State of Arkansas

Single Audit Report

For the Year Ended June 30, 2024

State of Arkansas
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For the Year Ended June 30, 2024

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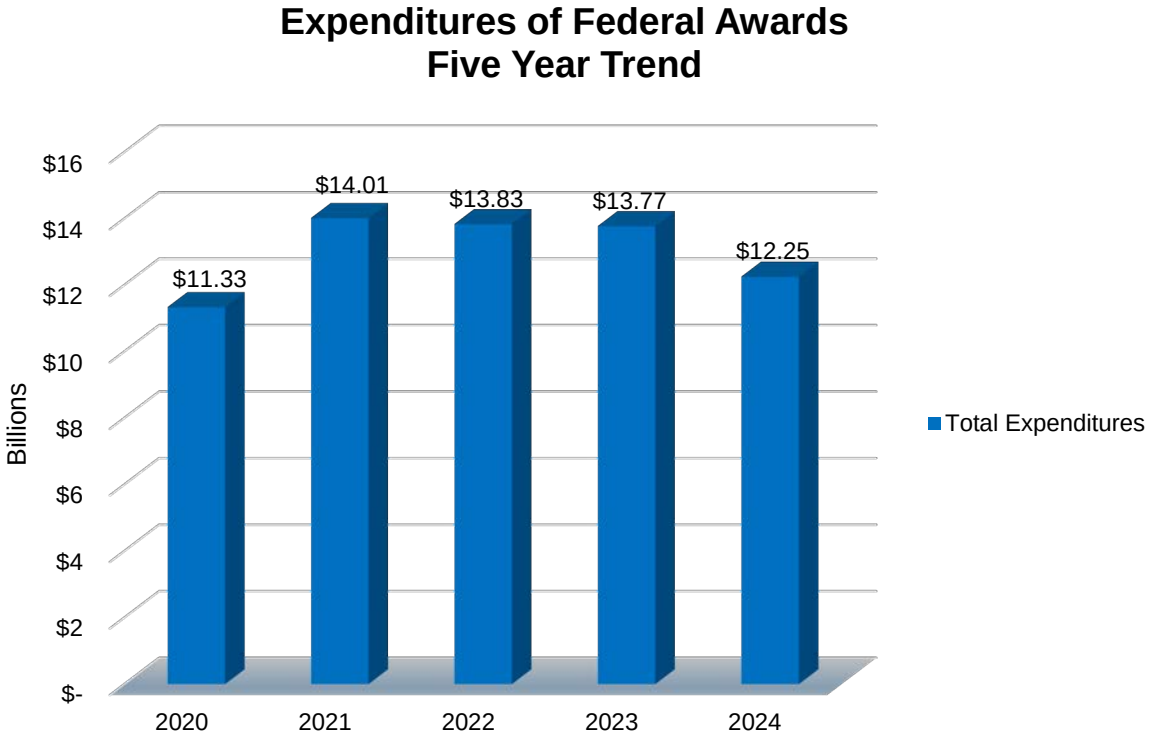
State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2024

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, 2024, as performed by Arkansas Legislative Audit, meets these objectives.

Expenditures of federal awards have varied over the past five years. Expenditures decreased from the prior year to $12.25 billion in fiscal year 2024. Expenditures have continued to decline, resulting from the expiration of funding provided due to the coronavirus pandemic (COVID-19). The chart below depicts the five-year trend of expenditures of federal awards. The 2024 Single Audit includes federal expenditures from 482 federal programs.



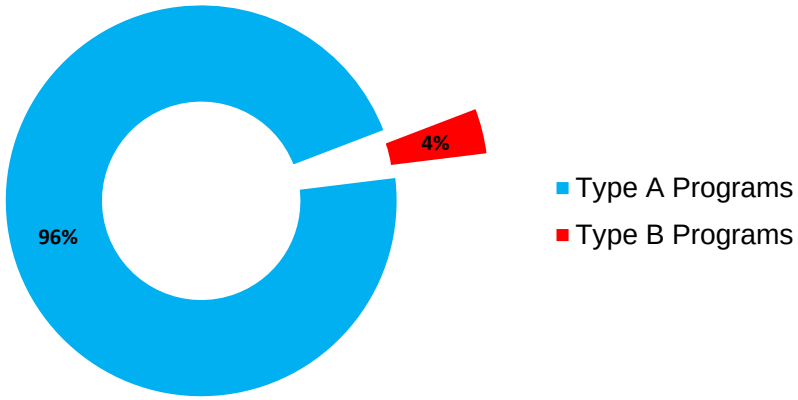
In accordance with Uniform Guidance, larger federal programs are identified and labeled as Type A. The following table outlines how the Type A programs for the State of Arkansas were identified.

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 482 federal programs represented in the June 30, 2024, State of Arkansas Single Audit, 24 were Type A programs with expenditures totaling $11,773,559,523, which is 96% of total expenditures, and 458 were Type B programs with expenditures totaling $474,411,125, which is 4% 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 24 Type A programs, and the risk assessments performed identified 11 of those programs as high-risk or major. The ***Type A major programs*** are:

- Medicaid Cluster
- Adoption Assistance
- Foster Care Title IV-E
- Education Stabilization Fund*
- Children's Health Insurance Program (CHIP)
- Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)*
- Immunization Cooperative Agreements*
- Low-Income Home Energy Assistance
- Child and Adult Care Food Program
- Temporary Assistance for Needy Families*
- Rehabilitation Services Vocational Rehabilitation Grants to States

* 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.

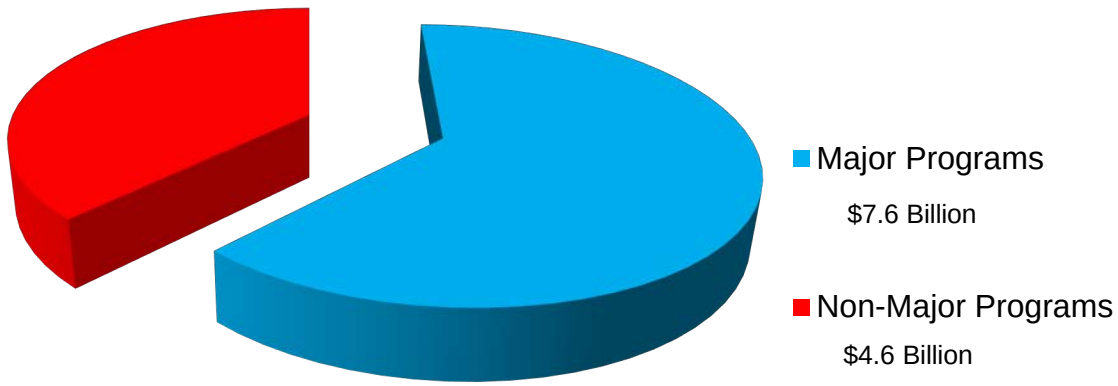
Threshold for Type B Programs		
Type A Threshold		$ 30,000,000
25%	x	0.25
Threshold of Type B programs		$ 7,500,000

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

- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund
- Housing Trust Fund
- Home Investment Partnerships Program

For the year ended June 30, 2024, major program expenditures represented 62% of total expenditures of federal awards.

Fiscal Year 2024
Major vs. Non-Major Programs
$12,247,970,643



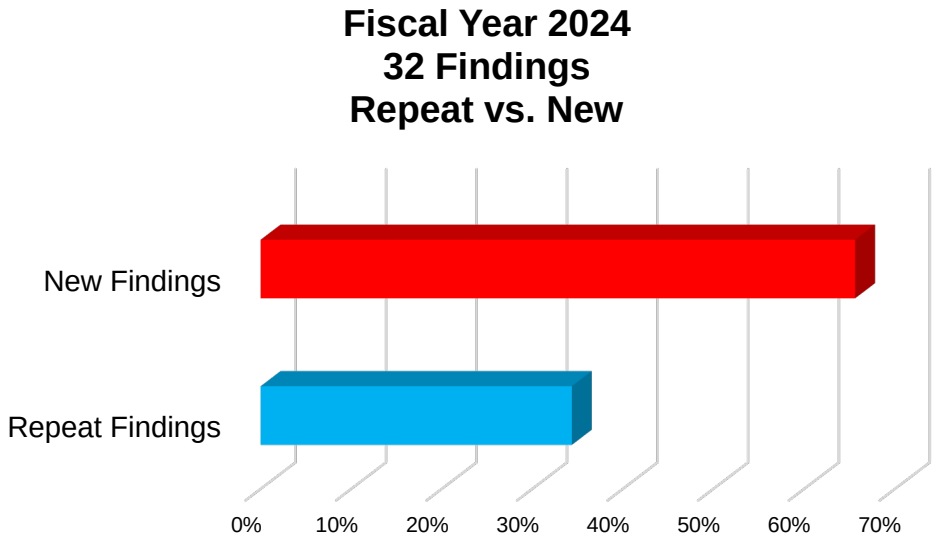
Five state entities expended the majority (90%) of federal awards, as noted below:

Arkansas Department of Human Services	**61%**
Arkansas Department of Education	**11%**
Arkansas Department of Transportation	**9%**
University of Arkansas System	**6%**
Arkansas Department of Commerce	**2%**
Other Departments	**10%**

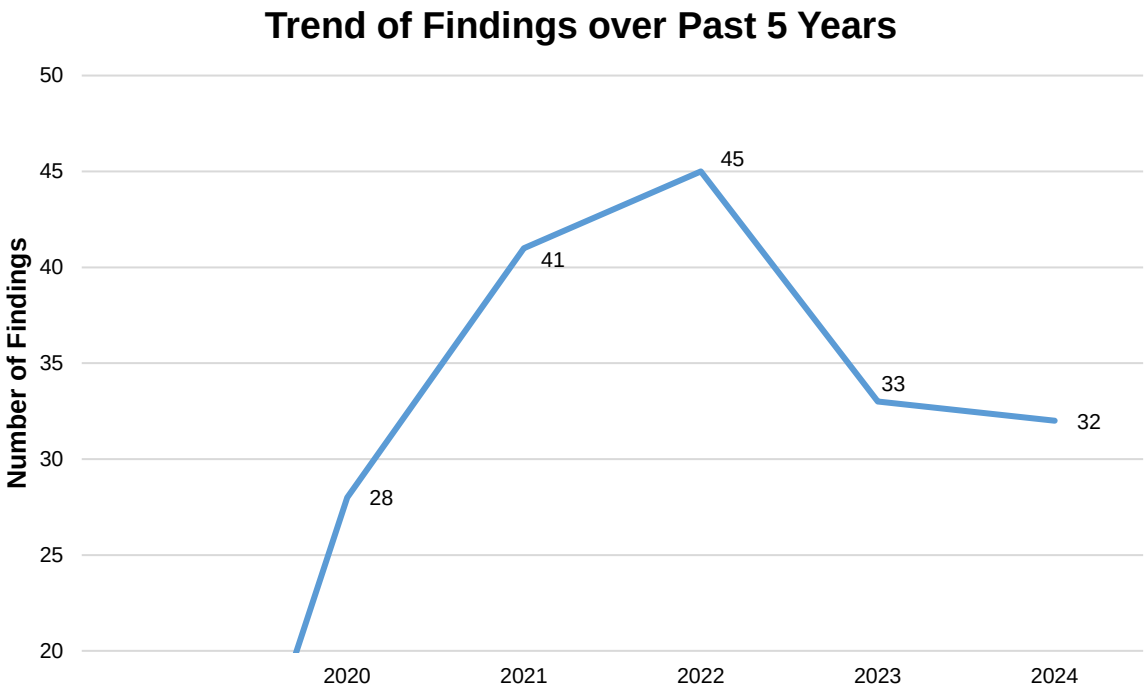
The State received federal awards from 30 different federal agencies. Most of the federal awards (93%) came from four federal agencies as follows:

U.S. Department of Health and Human Services	**62%**
U.S. Department of Education	**13%**
U.S. Department of Agriculture	**9%**
U.S. Department of Transportation	**9%**
Other Departments	**7%**

The audit resulted in **32** findings regarding deficiencies in internal control over financial reporting, noncompliance, and deficiencies in internal control over compliance for **9** of the **15** major programs identified on **page 16**. As illustrated below, **11** of the **32** findings, or **34%**, 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 begins on page **14**.



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



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 2021 – 2023. Each finding's questioned costs status, including recoupments, other adjustments, or recoupments not required, as of June 30, 2024, are noted below.

