville**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Internal Control – Preparation of the Schedule of Expenditures of Federal Awards**
Type of Finding:	**Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

The University's Director of Financial Compliance for Sponsored Programs has been actively involved with the UA System's Workday Implementation Team to perfect Workday delivered SEFA reporting, including the accuracy of award classification. For example, the NACUBO code, which is how the University tracks Research & Development(R&D) activity, has now been added to the Workday delivered SEFA report. To date a significant number of the awards that had been identified by the auditors as misclassified in the FY 2022 SEFA have been tested using this enhanced report and all are now accurately reporting as R&D. While we will continue our data validation process, we are confident that the issue related to R&D misclassification has been fully resolved.

Repeat Finding:
Not applicable

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

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

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

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

Condition and Context:
The Department of Finance and Administration (DFA) is responsible for preparation of the SEFA. To ensure timely and accurate reporting of the Statewide Single Audit, each state/educational agency is required to prepare and submit a Federal Award Data Collection Workbook (workbook) to DFA in accordance with a schedule established by DFA. Upon receipt of the workbooks, DFA reviews the information to ensure accuracy and completeness. The workbooks are then forwarded to ALA for audit purposes, which includes planning the audit, determining major programs, performing required compliance procedures for major programs, and determining if the SEFA is presented fairly.

The University reported 288 federal awards that were not properly classified on the SEFA. Specifically, 286 awards totaling $32,920,644 were not properly classified in the Research and Development Cluster, and 2 awards totaling $420,395 were inaccurately reported in the Research and Development Cluster. These errors were identified during audit fieldwork and subsequently corrected by the University.

Statistically Valid Sample:
Not a statistically valid sample

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022 Prior Year Finding Number:	**2022-039 (Continued)**
State/Educational Agency(s):	**University of Arkansas, Fayetteville**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Internal Control – Preparation of the Schedule of Expenditures of Federal Awards**
Type of Finding:	**Significant Deficiency**

Questioned Costs:
None

Cause:
The University did not have adequate internal controls in place to ensure accurate classification of federal expenditures.

Effect:
Expenditures totaling $33,341,039 were not accurately classified within the Research and Development Cluster on the SEFA.

Recommendation:
ALA staff recommend the University implement internal control procedures over the compilation and submission of federal award information.

Views of Responsible Officials and Planned Corrective Action:
The University acknowledges and agrees with the finding. In July 2020, the University replaced its legacy core administrative system for Finance, Procurement, Human Capital Management, and Payroll with Workday. Post-implementation the University continues to work closely with the Workday Support Services team to assess and improve how data is extracted, aggregated, analyzed, and reported. The Workday Support Services team is currently organizing and leading a Systemwide working group focused on SEFA reporting improvements which will impact and benefit all University of Arkansas System institutions. Through analysis of the exceptions identified in the audit, significant SEFA reporting enhancements will be developed and implemented to ensure grants are properly labeled as R&D awards and grouped as one program in the SEFA.

Anticipated Completion Date: June 30, 2023

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-040**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar issue was reported in prior-year finding **2021-041**.

Criteria:
The requirements for cash management are contained in Section 200.305 of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), the A-102 Common Rule (§_.21), 0MB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

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

Condition and Context:
During our test work over the Research and Development Cluster, we selected a sample of expenditures and cash draws/issued invoices to sponsors to verify the expenditures were paid prior to the date of the reimbursement request. We also verified the cash draw was supported by a detail of expenditures that reconciled. For the Research and Development Cluster, we noted 7 expenditures that totaled $4,061 of our sample of 40 expenditures that totaled $95,703 were not paid prior to the reimbursement request.

Additionally, we noted 7 draws of our sample of 25 where the draw was over drawn. The total overdraw was $20,298 of the total cash draws tested of $601,919. Additionally, we noted 3 draws were not supported by a detail of expenditures that reconciled. The variance difference was $466.

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

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-040 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
$463 related to interest on the over draw.

$466 related to unreconciled variances between the cash draw and the expenditure detail.

$929 total questioned costs.

Questioned costs related to the instances where the expenditure was not paid prior to the reimbursement request are not determinable.

Cause:
UAMS did not maintain adequate support for cash draws causing unreconciled variances in the draw request detail. Additionally, cash draws were not appropriately reviewed to ensure that the expenditures were paid prior to the reimbursement requests.

Effect:
Failure to properly complete cash draws may prevent UAMS from being in compliance with the requirements set forth by the Uniform Guidance.

Recommendation:
We recommend that management design and implement internal controls that will ensure that program costs are paid before a request for reimbursement is made. Additionally, we recommend that management keep records of what expenditures make up each draw.

*Federal Award Number(s) not provided in report received from other external auditor.

Views of Responsible Officials and Planned Corrective Action:
We concur with the finding. The instances where expenditures were not paid prior to the reimbursement request was noted in the prior year audit and was corrected as soon as the finding was communicated to management. The exceptions identified in the current year audit were prior to the control process changes made by management to ensure all expenses are paid before reimbursement is requested. There were no exceptions noted after the date of the change from the prior year audit. During the fiscal year, the grants accounting office experienced a significant turnover in staff and leadership in addition to implementing a new financial system. With the new director and staff in place and completing the implementation of the financial system, we believe adequate controls have been established and are working properly to ensure compliance with cash management regulations.

Anticipated Completion Date: February 2023

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-040 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Material Weakness**

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

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-041**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar finding was not reported in prior year audit.

Criteria:
The requirements for subrecipient monitoring are contained in Sections 200.330, .331, and .501(h) of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance), 31 USC 7502(f)(2) Single Audit Act Amendments of 1996), Federal awarding agency regulations, and the terms and conditions of the award.

When a pass-through entity (PTE) transfers awards to a subrecipient, the PTE must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Condition and Context:
During our test work over the Research and Development Cluster, we discovered that UAMS did not appropriately monitor subrecipient activities. UAMS is obligated to monitor the activities of subrecipients, including tracking subrecipient audits, requests, and other correspondence related to follow-up of corrective action items. UAMS did not complete these procedures.

Statistically Valid Sample:
Not applicable

Questioned Costs:
Questioned costs are not determinable. Amounts passed through to subrecipients in FY22 totaled $11,860,890.

Cause:
UAMS did not have the personnel capacity during FY22 to effectively monitor subawards.

Effect:
Failure to properly monitor subrecipients may prevent UAMS from being in compliance with the requirements set forth by the Uniform Guidance.

Recommendation:
We recommend that UAMS ensures the subrecipient monitoring compliance requirements are performed.

*Federal Award Number(s) not provided in report received from other external auditor.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-041 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:
We concur with the finding. Due to staffing shortages and the implementation of a new financial system, we were unable to perform certain procedures related to subrecipient monitoring during the fiscal year. Management is hiring a new staff member who will be dedicated to ensure all activities related to subrecipient monitoring are in compliance with federal and program regulations.

Anticipated Completion Date: May 2023

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-042**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Other – lack of management review procedures**
Type of Finding:	**Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar finding was not reported in prior year audit.

Criteria:
Per Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (the Uniform Guidance), management must maintain several review procedures to ensure the grant program is operating as expected and all control and compliance procedures are being followed.

Condition and Context:
The engagement team evaluated numerous internal control deficiencies that were identified during our audit procedures. These deficiencies arose due to a lack of management review of the compliance and control requirements for the program. This material weakness represents an overarching deficiency at UAMS of lacking management review procedures.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
During FY22, UAMS was working on the transition of enterprise systems away from SAP to Workday. This caused numerous constraints on the UAMS team and caused some controls, such as management review, to be overlooked. The UAMS team lacked the capacity to appropriately review all aspects of their processes.

Effect:
Failure to properly perform management review of compliance requirements may prevent UAMS from being in compliance with the requirements set forth by the Uniform Guidance.

Recommendation:
We recommend that management perform more detailed review of all compliance requirements to ensure proper controls are in place and operating effectively and to help ensure compliance with program compliance requirements.

*Federal Award Number(s) not provided in report received from other external auditor.

Views of Responsible Officials and Planned Corrective Action:
During the fiscal year, the grants accounting office experienced a significant turnover in staff and leadership in addition to implementing a new financial system. With the new director and staff in place and completing the implementation of the financial system, we believe adequate controls have been established and are working properly to ensure compliance with federal and program regulations.

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-042 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Other – lack of management review procedures**
Type of Finding:	**Material Weakness**

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

Anticipated Completion Date: May 2023

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-043**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar finding was not reported in prior year audit.

Criteria:
Per Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), costs must be adequately documented.