Federal Program	Finding #	Questioned Costs Balance (as of 06/30/23)	Recoupment	Other Adjustment	Recoupment Not Required	**Outstanding Balance** (as of 06/30/24)
2021						
CRF	2021-011	$ 14,986				$ 14,986
CRF	2021-012	8,600,000	$ 5,040,000			3,560,000
CRF	2021-014	4,886				4,886
CRF	2021-016	68,002				68,002
CRF	2021-017	3,000			$ 3,000	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
2022						
Unemployment Insurance	2022-001	1,433,280				1,433,280
ERA	2022-004	60,493				60,493
ERA	2022-005	965,064	46,064			919,000
ERA	2022-006	226				226
ERA	2022-007	88,095				88,095
CSLFRF	2022-014	5,641				5,641
CSLFRF	2022-015	41,113	41,113			0
Medicaid and CHIP	2022-026	103,524			103,524	0
CHIP	2022-029	88,127			88,127	0
Medicaid	2022-034	93,619			93,619	0
2023						
CACFP	2023-002	136,816				136,816
CACFP	2023-003	1,496,279				1,496,279
Unemployment Insurance	2023-005	2,295,059			1,563,505	731,554
CSLFRF	2023-006	625,342				625,342
ESF	2023-011	154,152,235			154,152,235	0
ESF	2023-012	98,192,610			98,192,610	0
Child Support	2023-014	502,219		$ 502,219		0
Adoption Assistance	2023-015	51,835				51,835
Adoption Assistance	2023-016	32,408				32,408
Medicaid and CHIP	2023-019	1,636,010	1,636,010			0
Medicaid and CHIP	2023-021	24,152,588			24,152,588	0
Medicaid and CHIP	2023-022	33,769	33,769			0
CHIP	2023-024	35,296			35,296	0
CHIP	2023-025	9,978				9,978
CHIP	2023-026	1,304			1,304	0
Medicaid	2023-028	83,457	83,457			0
Medicaid	2023-029	874			874	0
Medicaid	2023-030	34,302	34,302			0
LWA	2023-032	67,500	67,500			0
Totals		**$ 295,205,257**	**$ 6,982,215**	**$ 502,219**	**$ 278,386,682**	**$ 9,334,141**

Legend			
CRF	Coronavirus Relief Fund	CACFP	Child and Adult Care Food Program
CHIP	Children's Health Insurance Program	ESF	Education Stabilization Fund
ERA	Emergency Rental Assistance	LWA	Supplemental Payments for Lost Wages
CSLFRF	Coronavirus State & Local Fiscal Recovery Fund		

Independent Auditor's Reports

For the Year Ended June 30, 2024

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
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, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated January 30, 2025. 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questions Costs as items 2024-001, 2024-002, and 2024-003, that we consider to be material weaknesses.

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 require the auditors to perform limited procedures on the State's responses to the findings identified in our audit and described in the Schedule of Findings and Questioned Costs and Corrective Action Plan. The State's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 30, 2025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
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, 2024, except for the major federal programs listed below.

Program/Cluster Title	Administered by
Housing Trust Fund	Arkansas Development Finance Authority
Home Investment Partnerships Program	Arkansas Development Finance Authority
Clean Water State Revolving Fund	State of Arkansas Construction Assistance Revolving Loan Fund Program
Drinking Water State Revolving Fund	State of Arkansas Safe Drinking Water Revolving Loan Fund Program

Those major federal programs were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those major federal programs' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, is based solely on the report of the other auditors. The State 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.

Qualified Opinion on COVID19: Coronavirus State and Local Fiscal Recovery Funds; Children's Health Insurance Program; and Medicaid Cluster

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 COVID19: Coronavirus State and Local Fiscal Recovery Funds; Children's Health Insurance Program; and Medicaid Cluster for the year ended June 30, 2024.

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, 2024.

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 COVID19: Coronavirus State and Local Fiscal Recovery Funds; Children's Health Insurance Program; and Medicaid Cluster

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
2024-006	21.027	COVID19: Coronavirus State and Local Fiscal Recovery Funds	Allowable Costs/Cost Principles
2024-009	21.027	COVID19: Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2024-010	21.027	COVID19: Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2024-025	93.767	Children's Health Insurance Program	Special Tests and Provisions – Provider Eligibility (Fee-for-service)
2024-029	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 $62,448,010 in federal awards and is not included in the State's Schedule of Expenditures of Federal Awards during the year ended June 30, 2024. 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 2024-004, 2024-005, 2024-007, 2024-008, 2024-012 through 2024-020, 2024-022, 2024-023, 2024-026 through 2024-028, and 2024-030 through 2024-032. 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 2024-006 through 2024-011, 2024-020, 2024-025, 2024-027, and 2024-029 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 2024-004, 2024-005, 2024-012 through 2024-019, 2024-021 through 2024-024, 2024-026, 2024-028, and 2024-030 through 2024-032 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, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon, dated January 30, 2025, 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
March 05, 2025, except for the
Schedule of Expenditures of Federal
Awards, dated January 30, 2025

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

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., 2024-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, 2024

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?	X	Yes		No
Significant deficiency(s) identified not considered to be a material weakness(es)?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	X	Yes		No
Significant deficiency(s) identified not considered to be a material weakness(es)?	X	Yes		None reported
Type of auditor's report issued on compliance for major programs:		Unmodified*		
*Except for the programs listed on page **10** of this report, which were Qualified				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a)	X	Yes		No
Dollar threshold used to distinguish between Type A and Type B programs:		$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.	93.775, 93.777, 93.778	Medicaid Cluster
2.	10.558	Child and Adult Care Food Program
3.	14.239	Home Investment Partnerships Program COVID19: Home Investment Partnerships Program
4.	14.275	Housing Trust Fund
5.	21.027	COVID19: Coronavirus State and Local Fiscal Recovery Funds
6.	66.458	Clean Water State Revolving Fund
7.	66.468	Drinking Water State Revolving Fund
8.	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
9.	84.425	COVID19: Education Stabilization Fund
10.	93.268	Immunization Cooperative Agreements COVID19: Immunization Cooperative Agreements
11.	93.558	Temporary Assistance for Needy Families COVID19: Temporary Assistance for Needy Families
12.	93.568	Low-Income Home Energy Assistance
13.	93.658	Foster Care Title IV-E
14.	93.659	Adoption Assistance
15.	93.767	Children's Health Insurance Program

Section II – Financial Statement Findings

REPORT FINDING: 2024-001

Treasurer of State

Ark. Code Ann. § 19-3-506(b)(2) states that "the Treasurer of State shall establish and maintain effective internal controls to prevent and detect fraud," and Ark. Code Ann. § 25-16-604(2) assigns the Treasurer of State the duty of disbursing public moneys for warrants drawn upon the State Treasury. As such, the Treasurer of State should ensure that controls maximize the likelihood that fraudulent warrant activity will be detected, and the financial institution will be notified in the required timeframe for reimbursement.

Warrants are presented daily to the Treasurer of State for payment. While the Treasurer of State had some controls in place, they were not sufficient to prevent redemption of the following two fraudulent warrants:

- A warrant for $609,609, issued on July 7, 2024, and redeemed on July 23, 2024.
- A warrant for $3,653, issued on August 12, 2024, and redeemed on August 28, 2024.

The Treasurer's Office filed a check fraud claim with the bank for the $609,609 warrant, and on November 13, 2024, the bank deposited the funds back into the Treasurer of State's account. As of January 22, 2025, the check fraud claim for the $3,653 warrant was still in progress, and funds had not been recovered.

We recommend the Treasurer of State implement additional controls to better enable the identification of fraudulent warrants in the required timeframe for the State to be reimbursed.

Views of Responsible Officials and Planned Corrective Action:
We agree with the finding and will continue to work with the bank to recover the $3,653. Additionally, the Department of Finance and Administration in conjunction with the Treasurer and Auditor of State has established the necessary files to allow for the use of Payee Positive Pay. This is an added fraud deterrent service that matches the warrant number, amount, and Payee to verify that these fields have not been altered. The new files have been submitted to the bank daily beginning February 3, 2025; however, the bank did not fully activate the service until February 27, 2025.

Anticipated Completion Date: Completed

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Section II – Financial Statement Findings (Continued)

REPORT FINDING: 2024-002

Department of Finance and Administration

According to Ark. Code Ann. § 26-51-801, every person owning property or doing business in the State of Arkansas shall file a tax return with the Secretary of the Department of Finance and Administration (DFA) showing gross income. In accordance with Ark. Code Ann. § 25-1-124(b)(1), DFA notified ALA that 1,532 tax refunds, totaling $1,474,703, were disbursed in 2024 based on fraudulent information. Refunds were issued through bank debit cards and state warrants, were issued to other state agencies to be applied to taxpayer debt, or were applied to prior-year tax debt.

DFA notified law enforcement agencies of the fraudulent activity. As of report date, the total amount recovered by DFA was $339,839, leaving $1,134,864 outstanding.

We recommend DFA enhance controls over filing of tax returns and subsequent disbursement of refunds, as well as continue to explore all avenues available to collect the outstanding funds.

Views of Responsible Officials and Planned Corrective Action:
DFA realizes that tax fraud attempts are on the rise nationwide. In response to that, we continuously upgrade our tax fraud and mitigation programs. These improvement efforts include collaborating with other states to share and reapply best practices and other information.

Fraud Recovery Effort: Some of the fraudulent funds were disbursed as intercepts to other state agencies. We will continue to follow-up on those. We are also working with some financial institutions where we have discovered a small balance of the funds are remaining.

Anticipated Completion Date: June 15, 2025

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Section II – Financial Statement Findings (Continued)

REPORT FINDING: 2024-003

Department of Finance and Administration

In accordance with Ark. Code Ann. § 25-1-124(b)(1), the Department of Finance and Administration (DFA) notified ALA in February 2024 of a loss of public funds. On January 22, 2024, DFA inadvertently and incorrectly issued 620 refunds totaling $362,348 following a programming change to the Arkansas Integrated Revenue System (AIRS). In prior years, DFA converted its tax processing software from Information Management System (IMS) to AIRS, which resulted in converted balance mismatches (CBM) (i.e., old penalty, interest, credit adjustment, or payment balances) from approximately 4,500 taxpayer accounts for the 2006 through 2009 tax years. To correct the errors that resulted in CBMs, the Agency made programming changes. These changes were tested; however, when the programming changes were implemented on January 19, 2024, to remove the CBMs left from the IMS software, an error in the program went undetected. On January 25, 2024, the Income Tax Division began receiving calls from taxpayers regarding refund warrants, and it was determined the programming changes caused refunds to be inadvertently mailed to taxpayers.

As of January 7, 2025, the Agency had recovered $319,113 (funds for 502 warrants issued), leaving $43,235 (funds for 118 warrants) still outstanding.

We recommend DFA review and improve its procedures for program change control to ensure all application changes are validated properly, tested thoroughly, and implemented according to established standards. Additionally, DFA should continue exploring all options for recovering any warrants inadvertently issued.

Views of Responsible Officials and Planned Corrective Action:
DFA worked with the tax system vendor (Arkansas Integrated Revenue System) and internal experts to discover the issue that had caused this error. This was a one-time job that will not occur in the future. DFA has also shifted staff resources to do additional system testing during programming changes. We currently have $43,235 still outstanding. Of that amount, $38,202.00 will expire on July 1, 2025. We will continue our efforts to recover the remaining balance.

Anticipated Completion Date: July 1, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs

Federal Program Name	Page Number(s)
Arkansas Department of Education	
Child and Adult Care Food Program	21 - 24
Arkansas Department of Commerce – Arkansas Economic Development Commission	
COVID19: Coronavirus State and Local Fiscal Recovery Funds	25 - 26; 31 - 32; 35 - 36
Arkansas Department of Agriculture – Natural Resources Division	
COVID19: Coronavirus State and Local Fiscal Recovery Funds	27 - 30; 33 - 34
Arkansas Department of Commerce – Arkansas Rehabilitation Services	
Rehabilitation Services Vocational Rehabilitation Grants to States	37 - 40
Arkansas Department of Human Services	
Temporary Assistance for Needy Families	41 - 43
Foster Care Title IV-E	50 - 51
Adoption Assistance	52 - 58
Children's Health Insurance Program	59 - 63
Medicaid Cluster	59 - 60; 64 - 79
Arkansas Department of Energy and Environment	
Low-Income Home Energy Assistance	44 - 49

State of Arkansas
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Finding Number:	**2024-004**
State/Educational Agency(s):	**Arkansas Department of Education**
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):	**6AR300321**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and 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.

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

Condition and Context:
ALA discussion with Health and Nutrition Unit (HNU) staff indicated that applications for new and renewing applicants are completed online through the Special Nutrition Program (SNP) database. Supporting documentation is uploaded by the providers and reviewed by staff and program manager prior to application approval. The Agency allows retroactive reimbursements for new applicants after application approval only if the following requirements are met prior to the submission of a complete application:

- Proper documentation required by the Program is maintained.
- Provider attends training.

HNU staff are responsible for the notation of eligible months for reimbursement in the database. The notation triggers the edit check to allow or prevent reimbursement claims.

ALA reviewed 17 new applicants during state fiscal year 2024 to determine if all requirements were met prior to the payment of retroactive claims. This review revealed that four providers who did not meet the requirements for a retroactive claim were reimbursed a combined total of $10,823.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$10,823

Cause:
HNU staff did not ensure providers' application reflected only eligible months for reimbursement prior to approval.

Effect:
Providers submitted claims for months in which eligibility requirements were not met.

Finding Number: **2024-004 (Continued)**
AL Number(s) and Program Title(s): **10.558 – Child and Adult Care Food Program**

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

Views of Responsible Officials and Planned Corrective Action:
The Arkansas Department of Education (ADE), Division of Elementary and Secondary Education (DESE), Health and Nutrition Unit (HNU), concur with the finding. The HNU implemented a new application and payment system that began in 2024. During implementation and subsequent operations, several issues with data transfers between the old and new system were identified and now corrected. The HNU Application and Finance staff will receive training to ensure that all criteria are met prior to the retroactive payment of claims.

Anticipated Completion Date: April 1, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
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Finding Number:	**2024-005**
State/Educational Agency(s):	**Arkansas Department of Education**
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):	**6AR300321**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was report in prior year finding **2023-002**.

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) state that the non-federal entity is responsible for 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) Child Nutrition Program (CNP) Block Consolidated (ALN 10.555).
2) CNP Child and Adult Care Food Program (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.

All expenditures are assigned a cost center and WBS element to identify the applicable federal program and cost category within AASIS, the State's accounting system. The Agency's Health and Nutrition Unit (HNU) staff are responsible for ensuring expenditures are properly coded in AASIS, and the federal finance staff utilize expenditure transactions in AASIS to complete cash draws for direct costs to the program. Expense corrections are completed and processed in AASIS by federal finance staff as needed.

According to the Agency, corrective action was taken to ensure the accuracy of data from August 1, 2023 through January 31, 2024.

ALA review of 10 cash draws to determine if funds were drawn from the appropriate grant revealed the following:

- Sponsor Administrative expenditures (ALN 10.558) totaling $65,173 were inappropriately drawn from the CNP Block Consolidated grant (ALN 10.555).
- As a result of expense corrections, Child Care and Development Block grant (ALN 93.575) expenditures were erroneously coded as CACFP expenditures and inappropriately drawn from the CNP Block Consolidated grant (ALN 10.555) and CNP CACFP Cash in Lieu (ALN 10.558), totaling $53,095 and $1,940, respectively.

Note: Sponsor Administrative expenditures were appropriately drawn from the CNP CACFP Sponsor Administrative grant (ALN 10.558) beginning March 12, 2024. Additionally, on October 14, 2024, after auditor inquiry, federal finance staff completed fund transfers in AASIS to correct the coding of Child Care and Development Block grant expenditures.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number: **2024-005 (Continued)**
AL Number(s) and Program Title(s): **10.558 – Child and Adult Care Food Program**

Questioned Costs:
$120,208

Cause:
CACFP sponsor administrative and child care expenditures were not properly coded in AASIS, causing funds to be drawn from the incorrect grant award.

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.

Views of Responsible Officials and Planned Corrective Action:
The Arkansas Department of Education (ADE), Division of Elementary and Secondary Education (DESE), Health and Nutrition Unit (HNU), concur with the finding. The HNU Finance staff implemented procedures for meal claim payment requests which include an initial and final review of all requests to be conducted by two (2) staff. The review process includes, but is not limited to, ensuring expenditures are assigned correct codes related to the appropriate funding source within the appropriate grant year, mitigating the Child Nutrition Program (CNP), Child and Adult Care Food Program (CACFP) Sponsor Administrative expenditure errors going forward. When the request is determined to be compliant, the Associate Director of Finance and Training approves payments before being forwarded to the ADE Finance team for payment.

Anticipated Completion Date: March 15, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
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Finding Number:	**2024-006**
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 Funds (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-006**.

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.

Condition and Context:
ALA staff selected seven payments to ISPs under the ARC program to determine if sufficient, appropriate documentation was maintained to support that reimbursements were made for allowable broadband project expenses. Five of these seven payments were selected randomly, and the remaining two were selected based upon concerns communicated to ALA by the Agency. ALA review of the five payments selected randomly revealed the following:

Project 1:

- Five claims, totaling $28,366, were reimbursed without adequate supporting documentation (e.g., an invoice or receipt).

Project 2:

- One claim, totaling $367,695, was reimbursed without adequate supporting documentation (e.g., an invoice or receipt).

Project 3:

- One claim, totaling $41,363, was reimbursed without adequate supporting documentation (e.g., an invoice or receipt).

ALA review of the two payments selected based upon concerns communicated by the Agency revealed the following:

Project 4:

- 80 claims, totaling $3,861,066, were submitted by the ISP without adequate supporting documentation (e.g., an invoice and/or receipt).

Project 5:

- 16 claims, totaling $2,511,710, were submitted by the ISP without adequate supporting documentation (e.g., an invoice and/or receipt).

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$6,810,200

Finding Number:	**2024-006 (Continued)**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

Cause:
Discussion with management indicated the Arkansas State Broadband Office (ASBO) was understaffed during the time these agreements were executed, and it did not ensure that training included requirements of Uniform Guidance or ARC rules. Furthermore, the ISPs who received payments for projects 4 and 5 received advance payments, which inherently caused additional risk of noncompliance.

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 strengthen controls by providing training on ARC rules and federal regulations to ensure all costs are adequately documented and all reimbursable expenses are supported by receipts. ALA staff also recommend the Agency seek recoupment of any identified overpayments, returning them to the appropriate source.

Views of Responsible Officials and Planned Corrective Action:
ASBO will work with our 3rd party program administrator to re-emphasize the importance of verifying the expenses for adequate supporting documentation and allowability. We will discuss the possibility of a repeat training with all federal grant subrecipients.

Anticipated Completion Date: August 1, 2025

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State of Arkansas
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Finding Number:	**2024-007**
State/Educational Agency(s):	**Arkansas Department of Agriculture – Natural Resources Division**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**SLFRP3627**
Federal Award Year(s):	**2021**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

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

In addition, 2 CFR § 200.400(d) states that the accounting practices of the recipient and subrecipient must be consistent with these cost principles and support the accumulation of costs as required by these cost principles, including maintaining adequate documentation to support costs charged to the federal award.

Condition and Context:
ALA staff reviewed 14 payments to water departments to determine if sufficient, appropriate documentation was maintained to support allowability of infrastructure improvement expenses. ALA review of one of those payments included costs of $26,979 that were not adequately documented. In addition, supporting documentation did not include a complete accumulation of costs that identified amounts charged to the federal award.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$26,979

Cause:
The Agency did not have controls in place to ensure a review of documentation supporting reimbursement requests was properly performed prior to issuing payments. In addition, the Agency did not provide training on Uniform Guidance documentation requirements to staff responsible for reviewing and loading documents into its project management application.

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

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure costs are adequately documented. Supporting documentation containing sufficient detail to determine the allowability and nature of the costs incurred by the subrecipient should be reviewed by the Agency prior to reimbursement to ensure compliance with federal regulations.

Finding Number:	**2024-007 (Continued)**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

Views of Responsible Officials and Planned Corrective Action:

Moving forward the Department will require recipients to provide a list of invoices with the invoice date, period of performance, invoice amount and amount requested/disbursed from ARPA and/or other funding sources to be included with each disbursement request. Staff training will be modified to ensure staff understand allowable expenditures and period of performance restrictions.

Anticipated Completion Date: June 30, 2025

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State of Arkansas
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Finding Number:	**2024-008**
State/Educational Agency(s):	**Arkansas Department of Agriculture – Natural Resources Division**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (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**

Repeat Finding:
Not applicable

Criteria:
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 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 13 grant agreements to determine if the Agency was in compliance with the requirement. ALA review revealed that 3 entities, with agreements executed between April 2023 and August 2023, were not registered with SAM prior to the Agency's issuance of subawards to them.

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 strengthen internal controls by developing, documenting, and establishing policies to ensure contracts and grant agreements are only issued to eligible entities.

Finding Number:	**2024-008 (Continued)**
AL Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

Views of Responsible Officials and Planned Corrective Action:

The Department will require all ARPA recipients provide a copy of their current/active registration with Sam.gov with each disbursement request. Moving forward, the Department will require any/all sub recipients with subrecipient monitoring under 2 CFR § 200.214 and subject to 2 CFR Part 180 to provide proof prior to execution of a grant agreement. Once implemented, we will provide staff training to understand what documentation is required prior to execution of an agreement and disbursement of funds. Independent testing of the established controls will be performed by Department Fiscal staff who have no role in the contracting process and this testing will be documented.

Anticipated Completion Date: June 30, 2025

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State of Arkansas
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Finding Number:	**2024-009**
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 Funds (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**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-008**.

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 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 by the Federal Funding Accountability and Transparency Act (FFATA).
xi. Name of federal agency, pass-through entity, and contact information for awarding official of the pass-through entity.
xii. Assistance listings title and number (ALN); the pass-through entity must identify the dollar amount made available under each federal award and the ALN at the time of disbursement.
xiii. Identification of whether the federal award is research and development.
xiv. Indirect cost rate for the federal award (including if the de minimis rate is used in accordance with § 200.414).

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

Condition and Context:
ALA staff reviewed seven executed grant agreements, totaling $42,681,880, to determine if they met the Uniform Guidance criteria. Five of these grant agreements were selected randomly, and the remaining two were selected based upon concerns communicated to ALA by the Agency. The following deficiencies were noted in the two grant agreements selected based upon Agency concerns:

- The agreements, which totaled $6,549,322, did not include all required terms, specifically items ii, iii, v, xii, xiii, and xiv from the criteria noted above.
- The agreements did not include indirect cost rate agreements.

Finding Number: **2024-009 (Continued)**

ALN Number(s) and Program Title(s): **21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

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, and the Agency risks noncompliance with subrecipient monitoring 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:
In 2023, ASBO sent out Amendment #1 for all SLFRF subgrants. This amendment was a one-page sheet providing information for all the requirements listed in 2 CFR § 200.332(a)(1). The subrecipient listed in this finding, Extreme Broadband, did not acknowledge or return their amendment. We will begin to request acknowledgement from this provider on a continuous quarterly basis.

Anticipated Completion Date: March 4, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-010**
State/Educational Agency(s):	**Arkansas Department of Agriculture – Natural Resources Division**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (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**

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 in the subaward.
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 by the Federal Funding Accountability and Transparency Act (FFATA).
xi. Name of federal agency, pass-through entity, and contact information for awarding official of the pass-through entity.
xii. Assistance listings title and number (ALN); the pass-through entity must identify the dollar amount made available under each federal award and the ALN at the time of disbursement.
xiii. Identification of whether the federal award is research and development.
xiv. Indirect cost rate for the federal award (including if the de minimis rate is used in accordance with § 200.414).

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

Condition and Context:
ALA staff reviewed 13 executed grant agreements, totaling $29,342,709, to determine if they met the Uniform Guidance criteria. The following deficiencies were noted:

- The 13 grant agreements did not include all required terms, specifically items ii, iii, v, vi, xi, xii, xiii, and xiv from the criteria noted above.
- An indirect cost rate agreement could not be provided.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number:	**2024-010 (Continued)**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

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, and the Agency risks noncompliance with subrecipient monitoring 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:
The Department will execute an amendment to the grant agreements for all ARPA funding not disbursed as of 7/1/2024 to include the missing data as detailed in the finding. Staff will be trained on Uniform Guidance requirements.

Anticipated Completion Date: June 30, 2025

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Finding Number:	**2024-011**
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 Funds (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 Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-008**.

Criteria:
In accordance with 2 CFR § 200.332(c), pass-through entities must evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine appropriate subrecipient monitoring.

Section 8(C)(7) of the Arkansas Rural Connect (ARC) rules require applicant Internet Service Providers (ISPs) to submit financial statements for the three most recent years, including an audited financial statement for the most recent year, for grant requests exceeding $2 million.

Section 9(G) of the ARC rules state that within 45 days after grant approval, the 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).

Condition and Context:
ALA staff reviewed eight executed subaward agreements, totaling $42,681,880, to determine if they met the Uniform Guidance criteria, as well as relevant ARC rules. The following deficiencies were noted:

- For six of the eight agreements tested, the ASBO did not receive and review the applicants' financial statements for the three previous years prior to executing a grant agreement.
- 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 eight broadband projects ALA reviewed.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Discussion with management indicated the ASBO was understaffed during the time these agreements were executed, and it did not ensure that training included requirements of Uniform Guidance or ARC rules.

Effect:
Without proper review of contractor financial statements, the Agency could award federal funds to a high-risk entity and fail to adjust the methods of monitoring accordingly. Without approval of a licensed PE, project plans may fail to meet technical adequacy required for the project.

Recommendation:
ALA staff recommend the Agency strengthen controls by providing training on established ARC rules and procedures, which include a review of the financial statements of contractors as well as the technical adequacy of projects to ensure adherence to Uniform Guidance and ARC rules regarding subrecipient monitoring.

Finding Number:	**2024-011 (Continued)**
ALN Number(s) and Program Title(s):	**21.027 – COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)**

Views of Responsible Officials and Planned Corrective Action:

Current staff believes the 3 requirements listed above were not performed in the past. For remaining active SLFRF subgrants, ASBO will establish a fraud/risk/noncompliance rating and set appropriate monitoring standards.

Should any new applications for SLFRF funding be procured, ASBO will require financial statements and a PE Stamp prior to grant agreement execution.

ASBO will provide 2 CFR 200 training and ARC rules training to our staff and contractors.

Anticipated Completion Date: April 1, 2025

Contact Person:

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-012**
State/Educational Agency(s):	**Department of Commerce – Arkansas Rehabilitation Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A230097**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Reporting**
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, Department of Education - Rehabilitation Services Administration (RSA) provided guidance in its Dear Colleague Letter DCL-20-02 for grants entered into after federal fiscal year 2021 but prior to federal fiscal year 2024. Per this guidance, all reports except for the final report must be submitted 30 calendar days after the end of the reporting period.

Condition and Context:
ALA staff performed testing of all five RSA-17 reports, submitted by Arkansas Rehabilitation Services (ARS), to confirm accuracy and completeness of the reports. ALA staff review revealed that the RSA-17 report for the quarter ending June 30, 2024, for the federal fiscal year 2023 grant award, had not been submitted by the Agency at the time of audit fieldwork. This report was subsequently submitted on January 27, 2025, six months after the reporting due date of July 29, 2024.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The failure of Agency controls was caused by employee turnover in key positions and reduced oversight of reports.

Effect:
Lack of appropriate internal controls resulted in noncompliance with federal laws and regulations over reporting.

Recommendation:
ALA staff recommend the Agency strengthen controls over financial reporting compliance to ensure reports are submitted timely and in accordance with federal laws and regulations.