Condition and Context:
We selected a sample of 40 expenditures totaling $121,033 to test activities allowed or unallowed and allowable costs/cost principles of the total population of $11,464,188. We noted 2 samples totaling $512 where adequate documentation to support the expenditure was not maintained, and therefore were considered unallowable.

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

Questioned Costs:
$512

Cause:
UAMS did not maintain adequate support for each expenditure.

Effect:
Failure to properly maintain adequate support for each expenditure may prevent UAMS from being in compliance with the requirements set forth by the Uniform Guidance.

Recommendation:
We recommend that management design and implement internal controls that will ensure that all required support to adequately support expenditures is maintained.

*Federal Award Number(s) not provided in report received from other external auditor.

Views of Responsible Officials and Planned Corrective Action:
We concur with the finding. The two exceptions noted were both unusual circumstances. With the additional staff and implementation of the new financial system, we believe established controls will ensure all expenditures are adequately supported and supporting documents are maintained.

Anticipated Completion Date: May 2023

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-043 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Various**
AL Number(s) and Program Title(s):	**Various – Research and Development Cluster**
Federal Awarding Agency:	**Various**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-044**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.680 – Medical Student Education**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar finding was not reported in prior year audit.

Criteria:
The requirements for cash management are contained in Section 200.305 of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), the A-102 Common Rule (§_.21), 0MB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

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

Condition and Context:
During our test work over the Medical Student Education Program, we selected a sample of expenditures and cash draws/issued invoices to sponsors to verify the expenditures were paid prior to the date of the reimbursement request. We also verified the cash draw was supported by a detail of expenditures that reconciled. For the Medical Student Education Program, we noted 3 expenditures totaling $105,643 of our sample of 40 expenditures totaling $556,930 were not paid prior to the reimbursement request.
Additionally, we noted 2 draws of our sample of 13 where the draw was over drawn. The total overdraw was $69,800 of the total cash draws tested of $3,945,157. Additionally, we noted 9 draws were not supported by a detail of expenditures that reconciled. The variance difference was $48,745.

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

Questioned Costs:
$246 related to interest on the over draw

$48,745 related to unreconciled variances between the cash draw and the expenditure detail

$48,991 total questioned costs

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-044 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.680 – Medical Student Education**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Material Noncompliance and Material Weakness**

Questioned Costs (Continued):
Questioned costs related to the instances where the expenditure was not paid prior to the reimbursement request are not determinable.

Cause:
UAMS did not maintain adequate support for cash draws causing unreconciled variances in the draw request detail. Additionally, cash draws were not appropriately reviewed to ensure that the expenditures were paid prior to the reimbursement requests.

Effect:
Failure to properly complete cash draws may prevent UAMS from being in compliance with the requirements set forth by the Uniform Guidance.

Recommendation:
We recommend that management design and implement internal controls that will ensure that program costs are paid before a request for reimbursement is made. Additionally, we recommend that management keep records of what expenditures make up each draw.

*Federal Award Number(s) not provided in report received from other external auditor.

Views of Responsible Officials and Planned Corrective Action:
We concur with the finding. The instances where expenditures were not paid prior to the reimbursement request was noted in the prior year audit and was corrected as soon as the finding was communicated to management. The exceptions identified in the current year audit were prior to the control process changes made by management to ensure all expenses are paid before reimbursement is requested. There were no exceptions noted after the date of the change from the prior year audit. During the fiscal year, the grants accounting office experienced a significant turnover in staff and leadership in addition to implementing a new financial system. With the new director and staff in place and completing the implementation of the financial system, we believe adequate controls have been established and are working properly to ensure compliance with cash management regulations.

Anticipated Completion Date: February 2023

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-044 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.680 – Medical Student Education**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Material Noncompliance and Material Weakness**

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

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FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-045**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**93.600 – Head Start Cluster**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Repeat Finding:
A similar finding was not reported in prior year audit.

Criteria:
The requirements for reporting are contained in Section 200.328 which states unless otherwise approved by OMB, the Federal awarding agency must solicit only the OMB-approved governmentwide data elements for collection of financial information (at time of publication) the Federal Financial Report or such future, OMB-approved, governmentwide data elements available from the OMB-designated standards lead. This information must be collected with the frequency required by the terms and conditions of the Federal award.

Condition and Context:
During our test work over the Head Start program, we identified the annual Federal Financial Report (FFR) is due 90 days after the budget end period. The budget end period for project id #G2-54027 was October 31, 2021. However, the annual FFR was not submitted until January 17, 2023.

Additionally, the annual Real Property Status Report (Form SF-429) for all Head Start grants is due the same time the annual FFR is submitted. The budget period end dates are October 31, 2021, resulting in a due date of January 30, 2022 for the SF-429 report. However, the report was not submitted by UAMS until January 30, 2023.

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

Questioned Costs:
None

Cause:
There were multiple accounts at UAMS that required reconciliation, resulting in an untimely process and a delayed submission of the Annual FFR. UAMS failed to submit the Real Property Status Report until requested by KPMG.

Effect:
Failure to properly submit timely reporting submissions may prevent UAMS from being in compliance with the requirements set forth by the Uniform Guidance.

Recommendation:
We recommend that management design and implement internal controls that will ensure that all required reports are submitted timely.

*Federal Award Number(s) not provided in report received from other external auditor.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2022 Prior Year Finding Number:	**2022-045 (Continued)**
State/Educational Agency(s):	**University of Arkansas for Medical Sciences**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**93.600 – Head Start Cluster**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Unknown***
Federal Award Year(s):	**July 1, 2021 to June 30, 2022**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Significant Deficiency**

Views of Responsible Officials and Planned Corrective Action:
We concur with the finding. The Head Start program has a dedicated financial manager position responsible for the daily operations and oversee the activities of the various grants. The position was vacant for a significant part of fiscal year 2022. Once the position was filled, the grants accounting team worked with the new financial manager to reconcile the various grants under the Head Start program. The reconciliation process took longer than anticipated causing the late submission of the FFR. The program financial manager was not aware that the SF-429 report was due until it was requested by the auditors. Management plans to hire an additional grants accounting staff member who will be dedicated to monitoring the head start program for compliance with federal and program regulations and ensure reports are completed and filed timely.

Anticipated Completion Date: June 30, 2023

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Financial Statement Finding Number 2021-001

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected.

Bullet Points #1-#3: Corrective action was taken. Controls have now been implemented.

Bullet Point #4: Partially corrected. It is uncommon for ADWS to post a federal payable for overpayments, since the majority of the overpayments were paid with ADWS funds through regular UI benefits. To help identify when this uncommon situation has occurred that requires posting of a federal payable, and to enhance communications between units related to identifying, calculating, and posting the year-end payable, the Controller Unit has updated its Standard Operating Procedure (SOP) titled "UI Year-End Federal Payables Calculation" to ensure all appropriate entries are posted. A key element in this SOP is that the Controller Unit will receive a breakdown of the receivables by program, which the Assistant Controller will review to ensure the appropriate amount of federal payable is posted. Anticipated completion date for bullet points #4 is August 31, 2022.

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. As a result, we noted the following:

- Operating revenues were overstated by $151,317,347 when a portion of federal grant receipts was 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.
- Expenditures were overstated by $8,710,073 when revenue-correcting entries were made to a general ledger account related to expenditures, as opposed to the more appropriate general ledger account related to Non-operating revenues.
- The net effect of the first two misstatements was an understatement of Non-operating revenues of $142,607,274.
- Federal payables of claimant benefit overpayments due to the federal government were understated by $19,887,434 when the State neglected to consider overpayments made out of the legacy Unemployment Insurance payment system.

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

Upon notification of the potential misstatements, DFA Office of Accounting made an entry in AASIS to correct the first three amounts listed above. The remaining misstatement was noted subsequent to the first three and did not meet the threshold requiring adjustment.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-003**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**17.225 – Unemployment Insurance** **17.225 – COVID-19: 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

ADWS is currently participating in 2 pilot projects with the Department of Labor for identity verification. One is using Login.gov and the other involves the United States Postal Service where they verify the identity of claimants for using multifactor authentication and in person presentation of ID. The Login.gov pilot started in 2022 and the USPS pilot project started in 2023.

1. The Login.gov pilot project uses the current system that Federal agencies use to verify identity. A link is given to the claimant, when they select verify ID through login.gov and go through the steps to verify their identity through the federal government system. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.
2. The United States Postal Service pilot project gives the claimant the same link as Login.gov, but they can select to verify their identity at the participating Post Offices within a 50-mile radius of them, which in now available in every post office in the state. They are given a barcode and must take in a valid government-issued ID (they are given examples) along with proof of current address to the post office. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.

Auditee reported status as of June 30, 2022: Partially Corrected.