Finding Number: **2024-012 (Continued)**
ALN Number(s) and Program Title(s): **84.126 – Rehabilitation Services Vocational Rehabilitation**

Views of Responsible Officials and Planned Corrective Action:
ARS Discussion
The Agency acknowledges the failure to adequately submit the RSA-17 report for the quarter ending June 30, 2024, for the federal fiscal year 2023 grant award.

ARS Action Taken
The Agency has taken the below steps to mitigate oversight of reporting deadlines and lack of internal controls.

- ARS fiscal has hired three additional staff members whose purpose will be in-part to collect, interpret, and submit data with regards to RSA17 reports.
- A RSA17 policy was submitted RSA in January 2025. This policy speaks to enhanced ARS internal controls for timeliness of collecting data, and oversight to ensure proper preparation and submission of these federal financial reports moving forward. These include multi personnel responsibility checks for collection at minimum one week prior to report submission with Manager and Deputy Commissioner to ensure data collection and submission are on-time.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-013**
State/Educational Agency(s):	**Department of Commerce – Arkansas Rehabilitation Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States**
Federal Awarding Agency:	**U.S. Department of Education**
Federal Award Number(s):	**H126A230097; H126A240097-24C**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Reporting**
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.

Also, per 34 CFR § 361.12, the state agency must ensure the proper and efficient administration of the plan and the carrying out of all functions for which the State is responsible under the plan and this part of 34 CFR. These methods must include procedures to ensure accurate data collection and financial accountability.

Finally, per Department of Education - Rehabilitation Services Administration (RSA) Policy Directive PD-19-03, "the use of an electronic case management system, does not remove the requirement for the agency to maintain either hard copies or scanned copies of required supporting documentation in the individual's service record."

Condition and Context:
The Agency did not have appropriate controls in place to support the maintenance of documentation supporting the RSA-911 quarterly reports. Of the 37 cases tested by ALA, 22 included report elements that could not be verified by ALA or were incorrectly reported. Errors noted during testing were as follows:

- In 21 cases, the application date reported could not be traced to the application signed by the client.
- In 16 cases, the Agency could not provide an Individualized Plan for Employment (IPE), signed by the client, to support the date of initial IPE.
- In 2 cases, the date of eligibility determination was not supported by appropriate documentation.
- In 2 cases, the initial IPE date was incorrectly reported.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Controls were not in place to ensure that client files were properly migrated from an older case management system to a newer case management system during a software conversion.

Effect:
Lack of appropriate internal controls resulted in noncompliance with federal laws and regulations over reporting.

Recommendation:
ALA staff recommend the Agency strengthen controls over reporting by performing a review of client files to ensure data elements are accurately recorded in the new case management system for the required reporting elements.

Finding Number: **2024-013 (Continued)**
ALN Number(s) and Program Title(s): **84.126 – Rehabilitation Services Vocational Rehabilitation**

Views of Responsible Officials and Planned Corrective Action:
ARS Discussion
The Agency acknowledges the lack of adequate internal controls necessary to ensure accurate maintenance of supporting documentation during our migration to our new case management system (CMS).

ARS Action Taken
The Agency has taken the below steps to mitigate the lack of internal controls regarding supporting documentation, mainly attachments, located in our CMS in the future.

- As the transfer of data to our new CMS platform concludes, that impediment has significantly diminished. The Agency has an appropriate method of control in place to detect any case file errors that may occur because of an incomplete retrieval or an insufficient data element input. In both instances, data analyst personnel from Program, Planning, Development and Evaluation (PPD&E) employ RSA's edit check process that identifies specific errors prior to submission of the RSA 911 report. Those errors are then methodically corrected in our CMS ensuring the RSA 911 report is error free.
- In instances where information is miscoded in the client case file, or is missing, the division's Quality Assurance (QA) team identifies those errors and employes best practice training methods to ensure the case file complies with federal regulations.
- Finally, our new CMS data hosted on an AR DIS platform is regularly backed up on a separate server to ensure that if anything were to happen to the primary CMS, we have a back up of all case data, including supporting documentation, and attachments. This data would be able to be accessed as a backup if data in the CMS was compromised in any way.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-014**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2301ARTANF and 2403ARTANF**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR Part 170, recipients of federal grants are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) no later than the end of the month following the month in which the subaward was issued.

Condition and Context:
The Agency did not file any reports in state fiscal year 2024 for subrecipients with payments at or above $30,000.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not ensure staff were trained and knowledgeable regarding the requirements of Federal Funding Accountability and Transparency Act Subaward Reporting as described in 2 CFR Part 170.

Effect:
Failure to file Federal Funding Accountability and Transparency Act Subaward reports could result in the reduction or termination of future funding.

Recommendation:
ALA staff recommend the Agency provide necessary training to ensure full compliance with Federal Funding Accountability and Transparency Act Subaward reporting as described in 2 CFR Part 170.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. As of 2/25/25, DHS has reported all subrecipients with payments at or above $30,000 for SFY24 and a documented procedure has been developed to address the reporting requirement.

Anticipated Completion Date: Completed

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-015**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2101ARTANF; 2201ARTANF; 2301ARTANF; 2403ARTANF**
Federal Award Year(s):	**2021, 2022, 2023 and 2024**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 265.4, states are required to submit complete and accurate TANF financial reports within 45 days following the end of each quarter or be subject to a penalty.

Condition and Context:
ALA staff reviewed the submission dates for each of the quarterly reports submitted for the four quarters ending during the 2024 state fiscal year. Of the three reports that were required for the quarter ending September 30, 2023, all were submitted 30 days after the November 14, 2023, due date. Of the three reports that were required for the quarter ending June 30, 2024, all were submitted 120 days after the August 14, 2024, due date.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency did not ensure that staffing was adequate to meet the reporting requirements for this grant.

Effect:
Failure to timely report grant expenditures could result in undetected noncompliance with program requirements and in potential penalties being assessed by the awarding agency.

Recommendation:
ALA staff recommend the Agency ensure that there is adequate staff to achieve full compliance with program reporting requirements.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The timeliness of quarterly financial reports was impacted by the transition of the TANF program to DHS. The federal awarding agency did not permit the agency to file current TANF award reports until prior year's reports were submitted. DHS has now submitted all reports that are currently due and has one full-time staff working the TANF award and associated reports.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-016**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.558 – Temporary Assistance for Needy Families**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2301ARTANF and 2403ARTANF**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.352(d), a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward, and that the subaward performance goals are achieved.

Condition and Context:
ALA staff reviewed the program monitoring documentation related to 18 grants awarded by the agency totaling $19,770,361. Testing revealed that the pass-through entity did not have sufficient documentation necessary to ensure that the subaward performance goals were achieved for 7 of the 18 grants.

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:
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.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The agency has trained all TANF staff responsible for monitoring and has begun monitoring for all FFY2024 subgrants. Monitoring for all FFY2025 subgrants will begin after completion of monitoring for the FFY2024 subgrants.

Anticipated Completion Date: September 30, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-017**
State/Educational Agency(s):	**Arkansas Department of Energy and Environment**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.568 – Low-Income Home Energy Assistance**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with federal laws and program guidelines, recipients of federal awards must submit various reports to the grantor agency. These include annual reports, such as the Carryover and Reallotment Report (45 CFR § 96.81(b)), the Households Assisted Report (45 CFR § 96.82(a)), and the LIHEAP Performance Data Form (OMB No 0970-0449), as well as LIHEAP Quarterly Performance and Management Reports (OMB No. 0970-0589).

Condition and Context:
ALA staff reviewed submissions of required reports and determined that reports were not filed by various due dates, and performance measures were not completed

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
The Agency did not have controls in place to ensure that reports were submitted timely.

Effect:
Required annual and quarterly reports were submitted late, which could potentially jeopardize funding.

Recommendation:
ALA staff recommend the Agency establish and implement control procedures to ensure mandatory reports are accurately completed and submitted by the required deadlines.

Views of Responsible Officials and Planned Corrective Action:
Program Year 2024 was an unusual year in that (1) key Agency staff members were on extended leave or resigned, (2) one of the program's primary consultants took extended leave, and (3) the program experienced a major influx of stimulus funds through separate awards that required separate management, coordination, and reporting. These exceptional circumstances slowed Agency staff's ability to follow-up with subrecipients that had not submitted timely and accurate reports; subrecipient reports are necessary to submitting accurate and fully responsive federal reports.

Finding Number: **2024-017 (Continued)**
AL Number(s) and Program Title(s): **93.568 – Low-Income Home Energy Assistance**

Views of Responsible Officials and Planned Corrective Action (Continued):
To help minimize the likelihood of future late submissions, the following control procedures will be established and implemented:

- Prepare and transmit a comprehensive schedule of reports and respective due dates to subrecipients at the beginning of each program year; this schedule will be included in the Program Operations Manual.
- Feature reporting and associated compliance requirements as a regular topic during annual training activities
- Create a shared electronic, internal Agency calendar with reminders for initial, intermediate, and final due dates for report information
- If necessary, upload report information in stages to federal reporting database to ensure submission deadlines are met.
- Assign responsibility to a staff member to oversee the data collection process, review collected data for accuracy and consistency and, if necessary, provide technical assistance to subrecipients that need help preparing accurate reporting.

Anticipated Completion Date: June 15, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-018**
State/Educational Agency(s):	**Arkansas Department of Energy and Environment**
Pass-Through Entity:	**No Applicable**
AL Number(s) and Program Title(s):	**93.568 – Low-Income Home Energy Assistance**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2024**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with Appendix A of 2 CFR § 170, direct recipients of grants or cooperative agreements are required to report first-tier sub-awards of $30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Sub-award Reporting System (FSRS).

Condition and Context:
ALA staff searched information on the USASpending.gov website to determine if the Agency was reporting sub-awards as required and discovered no sub-award/contractor information was reported for LIHEAP by the Arkansas Department of Energy and Environment (ADEE).

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
The Agency did not have controls in place to guarantee that first-tier sub-awards of $30,000 or more were reported to the FSRS.

Effect:
The Agency was not in compliance with Appendix A of 2 CFR § 170 and did not report first-tier sub-awards. Failure to file Federal Funding Accountability and Transparency Act Subaward reports could result in the reduction or termination of future funding.

Recommendation:
ALA staff recommend the Agency establish and implement control procedures to ensure first-tier sub-awards are reported to FSRS, as required.

Views of Responsible Officials and Planned Corrective Action:
The Agency will create and maintain an Excel spreadsheet to keep record of subrecipient awards of $30,000 or more. The spreadsheet will be shared between the Agency's program staff and fiscal staff and used to report first-tier sub-awards of $30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Sub-award Reporting System (FSRS) on SAM.gov. Agency program staff will input the information into the shared spreadsheet, and Agency fiscal staff will upload and submit reportable information to SAM.gov by the end of the month following the month in which the Agency awards any sub-grant of $30,000 or more.

Finding Number: **2024-018 (Continued)**
AL Number(s) and Program Title(s): **93.568 – Low-Income Home Energy Assistance**

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

Anticipated Completion Date: June 15, 2025

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Finding Number:	**2024-019**
State/Educational Agency(s):	**Arkansas Department of Energy and Environment**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.568 – Low-Income Home Energy Assistance**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.352 (f) – (h), the Agency is required to verify that every subrecipient is audited, as required by 45 CFR § 75.501, and reviewed for further monitoring considerations.

Condition and Context:
ALA review of five subrecipients revealed that although the Agency maintained copies of subrecipients' most current audit reports, the Agency could not provide documentation to support that reviews of the audits had been performed.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Agency does not have controls in place to guarantee that subrecipients' audit reports are reviewed and considered for further monitoring actions.

Effect:
Additional reviews, necessary adjustments, or enforcement actions against noncompliant subrecipients may not have occurred.

Recommendation:
ALA staff recommend the Agency strengthen control procedures to ensure the review of subrecipients' audit reports is documented.

Views of Responsible Officials and Planned Corrective Action:
Subrecipient audit reports are requested, annually, from each subrecipient and reviewed by Agency staff. However, in order to demonstrate that reviews have been conducted, internal control procedures to document the reviews will include the following actions:

- Create a checklist of items to review in accordance with federal auditing requirements.
- Develop a report that documents the subrecipient audit that was reviewed; the reviewer's name; date of the review; any actions required or taken; if applicable, date by which subrecipient must submit a corrective action plan (CAP); CAP status updates; and if applicable, subrecipient financial statements.
- Establish a schedule to review audit deficiencies with underperforming subrecipients.
- All documentation will be to an internal shared drive following a naming convention established by the program.

Finding Number: **2024-019 (Continued)**
AL Number(s) and Program Title(s): **93.568 – Low-Income Home Energy Assistance**

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

Anticipated Completion Date: June 15, 2025

Contact Person:
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Finding Number:	**2024-020**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.658 – Foster Care Title IV-E**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2301ARFOST; 2401ARFOST**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Reporting**
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 the terms and conditions of the award.

The Instructions for Completion of Form CB-496 provided by the federal awarding agency state, "Expenditures are considered made on the date the payment occurs, regardless of the date of receipt of the good or performance of the service."

Per the U.S. Department of Health and Human Services, the information reported on form CB-496, Title IV-E Programs Quarterly Financial Report, is reviewed by various components of the Administration for Children and Families (ACF) to award funds, determine the allowability of reported expenditures, and provide reports to Congress. Determinations regarding whether reported expenditures are eligible for federal funding under Title IV-E will be made in accordance with applicable federal statute, regulations, and policy.

Condition and Context:
The Agency's Division of Managerial Accounting staff prepare the required quarterly financial reports for the Title IV-E Foster Care federal program. The Agency uses the data from the DHS Cost Allocation system to track grant expenditures and provide information for reporting. The data within cost allocation is derived from expenditures posted to AASIS. The Agency's internal controls state that Managerial Accounting staff who are responsible for submitting the federal financial reports meet with staff from the Division receiving the grant to become familiar with the specifics of each grant award assigned and discuss and obtain approval of all financial reports prior to submission.

ALA completed a reconciliation between the CB-496 Title IV-E Foster Care Quarterly Financial Reports ended September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024 and the data obtained from the DHS Cost Allocation system relating to the Title IV-E Foster Care Program. Testing revealed the Agency did not properly record expenditures on the CB-496 Title IV-E Foster Care Quarterly Financial Reports as follows:

- In one instance, for quarterly report ended September 30, 2023, the Agency failed to include Placement and Residential Licensing expenditures in the total administrative expenditures reported.
- In two instances, for quarterly reports ended December 31, 2023 and March 31, 2024, the Agency failed to report complete and accurate expenditures for training costs. For quarter ended December 31, 2023, no training expenditures were reported. For quarter ended March 31, 2024, the amount reported was for expenditures paid outside of the reporting period.
- In three instances, for quarterly reports ended December 31, 2023, March 31, 2024, and June 30, 2024, the Agency duplicated a portion of administrative expenditures. The expense was recorded both on lines 7 and 12a/12b of the report.
- In two instances, for quarterly reports ended March 31, 2024 and June 30, 2024, the Agency recorded a portion of administrative expenditures using data from the incorrect reporting period.
- In three instances, for quarters ended December 31, 2023 and March 31, 2024 (two report lines), the amount reported on the quarterly report did not match the Agency's supporting documentation.

Finding Number: **2024-020 (Continued)**
AL Number(s) and Program Title(s): **93.658 – Foster Care Title IV-E**

Condition and Context (Continued):

- In one instance, for quarterly report ended September 30, 2023, the current quarter claims reported on Line 7 (In-Placement Administrative Costs – Provider and Agency Management), and lines 12a/12b (Comprehensive Child Welfare Information System (CCWIS) Project Operational Costs) contained inaccurate amounts. The errors net and do not affect total costs reported for the quarter.
- In three instances, for quarterly reports ended December 31, 2024, March 31, 2024, and June 30, 2024, the Agency included non-Title IV-E Foster Care program code expenditures in the amount recorded as the CCWIS Project Operational Costs portion of administrative expenditures.

Errors noted above resulted in total understated expenditures of $2,782,062 (federal portion $2,182,579) for the quarterly reports for period ended September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024.

ALA reviewed documentation supporting that managerial accounting staff obtained approval from the Division of Child and Family Services prior to submission of the quarterly CB-496 Title IV-E Foster Care financial reports. In one instance (quarter ended March 31, 2024), the documented review was dated after the report submission date. Additionally, the documented approval was not obtained by the proper division.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
Per Agency written procedures, management has developed procedures for ensuring federal reports are accurate. A two-part review is required for the submitted quarterly reports. The Agency failed to properly complete the review of the quarterly reports prior to submission.

Effect:
Inaccurate data was submitted on the CB-496 Quarterly Title IV-E Foster Care Financial Report.

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. ALA staff also recommend the Agency continue to strengthen controls to ensure the quarterly CB-496 Title IV-E Foster Care Financial Report are properly reviewed prior to submission.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. Corrections have been made to the affected quarterly reports for SFY2024. New program codes for Placement and Residential Licensing expenditures were not included in prior reporting for Administrative Costs. Documented procedures for quarterly financial reporting will be revised to include more specific instructions for reporting expenditures and additional levels of review prior to report submission. Additional training on completion of quarterly financial reporting is being developed for DCFS Finance and Managerial Accounting-Grants Management staff.

Anticipated Completion Date: April 30, 2025

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Finding Number:	**2024-021**
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 Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Eligibility**
Type of Finding:	**Significant Deficiency**

Repeat Finding:
A similar finding reported in prior-year finding **2023-016**.

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) is delayed, resulting in payments made to parents past the subsidy end date. As a result, the Agency established internal control procedures to identify these types of payments, and 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 identified by the Agency during state fiscal year (SFY) ended June 30, 2024. The report revealed subsidy overpayments for 29 clients with payments made to 23 providers. The total overpayments consisted of $76,284 paid with federal funds and $24,442 paid with state general revenue.

All overpayments identified by the Agency are unallowable uses of the federal program funds. It was noted during the prior two consecutive audits (SFY2020 and SFY2023) that the Agency did not have procedures in place to repay the federal portion of the overpayments identified to the federal awarding agency. As of the end of fieldwork for the SFY2024 audit, the Agency had not made efforts to establish procedures, nor had the Agency made efforts to repay the federal portion of the overpayments identified.

To test the operating effectiveness of controls over compliance, the auditor reperformed the application of the Agency's controls for overpayments. ALA reviewed documentation for five providers to ensure the overpayments were researched and properly submitted for collection and proper collection efforts were made by the accounts receivable department.

Finding Number: **2024-021 (Continued)**
AL Number(s) and Program Title(s): **93.659 – Adoption Assistance**

Condition and Context (Continued):
Reperformance of the application of the Agency's controls over overpayments revealed the following deficiencies:

- For three providers, the subsidy overpayment was recorded in the Agency's accounts receivable system (AROPTS) as "State Adoption" funding source category. This classification could result in the Agency applying any subsequently collected amounts to the State General Revenue account instead of the Federal Funding account when repayments are received.
- For two providers, the Notice of overpayments sent to the provider from the Accounts Receivable Unit incorrectly listed the overpayments as "Notice of Foster Care Overpayment." Additionally, the overpayment information on the Demand Notice and the Notice of Intent to Intercept State Income Tax Refund(s) did not reflect the correct balance for all subsidy payments identified as overpayments. The Agency's prior-year corrective action plan states the Accounts Receivable Unit in the Office of Finance has implemented systems changes that ensure all claims will generate a collections notice with the correct claims data. The Agency response to the prior-year finding was provided to DFA prior to the date this notice of overpayment was issued. It appears the Agency did not implement the corrective action plan as indicated.
- Two providers submitted multiple reimbursements totaling $700 and $6,800, respectively. From these amounts, reimbursements totaling $2,500 were incorrectly coded to the Foster Care State General Revenue internal order and fund.
- Two payments for $550 each were received from one provider and deposited in the Foster Care Trust Account as child support to offset the foster care board payment. The receivable balance was not properly reduced for this provider by $1,100.

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

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
- $ 706 – 2001ARADPT
- $ 4,437 – 2101ARADPT
- $ 16,049 – 2201ARADPT
- $ 37,460 – 2301ARADPT
- $ 17,632 – 2401ARADPT

Cause:
The internal control process for processing and collecting overpayments by the Accounts Receivable Unit is not adequate. Additionally, the adoption unit is not notified timely of events resulting in a subsidy ending.

Effect:
The federal awarding agency may require the State to pay back the overpaid funds.

Recommendation:
ALA staff recommend the Agency immediately update its internal control procedures document regarding the overpayment processes and provide relevant training to staff. Additionally, ALA staff recommend the Agency communicate with the federal awarding agency regarding proper procedures for repaying the unallowable costs.

Finding Number: **2024-021 (Continued)**
AL Number(s) and Program Title(s): **93.659 – Adoption Assistance**

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The DHS Accounts Receivables Unit is developing documented procedures and controls addressing the process for entering adoption subsidy overpayments into the agency's accounts receivable system (AROPTS) and DCFS is updating documented procedures and training on reporting of collected overpayments to the Accounts Receivable Unit. System changes are also in process for AROPTS that will pull the adjusted balance for overpayments when a notice is being created.

Anticipated Completion Date: April 30, 2025

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Finding Number:	**2024-022**
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 Health and Human Services**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**Various**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar finding was reported in prior-year finding **2023-015**.

Criteria:
Federal Adoption Assistance subsidy payments may be paid on behalf of a child only if all requirements are met, including the requirements below:

- 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).
- The prospective adoptive parent(s) must satisfactorily have met a criminal records check, including a fingerprint-based check (42 USC § 671(a)(20)(A)). This involves a determination that such individual(s) have not committed any prohibited felonies in accordance with 42 USC § 671(a)(20)(A)(i) and (ii).

Additionally, per Division of Children and Family Services (DCFS) Policy, the official record of child welfare information for DCFS is maintained through the Children's Reporting Information System (CHRIS).

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 April 2006 to May 2024. The review of the 60 client case files revealed deficiencies resulting in a total of $151,567 in questioned costs paid with federal funds. The deficiencies are summarized below:

- One client file, with an adoption legalization date of June 26, 2018, contained a subsidy agreement that was signed and dated by the adoptive parent after the final decree of adoption. The subsidy agreement was signed by both adoptive parents on June 28, 2018. The adoptive parents received monthly subsidy payments from July 2018 through the present. Federal portion of questioned costs totaled $23,976.
- One client file with an adoption legalization date of January 10, 2014 did not contain a signed subsidy agreement. The adoptive parents received monthly subsidy payments from January 2014 through the present. Federal portion of questioned costs totaled $40,474.
- One client file, with an adoption legalization date of November 18, 2020, contained a subsidy agreement that was not legible, causing the signature and date signed by the adoptive parent to be unreadable. The Agency was unable to provide a legible copy of the signed subsidy. The adoptive parents received monthly subsidy payments from November 2020 through the present. The federal portion of questioned costs totaled $16,317.

Additionally, the review of the household member compliance requirements revealed deficiencies as summarized below:

- One provider home, with an adoption legalization date of December 2, 2015, was an Interstate Compact on the Placement of Children (ICPC) placement. The Agency was unable to provide a copy of the required ICPC form provided by the state of Virginia documenting the compliance with eligibility provisions of the provider home, nor was the information maintained in CHRIS. The adoptive parents received monthly subsidy payments from December 2015 through the present. Federal portion of questioned costs totaled $70,800.

Finding Number: **2024-022 (Continued)**
AL Number(s) and Program Title(s): **93.659 – Adoption Assistance**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
- $ 2,505 – 1401AR1407
- $ 3,487 – 1501ARADPT
- $ 9,522 – 1601ARADPT
- $ 10,788 – 1701ARADPT
- $ 11,906 – 1801ARADPT
- $ 14,638 – 1901ARADPT
- $ 14,827 – 2001ARADPT
- $ 19,791 – 2101ARADPT
- $ 20,895 – 2201ARADPT
- $ 21,093 – 2301ARADPT
- $ 22,115 – 2401ARADPT

Cause:
DCFS did not maintain sufficient records to support the eligibility of federal adoption subsidy payments made on behalf of adopted children.

Effect:
DCFS did not have adequate documentation supporting the eligibility for federal adoption subsidy payments made on behalf of adopted children. The federal awarding agency may require recoupment.

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 updated its documented controls in March 2024 to require confirmation that agreements are signed by all parties before processing adoption subsidy packets and that all adoption files contain complete documentation. All findings occurred prior to the agency updating its documented controls.

Anticipated Completion Date: Complete

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Finding Number:	**2024-023**
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 Health and Human Services**
Federal Award Number(s):	**2301ARADPT**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.302, 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.

Additionally, 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.

Per the U.S. Department of Health and Human Services, the information reported on form CB-496, Title IV-E Programs Quarterly Financial Report, is reviewed by various components of the Administration for Children and Families (ACF) to award funds, determine the allowability of reported expenditures, and provide reports to Congress. Determinations regarding whether reported expenditures are eligible for federal funding under Title IV-E will be made in accordance with applicable federal statute, regulations, and policy.

Condition and Context:
Managerial Accounting prepares the required quarterly financial reports for the Adoption Assistance federal program. The Agency uses the data from the DHS Cost Allocation system to track grant expenditures. The Agency's cost allocation system is used to provide information for reporting. The data within cost allocation is derived from expenditures posted to AASIS.

ALA completed a reconciliation between the CB-496 Adoption Assistance Quarterly Financial Reports ending September 30, 2023, December 31, 2023, March 31, 2024, and June 30, 2024 and the data pulled from the DHS Cost Allocation system relating to the Adoption Assistance Program. Testing revealed the Agency did not properly record all administrative expenditures on the CB-496 Adoption Assistance Quarterly Financial Reports as follows:

- Quarter ended September 30, 2023 – Administrative cost under reported in the amount of $113,921.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
Per Agency written procedures, management has developed procedures for ensuring federal reports are accurate. A two-part review is required for the submitted quarterly reports. The Agency failed to properly complete the review of the quarterly reports prior to submission.

Finding Number: **2024-023 (Continued)**
AL Number(s) and Program Title(s): **93.659 – Adoption Assistance**

Effect:
Inaccurate data was submitted on the CB-496 Quarterly Adoption Assistance Financial Report.

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. ALA staff also recommend the Agency continue to strengthen controls to ensure the quarterly CB-496 Adoption Assistance Financial Report is properly reviewed prior to submission.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. Corrections have been made to the affected quarterly reports for SFY2024. New program codes for Placement and Residential Licensing expenditures were not included in prior reporting for Administrative Costs. Documented procedures for quarterly financial reporting will be revised to include more specific instructions for reporting expenditures and additional levels of review prior to report submission. Additional training on completion of quarterly financial reporting is being developed for DCFS Finance and Managerial Accounting-Grants Management staff.