Due to the pandemic and health concerns as well as unprecedented volume, claimants were not required to come into a local office and provide ID, the waiting week was waived for 2020, and the requirement for work search were all adjusted due to the pandemic to protect employees and claimants. Before the pandemic, all claimants were required to come to the local office. Removing these controls had several implications:

1. By waiving the waiting week, the claimant could get paid the following week. For example, a fraudster could file a claim on Friday, then receive payment on Sunday, removing the typical week that an employer had to respond.
2. The information mailed to the employer and claimant were not received by them before payments were being made.
3. Businesses were also closed at this time, and they did not respond to the unemployment paperwork timely to let the agency know that it was a fraudulent claim.
4. Identity thieves would change the address of the claimants for which they had filed claims and because of this many of the claimants that had identity theft did not know a claim had even been filed in their name.

In 2020 the work search requirement was reinstated. In 2021, all claimants had to bring into the local office their ID before the claim would be opened for a regular unemployment claim. UIdentify was used on the PUA claims after January 1, 2021. And the waiting week was reinstated January of 2021, which reinstated the number of days for the employer to respond and for staff to be able to work the notices before payment was issued.

Internal Audit transitioned to the Fraud Unit and have added staff to focus investigating fraudulent claims. When the bad actor is identified, the overpayment is set up in their name and removed from the identity theft victim's SSN.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-003 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**17.225 – Unemployment Insurance** **17.225 – COVID-19: 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:	**Activities Allowed or Unallowed; 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.

In addition, 2 CFR § 200.516(a)(6) requires the auditor to report as an audit finding any known or likely fraud affecting a federal award.

Condition and Context:
In state fiscal year 2021, the Division of Workforce Services (DWS) identified 6,642 claims, totaling $19,903,597, as likely fraud. This amount is comprised of $16,306,917 in federal funds and $3,596,680 in state funds.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$19,903,597

NOTE: As disclosed in **Note 7 on page 150** in the Notes to Schedule of Expenditures of Federal Awards of the report, State Unemployment Insurance (UI) funds as well as federal funds are reported on the Schedule.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-006**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**17.225 – COVID-19: 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

All overpayments have been created for collection purposes.

Auditee reported status as of June 30, 2022: Partially Corrected.

The Unemployment System and the Pandemic Unemployment Assistance system were different systems and did not communicate at the beginning of the pandemic period. There are instances of claimants being paid on both systems. Enhancements were made to the systems to allow them to start communicating beginning in November 2020. The overpayments have been identified and are being investigated. Overpayments or waivers will be issued to these claimants.

The current anticipated completion date is now December 31, 2022, due to a blanket waiver request to DOL.

Repeat Finding:
A similar issue was reported in prior-year finding **2020-003**.

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

In addition, Unemployment Insurance Program Letter No. 14-20 established 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, these programs are mutually exclusive, and it is unallowable for claims to be paid for the same week of unemployment out of both programs.

Condition and Context:
Using data analytics, ALA staff identified 891 claimants who received a total of 9,561 payments for the same week in the regular UC system and the new PUA system. Duplicate payments paid from the UC system totaled $2,703,968, and duplicate payments paid from the PUA system totaled $2,580,543.

ALA staff reviewed the case files of 30 of the 891 claimants. This review revealed that all 30 claimants were ineligible for the PUA benefits they received, totaling $87,424.

Because 100% of the sampled PUA claims failed, likely questioned costs would include the entire population and total $2,580,543.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$87,424

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-007**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**17.225 – Unemployment Insurance** **17.225 – COVID-19: 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Every PUA, FPUC, UI, and PEUC payment report for the time frame was pulled and recorded on a spreadsheet, then matched to the bank payment file by day utilizing UI and FMAS staff. The reconciled difference summed to less than $6,000. The initial data submitted by the third party PUA vendor and our IT department did not include all the pay codes on the reports they pulled in error. The original file submitted was incomplete.

Auditee reported status as of June 30, 2022: Partially corrected.

There are 3 points of data required and related to the finding:

1) A "claimant file" contains the claims paid data out of the UI system, which is managed by UI IT.
2) A "payment file" contains the claims and is also produced automatically by the UI IT systems. This file is sent by UI IT to the bank to generate the payments. UI Accounting is copied and reconciles to the actual bank payments. (This is not part of the audit finding issue since it was reconciled by UI Accounting against actual payments made by the bank).
3) The bank statement reflects the actual payments made by the bank, based upon the payment file. UI Accounting reconciled this.

The finding notes that the claimant benefit payments from regular UI and PUA did not reconcile to the bank payments (therefore #1 did not reconcile to #2).

UI Program will get data pulls from their system to identify whether regular UI, PUA, or both systems had an issue and did not balance to the UI system payment files that went to the bank. The problem seems to reside between the two files produced by UI IT. Once the offending data is identified within the UI systems, this will need to be an on-going process to monitor and reconcile the output from the UI systems in addition to what UI Accounting reconciles.

ADWS is in the process of reconciling files from the program side and the bank transactions for benefit payments to correct the $1,299,341 questioned costs. This has turned into a much more time-consuming process than expected. ADWS had originally estimated mid-June for this correction to be in place, but unfortunately the process has become more complicated than originally planned and has yet to be completed.

ADWS now anticipates that the corrective action can be completed by September 30, 2022.

Repeat Finding:
Not applicable

Criteria:
2 CFR § 200.302 requires that the state's financial management systems, including records documenting compliance with federal statues, regulations, and the terms and conditions of the federal award, must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

In accordance with 2 CFR § 200.303, 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 award in compliance with federal statutes, regulations, and the terms and conditions of the award.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-007 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**17.225 – Unemployment Insurance** **17.225 – COVID-19: 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Condition and Context:

The Agency was unable to reconcile claimant benefit payments from the regular Unemployment Compensation (UC) and Pandemic Unemployment Assistance (PUA) systems to the underlying disbursements from the related bank account. As of November 10, 2021, the Agency provided ALA staff with claimant benefit payment data, totaling $1,810,324,233, to support the disbursements from the bank account totaling $1,811,623,574, resulting in disbursements exceeding claimant data by $1,299,341.

Statistically Valid Sample:
Not applicable

Questioned Costs:
$1,299,341

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-008**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**17.225 – COVID-19: 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:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

All overpayments have been created for collection purposes.

Auditee reported status as of June 30, 2022: Partially Corrected.
Due to a vendor issue, weeks were paid in duplicate. Once the issue was found, all monetary redeterminations were stopped until the issue was fixed. Overpayments or waivers will be issued to these claimants. Anticipated Completion Date: December 2022

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:
Using data analytics, ALA staff discovered duplicate unemployment payments made out of the Pandemic Unemployment Assistance (PUA) system for the same week. Further inquiry revealed that the Agency had discovered 1,846 duplicated claims paid in error for PUA, totaling $293,970, but had not yet submitted them to Benefit Payment Control (BPC) for collection.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$293,970

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-011**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Cities, Towns, and Counties Coronavirus Relief Fund Project)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance**

Auditee reported status as of June 30, 2023: Partially corrected:

Since 2020, CTEH and Hagerty Consulting (CTEH/Hagerty Team) have provided support to the Arkansas Department of Finance and Administration (DFA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. One of the programs developed and implemented through the collaboration was the Cities, Towns, and Counties (CTC) Program. The CTEH/Hagerty Team developed an applicant portal and an applicant review portal where claims were evaluated, and applications were recommended to DFA for 75 counties and 268 cities and towns.

Arkansas Legislative Audit (ALA) reviewed the program and found that 5 local entities submitted documentation for payroll expenses covering services rendered prior to March 1, 2020. In response to the evaluation and to prepare for a possible federal audit, DFA asked the CTEH/Hagerty Team to identify and review payroll expense documentation submitted for all entities to determine if other entities provided documentation for services rendered prior to March 1, 2020. Once those entities were identified, the CTEH/Hagerty Team was asked to reach out to the entities to request additional payroll documentation to cover the dollar amount and period in question.

The CTEH/Hagerty Team found 376 applications that included payroll expenses. After review of those applications, 28 entities were identified that had provided payroll where the pay date was in the first two weeks of March 2020. Pay dates during those two weeks may include services rendered in February 2020. The CTEH/Hagerty Team obtained updated contact information for the 28 entities from DFA, the Association of Arkansas Counties (AAC), and the Arkansas Municipal League (AML). Each entity was sent an email outlining the request for further documentation, how to provide the documentation, and included the dollar amount of the payroll in question.