Anticipated Completion Date: April 30, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-024**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**N/A**
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, 05-2305AR5021, 05-2405AR5021**
	05-2305AR5MAP, 05-2405AR5MAP
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Significant Deficiency**

Repeat Finding:
Not applicable.

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

Condition and Context:
The Agency has established system controls to identify Medicaid and CHIP recipients who are no longer eligible for the programs due to death or incarceration.

To identify unreported deceased recipients, monthly recipient data is "matched" to Arkansas Department of Health vital records data. Results of recipients "matched" to death records are uploaded to Arkansas Integrated Eligibility System (ARIES), where an ARIES task is created to alert the Division of County Operations (DCO) that the recipient may be deceased. DCO staff are to complete the task by determining whether the recipient is, in fact, deceased; enter the date of death to the case file; and close any open aid segments.

ALA selected for review 4 months from state fiscal year 2024 to ensure the death data matches were performed, and the Agency performed the follow-up review for identified matches. Per ALA review, the matches were not completed for any of the selected months, and the Agency received the data match files for only 5 months of the state fiscal year.

To identify incarcerated recipients, recipient data is "matched" to Arkansas Department of Correction inmate data. Resulting "matches" are submitted to ARIES, where an ARIES task will be created to alert DCO staff that the recipient may be incarcerated; therefore, the State may no longer receive FFP for payments made on his/her behalf. Should DCO determine the individual is incarcerated, the recipient's case will be suspended pending release or closed if determined the individual is no longer eligible to receive benefits. Incarcerated data matches are performed daily for state workdays only.

ALA selected 25 state workdays from state fiscal year 2024 for review to ensure the daily incarceration matches were performed, and the Agency performed the follow-up review for identified matches. Per ALA review, the daily incarceration match was not completed for 1 of the selected dates. Additionally, ALA selected up to 5 matches from the remaining selected dates, depending on the total number of matches for that date, for further review to ensure DCO completed work on the ARIES task. ALA noted the Agency failed to timely perform the follow-up review for 4 of 113 ARIES tasks created from the match results.

Statistically Valid Sample:
Not a statistically valid sample.

Questioned Costs:
Unknown

Finding Number:	**2024-024 (Continued)**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**

Cause:
Per DCO, match results were not uploaded to ARIES due to system issues that have since been corrected.

Effect:
Closure or suspension of cases may have been delayed for deceased and/or incarcerated individuals. This delay may have allowed improper payments, including monthly capitation payments, to be made.

Recommendation:
ALA staff recommend the Agency closely monitor data match processes to ensure the matches are being completed as designed and ARIES tasks stemming from these match results are worked in the system timely.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DCO has implemented controls that monitor the automated matching process with the Arkansas Department of Health and Arkansas Department of Corrections. These additional controls include a pre-cycle review of the matching process prior to execution, additional checkpoints during the execution of the matching process, monitoring, validating completion of the matching jobs to check for excepted results, and additional communication and coordination among systems, business teams, and other cabinet agencies.

Anticipated Completion Date: Complete

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Finding Number:	**2024-025**
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):	**05-2305AR3002 and 05-2305AR5021**
Federal Award Year(s):	**2023**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee-for-Service)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-026**.

Criteria:
According to the Arkansas Medicaid Provider Manual 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 base 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. Section 141.100 of the Arkansas Medicaid Provider Manual states that revalidation includes a new application; satisfactory completion of screening activities; and, if applicable, fee payment. In accordance with 42 CFR § 455.450, screening activities vary depending on the risk category of the provider as follows:

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

Condition and Context:
From a population of 6,309 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 three of the provider files as follows:

Moderate-risk category:

- Sample item 32: The provider's revalidation was due by September 25, 2016, and every five years afterwards but was not completed until April 2, 2024. As a result, any amounts paid to the provider with dates of service from September 26, 2016 through February 29, 2020, and May 12, 2023 through April 1, 2024, are considered questioned costs. *Questioned costs totaled $37,430 (federal) and $8,801 (state).*

  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 result of the Public Health Emergency (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. Amounts paid to the provider for dates of service during the PHE are not included in the questioned costs noted above.

Finding Number: **2024-025 (Continued)**
AL Number(s) and Program Title(s): **93.767 – Children's Health Insurance Program**

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

- Sample item 15: The provider's revalidation was due by June 1, 2024, but was not completed until June 21, 2024. As result, amounts paid to the provider with dates of service from June 1 through June 20, 2024, are considered questioned costs. *Questioned costs totaled $3,287 (federal) and $801 (state).*
- Sample item 21: The provider's revalidation was due by January 13, 2021, but was not completed until December 13, 2023. As a result, amounts paid to the provider with dates of service from November 12, 2023 through December 12, 2023, are considered questioned costs. *Questioned costs totaled $10 (federal) and $2 (state).*

  In accordance with CMS 1135 waiver flexibilities, revalidations, site visits, and fingerprint background checks were paused from March 1, 2020 through May 11, 2023, as result of the PHE. In addition, revalidations due during the PHE, which this one was, could be extended to November 11, 2023. Amounts paid to the provider for dates of service during the PHE and extension are not included in the questioned costs noted above.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$40,727 (Federal)
$9,604 (State)

Cause:
The Agency has 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 2024.

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 that required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with the finding. For Sample Item 32, the agency's revalidation date was set for March 27, 2024, and the provider submitted their application for revalidation prior to that date. System updates and monitoring controls have been implemented to ensure correct revalidation dates are entered in MMIS.

For Sample Item 15, the provider submitted a revalidation application prior to their scheduled termination date. Since there was an active application in the system, the provider was not terminated. The revalidation was successfully completed.

For Sample Item 21, the provider submitted their revalidation application on October 16, 2023, which was prior to the November 11, 2023 deadlines. Multiple follow-ups and requests for additional information from the provider resulted in completion of the revalidation after the deadline date.

Finding Number: **2024-025 (Continued)**
AL Number(s) and Program Title(s): **93.767 – Children's Health Insurance Program**

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

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-026**
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):	**05-2405AR5ADM**
Federal Award Year(s):	**2024**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
45 CFR § 75.413(a) defines direct costs as "those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy." Additionally, this regulation states, "costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect Facilities and Administrative (F&A) costs."

Condition and Context:
ALA noted the Agency utilized a contractor to perform work in the Agency's Managerial Accounting section. Costs associated with this work were improperly recorded as a direct cost to the Medicaid program, while other costs incurred by Managerial Accounting were appropriately allocated to the various DHS divisions and programs through the Agency's cost allocation system. Per Agency management, only 68% of Managerial Accounting costs should be allocated to the Medicaid program, not the 100% that was charged.

Costs paid for contractor's work in the Managerial Accounting section totaled $392,000. Based on the Agency's assertion that 68% of this cost should have been allocated to the Medicaid program, ALA determined costs totaling $125,440 were incorrectly charged to Medicaid.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal − $62,720
State − $62,720

Cause:
Per management, the Agency chose to assign the costs of the work performed for Managerial Accounting to the Medicaid program because Medicaid represents the largest share of funding to the Agency, which suggests a lack of internal controls over the appropriate coding of expenditures benefiting multiple programs or activities of the Agency.

Effect:
The Agency improperly used federal funds awarded through the Medical Assistance Program (MAP) grant award for expenditures benefitting other state or federal programs, resulting in noncompliance with federal laws and regulations.

Recommendation:
ALA staff recommend the Agency establish and implement additional controls to ensure that expenditures benefitting multiple state or federal programs are properly allocated across all programs or activities.

Finding Number:	**2024-026 (Continued)**
AL Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with this finding and that cost allocation is the most appropriate means for funding this work. DHS has implemented corrective action effective July 1, 2024, to change payment for Managerial Accounting services from 100% Medicaid funding to a cost allocation methodology. Future contracts and contract extensions executed by the Office of Finance will be evaluated by the DHS Chief Financial Officer to determine the nature of work performed for each contract and specify the appropriate method of allocating costs for services.

Anticipated Completion Date: Complete

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Finding Number:	**2024-027**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**N/A**
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; 05-2405AR5MAP**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
A similar issue reported in prior-year finding **2023-028**.

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 the 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 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 and reinstate benefits for 16 incarcerated juveniles. As a result, payments totaling $71,536 were made for dates of service within the incarceration periods for 11 juveniles. The federal and state portions of these payments totaled $52,632 and $18,904, respectively.
- The Agency failed to appropriately suspend Medicaid benefits for 9 incarcerated juveniles in DYS custody, which resulted in payments totaling $50,307 for dates of service during the juveniles' incarceration periods. The federal and state portions of these payments totaled $36,577 and $13,730, respectively.

Finding Number: **2024-027 (Continued)**

AL Number(s) and Program Title(s): **93.778 – Medical Assistance Program (Medicaid Cluster)**

Condition and Context (Continued):

- Although the Agency appropriately suspended benefits for 4 incarcerated juveniles, the Agency failed to properly reinstate benefits after their incarceration ended. Additionally, the Agency paid claims, totaling $1,164, for dates of service within the incarceration period for 2 of these juveniles. The federal and state portions of these payments totaled $902 and $262, respectively.
- Although the Agency appropriately suspended and reinstated benefits for 9 incarcerated juveniles, payments totaling $6,978 were made for dates of service within the juveniles' incarceration periods. The federal and state portions of these payments totaled $5,293 and $1,685, respectively.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal – $95,404
State – $34,581

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 moved to private facilities or released from DYS custody, based on guidance set forth in the Medical Service Policy Manual and in compliance with federal regulations.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this 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. SSI cases account for 76% of the total questioned costs noted in the finding. The Division of Medical Services (DMS) implemented an MMIS change in September 2024 that automatically updates member profiles to accurately reflect incarceration dates. This change will resolve the remaining deficiencies noted in the finding. All payments noted as questioned costs were capitated payments made for the PASSE, Dental Managed Care, and NET programs. The agency currently has a reconciliation process for all three programs that identifies payments made after the member's incarceration date that should be recouped. Any uncollected overpayments noted in the findings will be recouped as part of the next reconciliation process.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-028**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**N/A**
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; 05-2405AR5MAP**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-029**.

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.

States are required to establish eligibility requirements in accord with 42 CFR Part 435 and are required to cover some categorically eligible recipients, including individuals who are receiving SSI payment or who have lost SSI eligibility due to receiving SSA benefits as a disabled adult child and newborns whose mother was on Medicaid at the time of the child's birth. Newborn coverage is to extend through the month of the child's first birthday. Also, 42 CFR § 435.914 requires the State to maintain documentation supporting the eligibility determination in the beneficiary's case record.

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

ALA review revealed the following deficiencies:

- Payments were made for one recipient with a date of death of September 11, 2019. Per review, the individual's Medicaid eligibility case was properly closed in the eligibility system, but the date of death did not cross over to the Medical Management Information System (MMIS). ALA confirmed all claims paid for dates of service after death were recouped as of December 30, 2024. No questioned costs are noted.
- The Agency was unable to provide documentation to support one recipient's initial eligibility determination for the Newborn category, including documentation of initial application or documentation showing the recipient's mother was eligible under Medicaid. Per review, payments totaling $73 were made on behalf of the recipient. The federal and state portions of these payments totaled $54 and $19, respectively.
- The Agency extended coverage for one recipient enrolled in the Newborn category for one month past the one-year requirement. Upon renewal determination, the Agency determined the child was no longer eligible for Medicaid under another category. Per review, payments totaling $13 were made for dates of service after the month of the child's first birthday. The federal and state portions of these payments totaled $9 and $3, respectively

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal − $63
State − $22

(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.)

Finding Number:	**2024-028 (Continued)**
AL Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**

Cause:
Date of death documented in the previous eligibility system did not properly migrate to the Medicaid Management Information System (MMIS) claims payment system. Per Division of County Operations (DCO), the cause of recipient's death not properly migrating to MMIS is unknown at this time. For one newborn case, documentation that should have been included in the case record in the previous eligibility system was not maintained in the archival database for that system. For the remaining newborn case, Arkansas Integrated Eligibility System (ARIES) improperly allowed a coverage period that extended beyond the end of the month of the child's first birthday.

Effect:
Failure to properly determine and end Medicaid eligibility may result in improper payments.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure that eligibility determinations are appropriate and dates of death are properly recorded in both the eligibility and claims payment systems.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The first two deficiencies occurred prior to implementation of the agency's current integrated eligibility system (ARIES). The date of death for the beneficiary did not cross over from the prior eligibility system to MMIS. The agency has implemented a process to monitor and address when eligibility updates do not cross over successfully from the ARIES system to MMIS.

For the second case, the missing documentation was likely the result of a failure to scan or appropriately index the document in the prior eligibility system. The agency will continue its practice of reviewing a sample of eligibility cases for accuracy.

For the third case, the coverage did not close properly at the end of the month due to a system defect. The correction for this defect was deployed in ARIES on 3/31/24.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-029**
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):	**05-2305AR5MAP; 05-2405AR5MAP**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid Recovery Audit Contractors (RACs)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-031**.

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

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 recoup 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 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, 2024.

Documentation provided to ALA indicates the Agency submitted a request to CMS on October 3, 2024, for a full exemption from the requirement that the State enter a contract with a Medicaid RAC. As of October 3, 2024, the Agency indicated that it anticipated an effective date of February 1, 2025, provided the Agency receives all required approvals by that time.

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.

Finding Number:	**2024-029 (Continued)**
ALN Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**

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

Recommendation:
ALA staff recommend the Agency continue to take the necessary steps to comply with federal regulations pertaining to the Medicaid RAC program.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. CMS approved DHS's Medicaid State Plan Amendment (SPA) requesting exemption from the RAC requirement. The waiver was approved on February 28, 2025, with an effective date of February 1, 2025. The exemption is effective for two years from the effective date of the SPA.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-030**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**N/A**
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, 05-2405AR5MAP**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Medicaid Fraud Control Unit**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

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. One payment representing restitution for a criminal conviction or settlement agreement, totaling $197,427, was not reported on the CMS-64 report. The federal share that should have been reported for MFCU-related overpayments was $142,148.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal Portion − $142,148
State Portion − $55,279

Cause:
The Agency did not have proper internal controls over the recording and reporting of the collection of overpayments by MFCU.

Effect:
The Agency failed to report all required restitution and other judgements 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 recording and reporting provider overpayments identified by MFCU.

Finding Number: **2024-030 (Continued)**

AL Number(s) and Program Title(s): **93.778 – Medical Assistance Program (Medicaid Cluster)**

Views of Responsible Officials and Planned Corrective Action:

DHS concurs with this finding. All MFCU overpayment collections are received by DHS through an agency bank account dedicated to refunded overpayments. All transactions in that account are compiled into a monthly receivables report that is used for quarterly reporting overpayments to CMS. The overpayment that was not included in the report was wired to the Arkansas State Treasury and the funds were moved to an AASIS fund. Because the funds were not received through the dedicated refund account, the overpayment was missed in the monthly report. For all future collections completed through electronic transfer of funds, the person or entity making the refund will be provided with ACH/EFT information for dedicated refund account.

Anticipated Completion Date: Complete

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State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Finding Number:	**2024-031**
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):	**05-2305AR5MAP; 05-2405AR5MAP**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Fee for Service)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2023-030**.

Criteria:
According to the Arkansas Medicaid Provider Manual 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 base 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. Section 141.100 of the Arkansas Medicaid Provider Manual states that revalidation includes a new application; satisfactory completion of screening activities; and, if applicable, fee payment. In accordance with 42 CFR § 455.450, screening activities vary depending on the risk category of the provider as follows:

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

Condition and Context:
From a population of 11,471, 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:

Limited-risk category:

- Sample item 15: The provider's revalidation was due by September 25, 2016, and every five years afterwards but was not completed until October 19, 2023. As a result, any amounts paid to the provider with dates of service from September 26, 2016 through February 29, 2020, and May 12, 2023 through October 18, 2023, are considered questioned costs. *Questioned costs totaled $15,393 (federal) and $5,529 (state).*

Finding Number:	**2024-031 (Continued)**
AL Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**

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

- Sample item 15 (Continued):

  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 result of the Public Health Emergency (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 for dates of service during the PHE are not included in the questioned costs noted above.

- Sample item 21: The provider's revalidation was due by September 14, 2023, but was not completed. In addition, the provider did not submit a dated W-9, and licensure expired on March 31, 2023. On October 2, 2023, the Agency terminated the provider. As a result, any amounts paid to the provider with dates of service from July 1, 2023 through June 30, 2024, are considered questioned costs. *Questioned costs totaled $1,517 (federal) and $555 (state).*

- Sample item 40: The Agency failed to provide documentation of the provider's certification that covered a portion of the engagement period. As a result, amounts paid to the provider with dates of service for December 7, 2023 through April 21, 2024, are considered questioned costs. *Questioned costs totaled $126,761 (federal) and $49,296 (state).*

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$143,671 (Federal)
$55,380 (State)

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 2024.

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:
DMS concurs with this finding. For Sample Item 15, DMS has implemented an automated process to notify providers of pending revalidations and to terminate them when revalidation is not completed within five years.

For Sample Item 21, DMS has implemented automated processes utilizing data transfers from licensing boards that will now terminate providers when their license lapses. In addition, DMS is developing a mechanism to obtain information provided on W-9's by utilizing an electronic process through the provider portal during enrollment. This provider was terminated on 10/2/23.

For Sample Item 40, DMS has coordinated with Division of Provider Services and Quality Assurance (DPSQA) to interface with their certification tracking system and to provide additional notifications to providers when their certification period is nearing expiration. Notifications are being sent 30 days prior to the lapse of certification. DMS confirmed with DPSQA that there were no adverse events that lead to the termination of the provider's certification.

Finding Number: **2024-031 (Continued)**

AL Number(s) and Program Title(s): **93.778 – Medical Assistance Program (Medicaid Cluster)**

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

Anticipated Completion Date: June 30, 2025

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Finding Number:	**2024-032**
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):	**05-2305AR5MAP; 05-2405AR5MAP**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable.

Criteria:
According to the Arkansas Medicaid Provider Manual 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 base 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. Section 141.100 of the Arkansas Medicaid Provider Manual states that revalidation includes a new application; satisfactory completion of screening activities; and, if applicable, fee payment. In accordance with 42 CFR § 455.450, screening activities vary depending on the risk category of the provider as follows:

- The limited-risk category includes database checks.
- The moderate-risk category includes those required for limited-risk plus site visits.
- The high-risk category includes those required for moderate-risk 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 for review from a population of 6,186. The providers selected participated in the Dental managed care program, commonly referred to as Healthy Smiles, and the Provider-Led Arkansas Shared Savings Entity, or PASSE, managed care program. ALA review revealed deficiencies with two of the provider files as follows:

Moderate-risk category:

- Sample item 17: The provider failed to revalidate timely. Revalidation was due by May 19, 2024, but was not completed until July 15, 2024. *Ineligible costs totaled $2,280.*

Finding Number: **2024-032 (Continued)**

AL Number(s) and Program Title(s): **93.778 – Medical Assistance Program (Medicaid Cluster)**

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

- Sample item 22: The Agency failed to provide a W-9 dated prior to February 7, 2024. *Ineligible costs totaled $4,455.*

Ineligible costs identified above totaled $6,735 for PASSE. There were no ineligible costs identified for Dental Managed Care.

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, because of the COVID-19 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 were 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 2024.

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 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 this finding. For Sample Item 17, the screening activities associated with the revalidation were completed prior to the revalidation date through the Provider Enrollment, Chain, and Ownership System (PECOS). The provider submitted their revalidation application timely, but during the revalidation process the agency requested corrections and clarifications of administrative and tax information. This delayed the final component of the screening, the site visit, until July 15, 2024.

For Sample Item 22, DMS confirms there was no W-9 dated prior to February 7, 2024. The primary function of the W-9 form is to confirm the providers name, address, and tax information. This information was already listed in MMIS during the date in question. The W-9 submitted by the provider on April 4, 2024, confirmed the accuracy of the information in MMIS that the provider has used since its initial enrollment on July 20, 1981. DMS is developing a mechanism to obtain information provided on W-9's by utilizing an electronic process through the provider portal during enrollment.

Finding Number: **2024-032 (Continued)**

AL Number(s) and Program Title(s): **93.778 – Medical Assistance Program (Medicaid Cluster)**

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

Anticipated Completion Date: June 30, 2025

Contact Person:

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Department of Human Services
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Little Rock, AR 72201
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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
SNAP Cluster				
US Department of Agriculture				
Supplemental Nutrition Assistance Program	10.551		$ 560,523,692	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		46,385,381	$ 776,702
COVID19: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		697,518	
Program Total			47,082,899	776,702
US Department of Agriculture Total			607,606,591	776,702
SNAP Cluster Total			607,606,591	776,702
Child Nutrition Cluster				
US Department of Agriculture				
School Breakfast Program	10.553		77,426,882	76,485,049
National School Lunch Program	10.555		182,757,751	181,185,385
Summer Food Service Program for Children	10.559		3,404,549	
Fresh Fruit and Vegetable Program	10.582		3,391,088	3,391,088
US Department of Agriculture Total			266,980,270	261,061,522
Child Nutrition Cluster Total			266,980,270	261,061,522
Food Distribution Cluster				
US Department of Agriculture				
Commodity Supplemental Food Program	10.565		896,258	
Emergency Food Assistance Program (Administrative Costs)	10.568		786,093	
COVID19: Emergency Food Assistance Program (Administrative Costs)	10.568		1,065,680	
Program Total			1,851,773	
Emergency Food Assistance Program (Food Commodities)	10.569		16,630,061	
US Department of Agriculture Total			19,378,092	
Food Distribution Cluster Total			19,378,092	
Forest Service Schools and Roads Cluster				
US Department of Agriculture				
Schools and Roads - Grants to States	10.665		5,412,199	5,412,199
US Department of Agriculture Total			5,412,199	5,412,199
Forest Service Schools and Roads Cluster Total			5,412,199	5,412,199