The CTEH/Hagerty Team has received requested documentation from 19 of the 28 entities and continues to send follow up emails and make phone calls to the other entities. After review of the documentation submitted, 14 of the entities were found to have provided sufficient documentation while the remaining 5 entities documentation needs to be revised. The CTEH/Hagerty Team will continue to communicate with the 5 entities until the documentation is deemed sufficient, while also working with DFA, AAC, and AML to work towards contacting and continue discussions with the remaining 9 entities that have not provided documentation. The CTEH/Hagerty Team has found that the entity personnel turnover in combination with the lack of knowledge and understanding of the new personnel creates delays in the process.

Auditee reported status as of June 30, 2022: Partially corrected. DFA is working with the CARES Act consulting contractor as of June 30, 2022. This contractor will review the documentation supporting the disbursements for cities, towns, and counties and request documentation for payroll expenses within the allowable period of performance to substantiate the full disbursement. This documentation will be added to the disbursement record. The expected completion date for these services is September 30, 2022.

Repeat Finding:
Not applicable

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-011 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Cities, Towns, and Counties Coronavirus Relief Fund Project)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance**

Criteria:

The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021.

In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Condition and Context:
Arkansas awarded approximately $145 million to local entities (cities, towns, and counties) to assist with additional expenses related to COVID-19. Generally, disbursements were made by the Arkansas Department of Finance and Administration (DFA) based on approved applications and after receipt and review of the expense detail provided by the local entity.

Of 585 payments, ALA selected a sample of 62 payments made to local entities to determine if sufficient, appropriate evidence (supporting documentation) was maintained. Our review revealed the following exceptions:

- Five local entities submitted documentation for payroll expenses representing services rendered prior to March 1, 2020, totaling $54,257.
- One local entity had been reimbursed for payroll expenses, totaling $487, from another federal program and submitted those same payroll expenses as detail for this program. In addition, a duplicate payroll payment was discovered, totaling $280.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$55,024

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-012**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance**

Auditee reported status as of June 30, 2023: Partially corrected:

As of March 29, 2023 - The most recent event on the docket relates to Ajili Hodari. Mr. Hodari has never entered an appearance in this matter, so the Attorney General's office filed a motion for default judgment in July of last year. That motion was granted on January 27, 2023, and Mr. Hodari is now in default; however, he has still not paid any funds into the registry of the Court.

There was a Motion for Relief filed as to Med-Care on 12/8/22 which sought restitution of the amounts paid by the State, civil penalties, and attorney's fees. This motion was related to the Arkansas Deceptive Trade Practices Act claim. Med-Care never responded to that motion, and it is still pending.

No funds have been paid into the registry of the Court by Carla Turner-Hahn.

As of July 19, 2023 - A Motion for Contempt and Order to Show Cause Against Separate Defendant Carla Turner-Hahn was filed on April 18, 2023 and that motion remains pending before the Court.

-Carla Turner-Hahn filed a Motion to Enforce Settlement Agreement on May 1, 2023, and the State responded in opposition. That motion also remains pending.

-A hearing was held on the pending motions on June 27, 2023. The Court still has those motions under consideration and has not yet issued any rulings.

Auditee reported status as of June 30, 2022: Partially corrected. The parties are in the process of conducting discovery. There is not an anticipated resolution date as of August 22, 2022.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.516(a), auditors must report as an audit finding any known or likely fraud affecting a federal award.

Condition and Context:
During fiscal year 2020, the Arkansas Department of Finance and Administration and the University of Arkansas for Medical Services jointly paid $10,940,000 for the purchase of gowns, face shields, and ventilators from a particular vendor. Of this amount, $8,600,000 was paid using Coronavirus Relief Fund monies. On October 27, 2021, the Arkansas Attorney General, acting on behalf of the State of Arkansas, filed a civil complaint in the Pulaski County Circuit Court of Arkansas alleging actual or constructive fraud. As of the end of December 2021, the vendor had not delivered the goods or returned the funds to the State of Arkansas, and the litigation is still pending.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$8,600,000

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-014**
State/Educational Agency(s):	**Arkansas Department of Human Services** **Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed;** **Allowable Costs/Costs Principles;** **Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected - DHS and AEDC completed a review to confirm identical documentation was submitted for grant applications to both departments. DHS Division of Medical Services (DMS) is reviewing a recommendation to recoup questioned costs to determine if they can move forward with recoupment; anticipated completion date by both DHS and AEDC continues to be August 31, 2022.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Furthermore, the State of Arkansas was responsible for determining the level and detail of documentation needed from subrecipients of small business assistance to satisfy compliance with this law.

Finally, 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:
Arkansas established various programs intended to reimburse beneficiaries or subrecipients for additional expenses incurred as a result of COVID-19. The State of Arkansas established a state-level committee that approved the programs and disbursements. The programs were established and administered at a departmental level. Each department was responsible for establishing controls and acquiring sufficient, appropriate evidence (supporting documentation) for expenditures. As such, ALA identified a risk of potential duplication of benefits for programs at more than one department level.

ALA performed select procedures to determine if duplication of benefits had occurred. Our review revealed the following exceptions:

- ALA staff reviewed 43 recipients that received payments under both the Arkansas Department of Human Services projects and the Arkansas Economic Development Commission (AEDC) Ready for Business Grant Program (RBGP). We identified six recipients that submitted duplicate expenditure documentation to both Agencies, totaling $47,488.

2021 Prior Year Finding Number:	**2021-014 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services** **Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed;** **Allowable Costs/Costs Principles;** **Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Condition and Context (Continued):

- ALA staff reviewed 40 recipients receiving funding from the Business Interruption Grant Program (BIG) and RBGP, both disbursed by AEDC. Three recipients provided inaccurate information regarding the amount of funding previously received under RBGP, a required disclosure on the application for BIG. The disclosure is key because the amount of RBGP received is used in calculating the award for BIG.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$47,488

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-015**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (COVID-19 Surge Capacity Enhancement Payment Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected. The agency has requested and received documentation from providers and is reviewing to determine if payments received were for eligible expenditures. Any improperly expended funds will be recouped.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund (CRF) was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Additionally, ineligible expenses from the CRF included workforce bonuses other than hazard pay or overtime, and corresponding guidance interpreting this prohibition included employees substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Also, question #38, as published in the Federal Register in January 2021, specifically provided that across-the-board hazard pay for employees working during a state of emergency was not allowed.

Finally, an attestation form signed by the provider required the provider to submit records of expenses to the Arkansas Department of Human Services (DHS) by January 31, 2021. This documentation requirement (records of expenses by the providers) demonstrates that the expenses were for necessary expenditures during the allowable period. Furthermore, while the attestation form specifically prohibited workforce bonuses other than hazard pay or overtime, it allowed for "other workforce payments necessary to ensure continuity," which provided discretion to the providers/recipients that does not seem afforded by the guidance from the federal government.

Condition and Context:
Arkansas awarded approximately $50 million to hospitals and long-term care facilities to assist with additional expenses related to the COVID-19 surge in Arkansas in the fall of 2020. Funds for approved provider locations were disbursed by DHS, in full and in advance of the providers incurring allowable costs and submitting detailed support for the payment received.

Of 308 payments to providers, ALA staff reviewed a sample of 60 payments and requested the supporting documentation on hand with DHS to determine if sufficient, appropriate evidence (supporting documentation) was maintained to provide assurance that the payroll expenses were eligible. Our review revealed 16 provider payments contained ineligible expenses as follows:

- Sample item 35: $2 per hour extra for "COVID Pay," even though "COVID Hazard Payroll" was separately listed and reimbursed.

2021 Prior Year Finding Number:	**2021-015 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (COVID-19 Surge Capacity Enhancement Payment Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance**

Condition and Context (Continued):

- Sample items 5, 7, 9, 20, 28, 30, 33, 39, 41, and 43: Payroll incentives for "essential admin incentives" and "management incentives."
- Sample items 19 and 32: "COVID-19 incentive" and no additional explanation.
- Sample items 31 and 56: "Hero pay" associated with positions including administrators, dietary supervisors, housekeeping supervisors, bookkeepers, and billing coordinators.
- Sample item 37: Described the additional payments as "employee payroll – appreciation and retention."

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, 2023

2021 Prior Year Finding Number:	**2021-016**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (COVID-19 Surge Capacity Enhancement Payment Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected. The agency has requested and received documentation from providers and is reviewing to determine if payments received were for eligible expenditures. Any improperly expended funds will be recouped.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Furthermore, the State of Arkansas was responsible for determining the level and detail of documentation needed from subrecipients of small business assistance to satisfy compliance with this law. An attestation form signed by the provider required the provider to submit records of expenses to the Arkansas Department of Human Services (DHS) by January 31, 2021. This documentation requirement (records of expenses by the providers) demonstrates that the expenses were for necessary expenditures during the allowable period.

Finally, 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:
Arkansas awarded approximately $50 million to hospitals and long-term care facilities to assist with additional expenses related to the COVID-19 surge in Arkansas in the fall of 2020. Funds for approved provider locations were disbursed by DHS, in full and in advance. As reported in finding **2021-019**, DHS failed to implement sufficient controls to review supporting documentation under this Program.

Of 308 payments made to providers, ALA selected a sample of 60 payments and requested the supporting documentation on hand with DHS to determine if sufficient, appropriate evidence was maintained. Our review revealed 8 instances in which the documentation provided failed to demonstrate that the provider expended the entire payment during the allowed period as follows:

- Sample items 1, 21, 35, 48, and 54: Vendor account statements did not include supporting invoices or purchase detail on the accounting software expense summaries. In addition, quotes were provided rather than actual invoices for services rendered. Questioned costs totaled $206,416.
- Sample item 4: Supporting documentation had not been submitted for any expenses at the time of audit.

2021 Prior Year Finding Number:	**2021-016 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (COVID-19 Surge Capacity Enhancement Payment Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Condition and Context (Continued):

- DHS requested supporting documentation from the provider, who stated the intent to repay the funds received instead of providing documentation. Questioned costs totaled $50,992.
- Sample items 20, 21, 23, and 35: Documentation provided indicated that expenses incurred were less than the total funds received. One provider (sample item 23) specifically requested to return funds to DHS in January 2021, but the Agency failed to review the provider's submission; therefore, the request went unnoticed. As a result, the repayment had not been made as of the end of fieldwork. Questioned costs totaled $121,715.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$379,123

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-017**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (DHS Hospital Proposal – Protect, Treat, and Transform During the COVID-19 Emergency Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected. The agency has requested and received documentation from providers and is reviewing to determine if payments received were for eligible expenditures. Any improperly expended funds will be recouped.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Furthermore, the State of Arkansas was responsible for determining the level and detail of documentation needed from subrecipients of small business assistance to satisfy compliance with this law.

Finally, 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:
Arkansas awarded approximately $100 million to hospitals to recover unreimbursed costs associated with treating COVID-19 patients and other expenses necessary to ensure continued care during the Coronavirus pandemic. Funds for approved hospitals were disbursed by the Arkansas Department of Human Services (DHS). Payments were based on an initial attestation form where the provider chose either a formulaic maximum payment or a lesser amount. An additional cluster payment was provided if positive cases of COVID were known at the particular facility.

Subsequent to payment, each provider was required to submit a cost form designed to assist in identifying and quantifying qualifying expenses related to the formulaic payment. No additional documentation for expenses incurred was required.

Of 149 payments, ALA selected a sample of 16 payments made to hospitals to determine if sufficient, appropriate evidence (supporting documentation) was maintained. ALA review revealed that one provider received a $1,802,214 formula payment, but its cost form only identified expenses, totaling $1,568,812, indicating the provider was overpaid.

The cost form was certified by the Chief Executive Officer of the hospital as being correct, complete, and prepared from the books and records of the provider.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-017 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (DHS Hospital Proposal – Protect, Treat, and Transform During the COVID-19 Emergency Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$233,402

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-018**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Skilled Nursing Facility Payments Due to COVID-19 Emergency Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected. The agency has requested and received documentation from providers and is reviewing to determine if payments received were for eligible expenditures. Any improperly expended funds will be recouped.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Furthermore, the State of Arkansas was responsible for determining the level and detail of documentation needed from subrecipients of small business assistance to satisfy compliance with this law. An example of ineligible expenditures in the Federal Register was workforce bonuses, other than hazard pay or overtime.

Funds for approved provider locations were disbursed by the Arkansas Department of Human Services (DHS) in two separate rounds. Round 1 was for expenses incurred from March 1, 2020 through June 30, 2020, and Round 2 was for expenses incurred from July 1, 2020 through October 31, 2020.

An attestation form signed by the provider required the provider to submit records of expenses to DHS by August 31, 2020, supporting Round 1 disbursements and by November 15, 2020, supporting Round 2 disbursements. Disbursements that were not reasonably supported were to be returned to DHS.

Finally, 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:
Arkansas awarded approximately $40.7 million to qualified skilled nursing facilities to maintain capacity and recover some of the costs associated with treating COVID-19 residents.

During the fall of 2021, DHS was performing the review of supporting expense documentation for Round 1 and had completed the initial review of Round 2. In addition, DHS planned to perform follow-up procedures with Round 2 recipients, during the first quarter of calendar year 2022, to confirm expenses were incurred by the provider because DHS had relied on quotes, proposals, and estimates during its initial review.

2021 Prior Year Finding Number:	**2021-018 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Skilled Nursing Facility Payments Due to COVID-19 Emergency Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Condition and Context (Continued):
Of 373 payments made to providers, ALA selected a sample of 60 payments to determine if sufficient, appropriate evidence (supporting documentation) was maintained. ALA staff requested the attestation forms and provider receipts on hand with DHS. ALA's review revealed 21 instances in which the documentation failed to demonstrate that the provider had appropriate expenses incurred during the period allowed as follows:

- Sample items 1, 3, 7, 11, 25, 42, 43, 58, and 59 (Round 1): Documentation submitted included bonus payments or taxes on bonus payments. Questioned costs totaled $84,230.
- Sample items 11, 23, 39, 42, 43, and 56 (Round 1): Expense receipts were less than the total payment received by the provider. Questioned costs totaled $366,644.
- Sample item 47 (Round 1): Receipts had not been submitted at the time of the audit. Questioned costs totaled $125,000.
- Sample item 24 (Round 1): Documentation submitted only included general ledger summaries, not detailed invoices. Questioned costs totaled $111,560.
- Sample items 14, 19, 26, 34, 35, 55, and 57 (Round 2): Expense receipts were less than the total payment received by the provider. For example, the Agency had received quotes, not expense receipts, from some providers. Quotes are not considered sufficient, appropriate evidence (supporting documentation) for the actual expenses incurred. Questioned costs totaled $495,145.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,182,579

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-020**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission** **Arkansas Department of Parks, Heritage and Tourism**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Business Interruption Grants Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Partially corrected:
Certified letters were sent to the three remaining grant recipients that did not have sufficient documentation on July 13, 2022. However, no response or documentation has been received from the recipients. Since staff departure from ADPHT no additional work or correspondence has been sent regarding this finding.

Auditee reported status as of June 30, 2022: Partially corrected - AEDC served as paying agent for the Business Interruption Grant (BIG) program. Payment amounts were determined by Arkansas Department of Parks, Heritage and Tourism (ADPHT). AEDC continues to coordinate with ADPHT to review awards to businesses in question and request replacement documentation that meets program requirements or pursue recovery of applicable grant amounts.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Furthermore, the State of Arkansas was responsible for determining the level and detail of documentation needed from sub-recipients of small business assistance to satisfy compliance with this law. Small businesses could use the funding for allowable expenses that were incurred during the time period beginning March 1, 2020 through September 30, 2020. The small businesses were required to submit proof for those expenses.

Finally, 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-020 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission** **Arkansas Department of Parks, Heritage and Tourism**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Business Interruption Grants Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Condition and Context:
Arkansas awarded approximately $48 million to small businesses in specific industries to assist in covering expenses associated with the negative impact of state orders directly related to COVID-19 mitigation. Funds for approved grants were disbursed by the Arkansas Economic Development Commission, but the Program was managed under the general operation of the Arkansas Department of Parks, Heritage, and Tourism (Parks). Parks did not review 100% of the small businesses that submitted support for expenses. Instead, it developed a review process based on a risk assessment approach.

Of 2,142 grant payments, ALA staff reviewed a sample of 60 payments, totaling $1,456,172, to determine if sufficient, appropriate evidence (supporting documentation) was received. Our review revealed the following exceptions:

- Four grant recipients failed to submit sufficient, appropriate evidence to support expenses totaling $6,040.
- The Parks review process failed to identify an ineligible business type (automotive repair) for one of the awards, totaling $1,310. However, Parks was able to recoup the erroneously paid funds because it was notified by the applicant of an error in the banking information used for the transaction.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$6,040

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-021**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Ready for Business Grant Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Partially Corrected

Of the original amount of questionable costs, all but $9,497.42 has been corrected ($50,431.48 resolved, or 84% of questionable costs). The remainder of questionable costs are with four grant recipients (RBGP 07591, RBGP 5840, RBGP 5556, and RBGP 3479). These four grant recipients were last contacted in late Oct. 2022 and did not respond back to these inquiries or to earlier inquires to either provide additional, requested documentation, or provide reimbursement for questionable costs. All contacts are documented within the AEDC Salesforce CRM database.

AEDC will correspond with four grant recipients with questionable costs one final time through the Chief Legal Counsel of the Department of Commerce to request documentation or to provide reimbursement; anticipated completion date is 09/30/23.

Auditee reported status as of June 30, 2022: Partially corrected - AEDC continues the process of contacting identified businesses to request replacement documentation or repayment of benefits if documentation is not available; anticipated completion date continues to be August 31, 2022.

Repeat Finding:
Not applicable

Criteria:
The Coronavirus Relief Fund was required by Sec. 5001, as amended, of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to be used to cover only those costs that were (1) necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) and (2) incurred during the period that began March 1, 2020, and ended December 31, 2021. In accordance with guidance provided in the Federal Register by the United States Department of Treasury, the State of Arkansas was required to keep records sufficient to demonstrate that the funds were used in accordance with this federal legislation.

Furthermore, the State of Arkansas was responsible for determining the level and detail of documentation needed from subrecipients of small business assistance to satisfy compliance with this law. Subrecipients were required to submit receipts prior to October 31, 2021, for expenses incurred between March 1, 2020, and September 30, 2021.

Finally, 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:
Arkansas awarded approximately $129 million to eligible sub-recipients (e.g., small businesses or nonprofits) to assist in covering expenses associated with ensuring the health and safety of employees and patrons. Funds for approved grants were disbursed by the Arkansas Economic Development Commission (AEDC), in full and in advance of the subrecipients incurring allowable costs.

2021 Prior Year Finding Number:	**2021-021 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Ready for Business Grant Program)**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**Not Applicable**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance**
Type of Finding:	**Noncompliance and Significant Deficiency**

Condition and Context (Continued):
AEDC developed a review process for the expense documentation submitted by the subrecipients. All submitted documentation was reviewed by its staff, and the grant was determined to be "complete" when sufficient documentation had been reviewed and approved.

As of September 20, 2021, 3,216 grants, totaling approximately $49 million, were considered complete by AEDC. ALA staff reviewed the supporting documentation for 60 completed grants, totaling $918,532, to determine if sufficient, appropriate evidence (supporting documentation) was maintained.

ALA review revealed the following exceptions for 15 grants:

- Although one grant subrecipient review was identified as complete, only $38,216 in receipts were submitted. The subrecipient had received $38,500 in grant funds. Questioned costs totaled $284.
- Documentation supporting 14 subrecipients was deemed insufficient because the support submitted was (1) for unallowable items, (2) lacked details to determine what was purchased, (3) lacked dates to determine whether the items were purchased within the required time period, or (4) included an invoice previously submitted and, therefore, duplicated. Questioned costs totaled $59,646.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$59,930

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-025**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medicaid Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-2005AR5021; 05-2105AR5021 (Children's Health Insurance Program)** **05-2005AR5MAP; 05-2105AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2020 and 2021**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially corrected. The agency corrected the error made for the Tobacco Funded Adjustment in its CMS-64 workbook and will make a prior period adjustment on the CMS-64 to correct the overstatement of expenditures.

Repeat Finding:
A similar issue was reported in prior-year finding **2020-024**.

Criteria:
42 CFR 430.30(c) requires submission of a quarterly statement of expenditures report (CMS-64) for the Medical Assistance Program (MAP). 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 ending September 30, 2020, and December 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 September 30, 2020, CMS-64 report, 24 line items totaling $1,521,563,513 and representing 89.09% of MAP expenditures were selected. ALA identified an uncorrected error on one item, resulting in an **overstatement** of the federal portion of expenditures totaling $853,817.
- From the December 31, 2020, CMS-64 report, 26 line items totaling $1,726,378,270 and representing 90.89% of MAP expenditures were selected. ALA identified an uncorrected error on one item, resulting in an **overstatement** of the federal portion of expenditures totaling $1,067,478.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$1,921,295

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-036**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

All overpayments have been created for collection purposes.

Auditee reported status as of June 30, 2022: Partially corrected.

The Unemployment System and the Pandemic Unemployment Assistance system were different systems and did not communicate at the beginning of the pandemic period. There are instances of claimants being paid on both systems. Enhancements were made to the systems to allow them to start communicating beginning in November 2020. The overpayments have been identified and are being investigated. Overpayments or waivers will be issued to these claimants. Anticipated completion date is September 30, 2022.

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

In addition, UIPL No. 27-20 established Lost Wages Assistance (LWA), which provided a $300 supplemental benefit for 6 weeks starting with weeks ending August 1, 2020, through September 5, 2020, and required claimants to self-certify that they were unemployed or partially unemployed due to disruptions caused by the COVID-19 pandemic. LWA supplemental benefits were payable for either regular UC or PUA claims, out of each respective system, but not both.

Condition and Context:
Using data analytics, ALA staff identified 81 claimants who received a total of 294 duplicate payments for the same week of LWA in both the regular UC system and the new PUA system. Payments from the regular UC system and the PUA system totaled $88,200, respectively.

ALA staff reviewed the case files of 30 claimants to determine which of the two mutually exclusive benefits they may have been eligible to receive. Our review revealed the following:

- 29 claimants, or 96.7%, were not eligible for the PUA-LWA benefits received totaling $42,600.
- 1 claimant, or 3.3%, was not eligible for the Regular UC-LWA benefits received totaling $1,500.

Statistically Valid Sample:
Not a statistically valid sample

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-036 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Questioned Costs:
$44,100

Cause:
Appropriate communication between the two systems administering the regular UC LWA benefits and the PUA LWA benefits was lacking.

Effect:
Benefit payments from two separate systems issued for the same week of unemployment for the same claimant, resulting in overpayments of federal funds.

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

Views of Responsible Officials and Planned Corrective Action:
The Unemployment System and the Pandemic Unemployment Assistance system were different systems and did not communicate at the beginning of the pandemic period. There are instances of claimants being paid on both systems. Enhancements were made to the systems to allow them to start communicating beginning in November 2020. The overpayments have been identified and are being investigated. Overpayments or waivers will be issued to these claimants.

Anticipated Completion Date: July 2022

Contact Person:
Ken Jennings
Program Administrator UI
Division of Workforce Services
2 Capitol Mall
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501-682-3244
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-037**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2023: Corrective action was taken.

ADWS is currently participating in 2 pilot projects with the Department of Labor for identity verification. One is using Login.gov and the other involves the United States Postal Service where they verify the identity of claimants for using multifactor authentication and in person presentation of ID. The Login.gov pilot started in 2022 and the USPS pilot project started in 2023.

1. The Login.gov pilot project uses the current system that Federal agencies use to verify identity. A link is given to the claimant, when they select verify ID through login.gov and go through the steps to verify their identity through the federal government system. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.
2. The United States Postal Service pilot project gives the claimant the same link as Login.gov, but they can select to verify their identity at the participating Post Offices within a 50-mile radius of them, which in now available in every post office in the state. They are given a barcode and must take in a valid government-issued ID (they are given examples) along with proof of current address to the post office. If they are approved, we are sent an IA2 verification to our UI system for us to see and match back to the claim.

Views of Responsible Officials and Planned Corrective Action:

Due to the health concerns of the pandemic as well as unprecedented claims volume, claimants were not required to come into a local office for identity verification, the waiting week was waived for 2020, and the requirements for work search were adjusted to protect employees and claimants. Before the pandemic, all claimants were required to come to the local office to verify their identity. Removing these process controls resulted in several consequences as itemized below:

- By waiving the waiting week, the claimant was able to receive payment the following week. For example, a fraudster could file a claim on Friday, then receive payment on Sunday, removing the typical week that an employer would respond to validate the separation from employment.
- The information mailed to the employer and claimant were not received before payments were made due to the lack of waiting week.
- Businesses were closed at that time and did not respond to the unemployment paperwork timely to report fraudulent claims.
- Identity theft fraudsters often changed the address of the individuals for which they had filed claims to prevent the victims from being notified and reporting the fraud.

In 2020, the work search requirement was reinstated. In 2021, all claimants had to verify their identity in-person at the local office before the claim was opened for a regular unemployment claim. The UIdentify program was utilized for identity verification for the PUA claims filed after January 1, 2021. The waiting week was reinstated in January 2021, which lengthened the period for employers to respond before payment was issued.

In addition, Internal Audit created the Fraud Investigation Unit and hired additional staff to focus on investigating the identity theft fraud claims. When the perpetrator is identified, a determination is issued, and an overpayment is established in the perpetrator's name/SSN for collection. The NASWA Integrity Data Hub (IDH) crossmatch was implemented in July 2020 as well to identify additional fraudulent claims for investigation.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2021 Prior Year Finding Number:	**2021-037 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2022: Partially corrected:

These claims were sent to the Internal Audit/Fraud Unit for investigation. The amounts will be sent to the Benefit Payment Control for overpayment if the perpetrator is found and collection efforts will be pursued up to the statute of limitations, which could be July 31, 2024 (due to statute of limitations on collections for CARES Act programs). ID Verification on all unemployment claims filed was restarted in January 2021, and the PUA claims started using UIdentify at that time. The updated anticipated completion date is July 31, 2024.

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.

In addition, 2 CFR § 200.516(a)(6) requires the auditor to report known or likely fraud affecting a federal award.

Condition and Context:
In state fiscal year 2021, the Division of Workforce Services (DWS) identified 464 claims paid for Lost Wages Assistance (LWA) totaling $524,400 as likely fraud.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$524,400

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 fiscal year 2021.

Effect:
Lack of appropriate internal controls resulted in overpayments of federal funds.

Recommendation:
ALA staff recommend the Agency continue to strengthen 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, returning them to the appropriate source.

State of Arkansas
Summary Schedule of Prior Audit Findings
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2021 Prior Year Finding Number:	**2021-037 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Commerce – Division of Workforce Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.050 – COVID-19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)**
Federal Awarding Agency:	**Federal Emergency Management Agency**
Federal Award Number(s):	**4518DRARSPLW**
Federal Award Year(s):	**Not Applicable**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Views of Responsible Officials and Planned Corrective Action:

These claims were sent to the Internal Audit/Fraud Unit for investigation for fraud. The amounts will be sent to Benefit Payment Control for overpayment if the perpetrator is found. ID verification on all unemployment claims filed was restarted January 2021 and the PUA claims started using UIdentify at that time.

Anticipated Completion Date: July 2024

Contact Person:

Ken Jennings
Program Administrator UI
Division of Workforce Services
2 Capitol Mall
Little Rock, AR 72201
501-682-3244
Kenneth.jennings@arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2020 Prior Year 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**

Auditee reported status as of June 30, 2023: Corrective action was taken.

Auditee reported status as of June 30, 2022: Partially Corrected.

- Corrected: ADWS instituted an agreement with the AR Department of Health to check UI claims against their database of death certificates in August of 2021. These record matches are worked weekly, and when needed are sent for overpayment and collection from claimants or their estates.
- Partially Corrected: A crossmatch was completed with the PUA program and wage records reported by employers. For these claims, wage earning investigations have been created and if identity theft was suspected, sent to the Internal Audit/Fraud Unit for investigation. As the investigations are completed, amounts due will be sent to the Benefit Payment Control unit for an overpayment balance to be created. If the perpetrator is found, collection efforts will be pursued.

Auditee reported status as of June 30, 2021: Partially corrected: ADWS will be reaching out to the AR Department of Health to discuss options for checking UI claims against their database of death certificates. ADWS has already taken action on other planned corrective actions below.

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:

2020 Prior Year 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**

Condition and Context (continued):

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

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2020 Prior Year 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**

Auditee reported status as of June 30, 2023: Partially Corrected:

The Banner module Students Accounts went live and was active at the start of FY23. The conversion process was not delivered as promised by the software company. As a result, Henderson entered a contract with Ferrilli, a consulting service, to establish operating standards and processes. Those processes are still developing and are expected to be completed in FY24 to ensure this audit finding will be corrected moving forward.

Auditee reported status as of June 30, 2022: Partially Corrected: The staff remains vigilant in reviewing allowable amounts of $200 of financial aid that can be applied to prior-year charges. This review has continued during our time in the legacy system Poise. Due to delays in the scheduling of implementation, Banner is around 80% implemented at this time. Banner our new system will be operational for the Fall 2022 semester.

Auditee reported status as of June 30, 2021: Partially corrected. Henderson State University's Student Accounts director took corrective actions in FY2021 and trained the staff in the allowable amount ($200) 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. The legacy computer system (POISE) experienced a glitch causing this particular error. Henderson State University's merger with Arkansas State University System in FY2021 created an opportunity to convert from POISE to Banner for all fiscal functions. The conversion of the student accounts module has begun and will be finalized in the Spring of 2022.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2020 Prior Year 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** **84.268 – Federal Direct Student Loans** **(Student Financial Assistance Cluster)**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**P063P191087** **(Federal Pell Grant Program)** **P268K201087** **(Federal Direct Student Loans)**
Federal Award Year(s):	**2020**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2023: Partially corrected:

With recurring staff changes, we have recently hired an Associate Director for Reporting to finish this process. This position is committed to finalizing up any deficiencies associated with this finding and is responsible for training and monthly balancing.

Auditee reported status as of June 30, 2022: Partially corrected - While staffing continues to be an ongoing concern, additional positions have been allotted to manage the disbursement and reporting of Pell funds. Financial Aid is awarding all Pell funds in an "estimated" mode to prevent actual posting to student's accounts. The Pell funds will be transmitted to the student ledger accounts within the eligible period.

Auditee reported status as of June 30, 2021: Partially Corrected – In Progress. Additional staff has been added to ensure accuracy and reporting of disbursements.

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

Audit Status for Unresolved Prior Audit Findings

For the Year Ended June 30, 2023

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2023

In accordance with 2 CFR § 200.514(e), the auditor must follow-up on prior audit findings, 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 295**.

Financial Statement Findings	Page Number(s)
None	

Federal Program Name	Page Number(s)
Unemployment Insurance	295
COVID-19: Emergency Rental Assistance Program	295 - 297
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	297 - 299
COVID-19: Education Stabilization Fund	299
COVID-19: Higher Education Emergency Relief Fund	299
Medicaid Cluster	300 - 304
Children's Health Insurance Program	300 - 302
COVID-19: Presidential Declared Disaster Assistance To Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)	304
Research and Development Cluster	304 - 305
Medical Student Education	305
Head Start Cluster	306
COVID-19: Coronavirus Relief Fund	306
Student Financial Assistance Cluster	306

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	Arkansas Department of Commerce – Division of Workforce Services
Federal Program Name:	Unemployment Insurance
Prior Audit Finding Number:	***2022-001***
Page Number (from schedule):	155 - 156
Federal Awarding Agency:	U.S. Department of Labor
Compliance Area Affected:	Activities Allowed or Unallowed; Eligibility
Questioned Costs:	$6,534,456
Status of Questioned Costs:	The federal awarding agency disallowed the questioned costs and stated those costs would **not** be subject to federal debt collection.
Status of Finding:	Corrected. However, the Agency identified additional fraudulent claims for the year ended June 30, 2023. See current-year finding **2023-005**.

State/Educational Agency:	Arkansas Department of Commerce – Division of Workforce Services
Federal Program Name:	Unemployment Insurance
Prior Audit Finding Number:	***2022-002***
Page Number (from schedule):	157 - 158
Federal Awarding Agency:	U.S. Department of Labor
Compliance Area Affected:	Allowable Cost/Cost Principles
Questioned Costs:	$20,416,865
Status of Questioned Costs:	Recoupment not required.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Commerce – Division of Workforce Services
Federal Program Name:	Unemployment Insurance
Prior Audit Finding Number:	***2022-003***
Page Number (from schedule):	159 - 160
Federal Awarding Agency:	U.S. Department of Labor
Compliance Area Affected:	Reporting
Questioned Costs:	Not applicable
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance
Prior Audit Finding Number:	***2022-004***
Page Number (from schedule):	161 - 163
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	$60,493
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2023

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-005***
Page Number (from schedule):	164
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Activities Allowed or Unallowed; Eligibility
Questioned Costs:	$995,655
Status of Questioned Costs:	Repayment totaling $30,591 was made. $965,064 remains outstanding.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-006***
Page Number (from schedule):	165 - 166
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Eligibility
Questioned Costs:	$226
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-007***
Page Number (from schedule):	167 - 168
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Eligibility
Questioned Costs:	$88,095
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-008***
Page Number (from schedule):	169
Federal Awarding Agency:	U.S. Department of the Treasury
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, 2023

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-009***
Page Number (from schedule):	170 - 171
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Reporting
Questioned Costs:	$35,546,901
Status of Questioned Costs:	Adjustments totaling $34,546,901 were processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-010***
Page Number (from schedule):	172 - 173
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Emergency Rental Assistance Program
Prior Audit Finding Number:	***2022-011***
Page Number (from schedule):	174 - 175
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Special Tests and Provisions
Questioned Costs:	$269,065
Status of Questioned Costs:	Adjustment reflected in closeout report.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Finance and Administration
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-012***
Page Number (from schedule):	176 - 177
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-013***
Page Number (from schedule):	178 - 179
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Commerce - Arkansas Economic Development Commission
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-014***
Page Number (from schedule):	180 - 181
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$121,465
Status of Questioned Costs:	Repayment totaling $115,824 was made. $5,641 remains outstanding.
Status of Finding:	Corrective action is in progress. Similar deficiencies are reported in current-year finding **2023-006**.

State/Educational Agency:	Arkansas Department of Commerce - Arkansas Economic Development Commission
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-015***
Page Number (from schedule):	182 - 183
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Period of Performance
Questioned Costs:	$82,226
Status of Questioned Costs:	Repayment totaling $41,113 was made. $41,113 remains outstanding.
Status of Finding:	Corrective action is in progress.

State/Educational Agency:	Arkansas Department of Health
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-016***
Page Number (from schedule):	184 - 189
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action is in progress.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	Arkansas Department of Commerce - Arkansas Economic Development Commission
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-017***
Page Number (from schedule):	190 - 191
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action is in progress. Similar deficiencies are reported in current-year finding **2023-007**.

State/Educational Agency:	Arkansas Department of Commerce - Arkansas Economic Development Commission
Federal Program Name:	Coronavirus State and Local Fiscal Recovery Fund
Prior Audit Finding Number:	***2022-018***
Page Number (from schedule):	192 - 194
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action is in progress. Similar deficiencies are reported in current-year finding **2023-008**.

State/Educational Agency:	Arkansas Department of Education
Federal Program Name:	Education Stabilization Fund
Prior Audit Finding Number:	***2022-019***
Page Number (from schedule):	195 - 196
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Ozarka College
Federal Program Name:	Higher Education Emergency Relief Fund
Prior Audit Finding Number:	***2022-020***
Page Number (from schedule):	197 - 198
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Allowable Costs/Cost Principles
Questioned Costs:	$180,513
Status of Questioned Costs:	Repayment totaling $180,513 was processed.
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-021***
Page Number (from schedule):	199 - 200
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed
Questioned Costs:	$152,884
Status of Questioned Costs:	Recoupment totaling $152,884 was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-022***
Page Number (from schedule):	201 - 203
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	Medicaid $126,716 CHIP $37
Status of Questioned Costs:	Recoupment totaling $126,753 was processed.
Status of Finding:	Partially corrected (CHIP portion). Similar deficiencies are reported in current-year finding **2023-028**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-023***
Page Number (from schedule):	204 - 205
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:	Corrective action has not been taken. Similar deficiencies are reported in current-year finding **2023-020**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-024***
Page Number (from schedule):	206 - 207
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 taken. However, due to timing of the corrective action (June 2023), a current-year finding (**2023-021**) has been issued. ALA was unable to verify appropriate funding source for a portion of CHIP expenditures.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-025***
Page Number (from schedule):	208 - 209
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Managed Care Financial Audits (PASSE and Dental)
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action has not been taken.
	Similar deficiencies are reported in current-year finding **2023-023**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-026***
Page Number (from schedule):	210 - 212
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Allowable Costs/Cost Principles – Managed Care Medical Loss Ratio (PASSE and Dental)
Questioned Costs:	Medicaid $91,584 CHIP $11,940
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken.
	Similar deficiencies are reported in current-year finding **2023-019**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2022-027***
Page Number (from schedule):	2013 - 2014
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Managed Care (PASSE)
Questioned Costs:	$2,054
Status of Questioned Costs:	Recoupment totaling $2,054 was processed.
Status of Finding:	Corrective action has not been taken.
	Similar deficiencies are reported in current-year finding **2023-024**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2022-028***
Page Number (from schedule):	2015 - 2017
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$6,398
Status of Questioned Costs:	Recoupment totaling $6.398 was processed.
Status of Finding:	Corrective action has not been taken.
	Similar deficiencies are reported in current-year finding **2023-025**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2022-029***
Page Number (from schedule):	218 - 219
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:	$88,127
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken. Similar deficiencies are reported in current-year finding **2023-026**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2022-030***
Page Number (from schedule):	220 - 222
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. Similar deficiencies are reported in current-year finding **2023-027**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-031***
Page Number (from schedule):	223 - 225
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Benefit Payments (ARWorks/ARHOME)
Questioned Costs:	$4,083,662
Status of Questioned Costs:	Recoupment totaling $346,186 was processed. No additional adjustments regarding questioned costs are expected.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-032***
Page Number (from schedule):	226 - 228
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Home and Community-Based Services (Personal Care)
Questioned Costs:	Not calculated
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, 2023

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-033***
Page Number (from schedule):	229 - 230
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	$36,799,546
Status of Questioned Costs:	Adjustment totaling $36,799,546 was processed.
Status of Finding:	Corrective action has not been taken. Similar deficiencies are reported in current-year finding **2023-022**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-034***
Page Number (from schedule):	231 - 233
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:	$93,619
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken. Similar deficiencies are reported in current-year finding **2023-030**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-035***
Page Number (from schedule):	234 - 236
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:	Corrected.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-036***
Page Number (from schedule):	237 - 238
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Medicaid Fraud Control Unit
Questioned Costs:	$241,267
Status of Questioned Costs:	Recoupment totaling $241,267 was processed.
Status of Finding:	Corrected.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2023

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2022-037***
Page Number (from schedule):	239 - 240
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Medicaid National Correct Coding Initiative (NCCI)
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Commerce – Division of Workforce Services
Federal Program Name:	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)
Prior Audit Finding Number:	***2022-038***
Page Number (from schedule):	241 - 243
Federal Awarding Agency:	Federal Emergency Management Agency
Compliance Area Affected:	Activities Allowed or Unallowed; Eligibility
Questioned Costs:	$235,800
Status of Questioned Costs:	The federal awarding agency did not identify any disallowed costs.
Status of Finding:	Corrected. However, the Agency identified additional fraudulent claims for the year ended June 30, 2023.

State/Educational Agency:	University of Arkansas, Fayetteville
Federal Program Name:	Research and Development Cluster
Prior Audit Finding Number:	***2022-039***
Page Number (from schedule):	244 - 245
Federal Awarding Agency:	Various
Compliance Area Affected:	Internal Control – Preparation of the Schedule of Expenditures of Federal Awards
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Research and Development Cluster
Prior Audit Finding Number:	***2022-040***
Page Number (from schedule):	246 - 248
Federal Awarding Agency:	Various
Compliance Area Affected:	Cash Management
Questioned Costs:	$929
Status of Questioned Costs:	Unknown
Status of Finding:	Performed by External Audit Organization, audit status not known.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2023

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Research and Development Cluster
Prior Audit Finding Number:	***2022-041***
Page Number (from schedule):	249 - 250
Federal Awarding Agency:	Various
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	Not determinable
Status of Questioned Costs:	Not applicable
Status of Finding:	Performed by External Audit Organization, audit status not known.

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Research and Development Cluster
Prior Audit Finding Number:	***2022-042***
Page Number (from schedule):	251 - 252
Federal Awarding Agency:	Various
Compliance Area Affected:	Other – Lack of management review procedures
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Performed by External Audit Organization, audit status not known.

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Research and Development Cluster
Prior Audit Finding Number:	***2022-043***
Page Number (from schedule):	253 - 254
Federal Awarding Agency:	Various
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$512
Status of Questioned Costs:	Unknown
Status of Finding:	Performed by External Audit Organization, audit status not known.

State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Medical Student Education
Prior Audit Finding Number:	***2022-044***
Page Number (from schedule):	255 - 257
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Cash Management
Questioned Costs:	$48,991
Status of Questioned Costs:	Unknown
Status of Finding:	Performed by External Audit Organization, audit status not known.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	University of Arkansas for Medical Sciences
Federal Program Name:	Head Start Cluster
Prior Audit Finding Number:	***2022-045***
Page Number (from schedule):	258 - 259
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Performed by External Audit Organization, audit status not known.

State/Educational Agency:	Arkansas Department of Finance and Administration
Federal Program Name:	COVID-19: Coronavirus Relief Fund (Cities, Towns, and Counties Coronavirus Relief Fund Project)
Prior Audit Finding Number:	***2021-011***
Page Number (from schedule):	267 - 268
Federal Awarding Agency:	U.S. Department of Treasury
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance
Questioned Costs:	$55,024
Status of Questioned Costs:	Recoupment is not required for $40,038 of the reported questioned costs. The remaining balance, totaling $14,986 is outstanding.
Status of Finding:	Corrected

State/Educational Agency:	Southern Arkansas University
Federal Program Name:	Student Financial Assistance Cluster
Prior Audit Finding Number:	***2020-008***
Page Number (from schedule):	293
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrective action is in progress.