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Economic Development Cluster				
US Department of Commerce				
Economic Adjustment Assistance	11.307		$ 425,293	
COVID19: Economic Adjustment Assistance	11.307		956,488	
US Department of Commerce Total			1,381,781	
Economic Development Cluster Total			1,381,781	
CDBG Entitlement/Special Purpose Grants Cluster				
US Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants				
Pass-through from City of Fayetteville	14.218	B20MW050001	14,352	
US Department of Housing and Urban Development Total			14,352	
CDBG Entitlement/Special Purpose Grants Cluster Total			14,352	
Fish and Wildlife Cluster				
US Department of the Interior				
Sport Fish Restoration	15.605		6,813,737	$ 14,250
Wildlife Restoration and Basic Hunter Education and Safety	15.611		16,409,807	578,903
Enhanced Hunter Education and Safety	15.626		79,998	
US Department of the Interior Total			23,303,542	593,153
Fish and Wildlife Cluster Total			23,303,542	593,153
Employment Service Cluster				
US Department of Labor				
Employment Service/Wagner-Peyser Funded Activities	17.207		5,298,976	
Jobs for Veterans State Grants	17.801		1,410,015	
US Department of Labor Total			6,708,991	
Employment Service Cluster Total			6,708,991	
WIOA Cluster				
US Department of Labor				
WIOA Adult Program	17.258		5,964,161	5,300,897
WIOA Youth Activities	17.259		5,900,388	5,071,452
WIOA Dislocated Worker Formula Grants	17.278		4,756,886	2,907,421
US Department of Labor Total			16,621,435	13,279,770
WIOA Cluster Total			16,621,435	13,279,770
FMCSA Cluster				
US Department of Transportation				
Motor Carrier Safety Assistance	20.218		7,387,820	
US Department of Transportation Total			7,387,820	
FMCSA Cluster Total			7,387,820	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Federal Transit Cluster				
US Department of Transportation				
Federal Transit Formula Grants	20.507		$ 1,870,607	
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		1,803,457	$ 194,390
US Department of Transportation Total			3,674,064	194,390
Federal Transit Cluster Total			3,674,064	194,390
Transit Services Programs Cluster				
US Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		4,510,869	(78,685)
COVID19: Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		8,894	
US Department of Transportation Total			4,519,763	(78,685)
Transit Services Programs Cluster Total			4,519,763	(78,685)
Highway Safety Cluster				
US Department of Transportation				
State and Community Highway Safety	20.600		5,016,035	1,778,892
National Priority Safety Programs	20.616		5,467,948	1,987,309
US Department of Transportation Total			10,483,983	3,766,201
Highway Safety Cluster Total			10,483,983	3,766,201
Special Education Cluster (IDEA)				
US Department of Education				
Special Education Grants to States	84.027		134,587,671	131,086,864
COVID19: Special Education Grants to States	84.027		6,297,962	6,289,005
Program Total			140,885,633	137,375,869
Special Education Preschool Grants	84.173		5,751,022	5,749,784
COVID19: Special Education Preschool Grants	84.173		127,443	121,639
Program Total			5,878,465	5,871,423
US Department of Education Total			146,764,098	143,247,292
Special Education Cluster (IDEA) Total			146,764,098	143,247,292
TRIO Cluster				
US Department of Education				
TRIO Student Support Services	84.042		9,297,634	
TRIO Talent Search	84.044		4,846,720	
TRIO Upward Bound	84.047		7,560,103	
TRIO Educational Opportunity Centers	84.066		2,571,827	
TRIO McNair Post-Baccalaureate Achievement	84.217		426,232	
US Department of Education Total			24,702,516	
TRIO Cluster Total			24,702,516	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
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		$ 5,244,148	$ 4,643,780
COVID19: Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044		959,699	959,699
Program Total			6,203,847	5,603,479
Special Programs for the Aging Title III, Part C Nutrition Services	93.045		12,732,724	8,521,298
COVID19: Special Programs for the Aging Title III, Part C Nutrition Services	93.045		1,415,392	1,415,392
Program Total			14,148,116	9,936,690
Nutrition Services Incentive Program	93.053		2,996,264	2,996,264
US Department of Health and Human Services Total			23,348,227	18,536,433
Aging Cluster Total			23,348,227	18,536,433
CCDF Cluster				
US Department of Health and Human Services				
Child Care and Development Block Grant	93.575		61,594,583	(11,195)
COVID19: Child Care and Development Block Grant	93.575		42,226,936	
Program Total			103,821,519	(11,195)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		100,330,349	
US Department of Health and Human Services Total			204,151,868	(11,195)
CCDF Cluster Total			204,151,868	(11,195)
Head Start Cluster				
US Department of Health and Human Services				
Head Start	93.600		14,785,753	582,504
US Department of Health and Human Services Total			14,785,753	582,504
Head Start Cluster Total			14,785,753	582,504
Medicaid Cluster				
US Department of Health and Human Services				
State Medicaid Fraud Control Units	93.775		2,751,563	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		6,304,687	
Medical Assistance Program	93.778		6,469,112,958	
US Department of Health and Human Services Total			6,478,169,208	
Medicaid Cluster Total			6,478,169,208	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Disability Insurance/SSI Cluster				
Social Security Administration				
Social Security Disability Insurance	96.001		$ 1,532,009	
Social Security Administration Total			1,532,009	
Disability Insurance/SSI Cluster Total			1,532,009	
Food for Peace Cluster				
Agency for International Development				
USAID Food for Peace Emergency Program (EP)	98.008		1,009	
Agency for International Development Total			1,009	
Food for Peace Cluster Total			1,009	
Research and Development Cluster				
US Department of Agriculture				
Agricultural Research Basic and Applied Research	10.001		3,145,410	$ 225,262
Pass-through from Agricultural Research	10.001	5860264003	4,282	
Pass-through from National Center for Appropriate Technology (NCAT)	10.001	LS21-345	25,675	
Program Total			3,175,367	225,262
Plant and Animal Disease, Pest Control, and Animal Care	10.025		785,724	
Pass-through from Kansas State University	10.025	A24-0473-S001	1,671	
Program Total			787,395	
Wildlife Services	10.028		47,972	
Conservation Reserve Program				
Pass-through from Board of Trustees of Michigan State University	10.069	FBC21CPT0011802	5,151	
Wetlands Reserve Program	10.072		679,169	487,346
Federal State Marketing Improvement Program				
Pass-through from University of Georgia	10.156	SUB00003026	3,694	
Program Total			3,694	
Inspection Grading and Standardization	10.162		1,344	
Wholesale Farmers and Alternative Market Development				
Pass-through from Board of Trustees of Michigan State University	10.164	23-TMLRF-MI-0023	9,597	
Pass-through from Intertribal Agriculture Council	10.164	23-TMLRF-MT-0004	488,225	
Program Total			497,822	
Transportation Services	10.167		7,435	
Specialty Crop Block Grant Program - Farm Bill	10.170		195,344	
Farmers Market and Local Food Promotion Program	10.175		84,915	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)				
US Department of Agriculture (Continued)				
Grants for Agricultural Research, Special Research Grants				
Pass-through from University of Florida	10.200	P13332.22-ARP03	$ 7,682	
Pass-through from University of Florida	10.200	P12051.22-ARP01	7,448	
Pass-through from University of Florida	10.200	2021-34383-34848	146	
Pass-through from University of Florida	10.200	PR# P11128	719	
Program Total			15,995	
Cooperative Forestry Research	10.202		951,460	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		4,373,585	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		1,472,303	
Animal Health and Disease Research	10.207		95,950	
Higher Education National Needs Graduate Fellowship Grants	10.210		20,492	
Small Business Innovation Research (SBIR) Program / Small Business Technology Transfer (STTR) Program				
Pass-through from Micro-Tracers	10.212	2023-70439-39189	104,781	
Pass-through from PittMoss, LLC	10.212	2022-33530-37073	5,949	
Program Total			110,730	
Sustainable Agriculture Research and Education				
Pass-through from Red Wriggler Foundation	10.215	2022-38640-37489	3,264	
Pass-through from University of Georgia	10.215	2021-38640-34724	52,968	
Pass-through from University of Georgia	10.215	SUB00002917	446	
Pass-through from University of Georgia	10.215	SUB00003117	32,281	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	20223864037488	40,141	$ 174
Program Total			129,100	174
1890 Institution Capacity Building Grants	10.216		462,783	24,000
Pass-through from University of Maryland - Eastern Shore	10.216	2023-38821-39583	24,521	
Program Total			487,304	24,000
Higher Education - Institution Challenge Grants Program	10.217		97,452	78,693
Pass-through from Purdue University	10.217	17001064-025	1,433	
Program Total			98,885	78,693
From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals				
Pass-through from North Carolina Agricultural & Technical State University	10.237	2023-70440-40153	3,653	
Pass-through from University of Connecticut	10.237	2023-70440-40144	1,476	
Program Total			5,129	
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250		40,102	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)				
US Department of Agriculture (Continued)				
Agricultural and Food Policy Research Centers				
Pass-through from Board of Curators of the University of Missouri	10.291	C00081150-2	$ 24,398	
Pass-through from Board of Curators of the University of Missouri	10.291	C00085047-1	61,346	
Program Total			85,744	
Integrated Programs	10.303		16,808	
Pass-through from Oregon State University	10.303	MC0611B-B	19,071	
Program Total			35,879	
Organic Agriculture Research and Extension Initiative	10.307		198,053	$ 12,176
Pass-through from North Carolina State University	10.307	2019-51300-30247	55,494	
Pass-through from Texas A&M AgriLife Extension Service	10.307	M2203960	97,763	
Pass-through from University of Georgia	10.307	2018-51300-28434	1,741	
Pass-through from University of Tennessee	10.307	A23-0246-S002	22,575	
Program Total			375,626	12,176
Specialty Crop Research Initiative	10.309		204,836	24,463
Pass-through from Mississippi State University	10.309	2022-51181-38329	70,459	
Pass-through from Regents of the University of Minnesota	10.309	A010138709	30,592	
Pass-through from Texas A&M AgriLife Extension Service	10.309	2020-51181-32156	49,292	
Program Total			355,179	24,463
Agriculture and Food Research Initiative (AFRI)	10.310		6,207,673	2,455,728
Pass-through from Board of Trustees of Michigan State University	10.310	2020-68012-31822	57,905	
Pass-through from Board of Trustees of Michigan State University	10.310	2021-67021-33998	(2,758)	
Pass-through from Board of Trustees of Michigan State University	10.310	RC113302UA	4,217	
Pass-through from California Polytechnic State University	10.310	2020-67017-31272	(60)	
Pass-through from Central State University	10.310	8527-05	109,103	
Pass-through from Cornell University	10.310	90875-20338	97,258	
Pass-through from Cornell University	10.310	2022-67024-37043	75,887	
Pass-through from Delaware State University	10.310	2021-69006-33355	10,811	
Pass-through from Iowa State University	10.310	2024-68012-41749	23,926	
Pass-through from Louisiana State University - Agricultural Center	10.310	PO-0000222571	15,368	
Pass-through from Mississippi State University	10.310	90500.327177.01	1,026	
Pass-through from North Carolina Agricultural & Technical State University	10.310	2020-67018-30847	(1,011)	
Pass-through from Regents of the University of California - Berkeley	10.310	20236701939724	13,400	
Pass-through from Texas A&M University	10.310	2019-68012-29818	19,686	
Pass-through from Texas Tech University	10.310	21A631-01	6,000	
Pass-through from University of California - Davis	10.310	20226702138320	36,030	
Pass-through from University of Connecticut	10.310	2020-69012-31823	348,444	
Pass-through from University of Connecticut	10.310	152442207	1,733	
Pass-through from University of Delaware	10.310	20236701739185	36,087	
Pass-through from University of Maryland	10.310	128091-Z5409201	18,628	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)				
US Department of Agriculture (Continued)				
Agriculture and Food Research Initiative (AFRI) (Continued)				
Pass-through from University of Tennessee	10.310	2021-67023-33819	$ (78)	
COVID19: Agriculture and Food Research Initiative (AFRI)	10.310		251,215	$ 28,372
Pass-through from Texas A&M AgriLife Extension Service	10.310	2020-68008-31461	125,429	
Pass-through from University of California - Davis	10.310	2022-69008-36507	2,954	
Program Total			7,458,873	2,484,100
Beginning Farmer and Rancher Development Program				
Pass-through from Appalachian State University	10.311	2020-49400-32401	68,069	
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	10.318		2,914	
Sun Grant Program				
Pass-through from Prairie View A & M University	10.320	202038500232916	103,909	
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		85,718	36,990
Food Safety Outreach Program	10.328		208,686	76,279
Pass-through from University of Nebraska Lincoln	10.328	25-6331-0412-002	32,340	
Program Total			241,026	76,279
Minor Crop Pest Management (IR-4)	10.329		49,000	
Pass-through from Iowa State University	10.329	2021-70006-35316	8,294	
Pass-through from Iowa State University	10.329	026157A	18,642	
Pass-through from Kansas State University	10.329	A21-0255-S003	973	
Pass-through from Kansas State University	10.329	A24-0106-S001	7,998	
Pass-through from North Carolina State University	10.329	2022-2759-03	12,513	
Program Total			97,420	
Veterinary Services Grant Program	10.336		2,697	
Cooperative Extension Service	10.500		29,273	
Pass-through from Kansas State University	10.500	A21-0316-S008	5,613	
Program Total			34,886	
Equipment Grants Program (EGP)	10.519		157,201	
New Beginning for Tribal Students	10.527		64,586	
School Nutrition Training Grant for Allied Professional Organizations				
Pass-through from School Nutrition Foundation	10.532	USDA-FNS-CN-ALLIED	12,373	

State of Arkansas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)				
US Department of Agriculture (Continued)				
Forestry Research	10.652		$ 9,441	
Cooperative Forestry Assistance	10.664		40,345	
Wood Utilization Assistance	10.674		17,994	
Forest Health Protection	10.680		10,284	
International Forestry Programs	10.684		23,508	
Partnership Agreements	10.699		7,217	
National Agricultural Library	10.700		300,053	$ 58,898
Research Joint Venture and Cost Reimbursable Agreements	10.707		18,919	
Soil and Water Conservation	10.902		1,351,847	
Environmental Quality Incentives Program	10.912		32,528	
Pass-through from Maus Farms	10.912	82369	1,390	
Pass-through from Mississippi State University	10.912	190500.327420.03	74,182	
Pass-through from University of Texas - Rio Grande Valley	10.912	NR213A750013G034-01	15,731	
Program Total			123,831	
Agricultural Conservation Easement Program				
Pass-through from Ducks Unlimited, Inc.	10.931	UAM-001	6,050	
Regional Conservation Partnership Program				
Pass-through from American Bird Conservancy	10.932	21055-01	1,214	
Urban Agricultural and Innovative Production				
Pass-through from Fayetteville Public Library	10.935	NR233A750005G017	57,000	
Partnerships for Climate-Smart Communities	10.937		128,480	69,033
Pass-through from University of Tennessee	10.937	A24-0412-S009	20,485	
Pass-through from USA Rice	10.937	NR233A750004G063	50,240	
Program Total			199,205	69,033
Technical Agricultural Assistance	10.960		10,203	
US Department of Agriculture Total			24,645,854	3,577,414
US Department of Commerce				
Statistical, Research, and Methodology Assistance	11.016		326,656	
Sea Grant Support				
Pass-through from Regents of the University of Minnesota	11.417	D007941110	66,882	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program				
Pass-through from University of Wyoming	11.478	1004495-UA	60,966	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)				
US Department of Commerce (Continued)				
Arrangements for Interdisciplinary Research Infrastructure	11.619		$ 42,395	
Pass-through from RAPID Manufacturing Institute	11.619	70NANB22H010	82,715	
Program Total			125,110	
US Department of Commerce Total			579,614	
US Department of Defense				
Issue of Department of Defense excess equipment				
Pass-through from University of Alabama	12.000	W81XWH-15-9-0001	6,897	
Military Health Services Research (MHSR)				
Pass-through from The Henry M. Jackson Foundation	12.007	HT94022310006	115,894	
Basic and Applied Scientific Research	12.300		7,282,649	$ 1,427,257
Pass-through from Arizona State University	12.300	N00014-21-1-2121	95,315	
Pass-through from Arizona State University	12.300	ASUB00001115	47,834	
Pass-through from Carnegie Mellon University	12.300	1141346-449351 | N00014-21-1-2765	131,966	
Pass-through from East Carolina University	12.300	N00014-21-1-2649	12,026	
Program Total			7,569,790	1,427,257
Pest Management and Vector Control Research	12.355		51,486	
Military Medical Research and Development	12.420		5,278,460	1,121,467
Pass-through from University of Notre Dame	12.420	208264ARK	312,862	
Pass-through from University of Pittsburgh	12.420	W81XWH2010745	79,629	
Pass-through from University of Texas - Southwestern	12.420	HT94252310924	65,629	
Program Total			5,736,580	1,121,467
Basic Scientific Research	12.431		7,095,396	281,847
Pass-through from Civil-Military Innovation Institute, Inc.	12.431	W911NF2120078	197,945	
Pass-through from Creighton University	12.431	Al-Khateeb-UALR-01	63,757	
Pass-through from Ohio State University	12.431	W911NF2220163	182,144	
Pass-through from Regents of the University of California - Berkeley	12.431	W911NF2120162	92,895	
Pass-through from University of Maryland	12.431	W911NF2210048	100,258	
Pass-through from University of Notre Dame	12.431	203409UALR	21,013	
Program Total			7,753,408	281,847
Basic, Applied, and Advanced Research in Science and Engineering	12.630		494,088	47,543
Pass-through from Arizona State University	12.630	W912HZ-21-2-0040	144,876	
Pass-through from Ohio State University	12.630	HM157522D0009	379,809	
Program Total			1,018,773	47,543

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Research and Development Cluster (Continued)				
US Department of Defense (Continued)				
Air Force Defense Research Sciences Program	12.800		$ 1,662,201	$ 758,700
Pass-through from Montana State University	12.800	FA8750-24-1-1019	119,692	
Program Total			1,781,893	758,700
Information Security Grant Program	12.902		14,962	
CyberSecurity Core Curriculum	12.905		186,682	
Pass-through from University of Louisville	12.905	ULRF-20-1034-01	11,944	
Program Total			198,626	
US Department of Defense Total			24,248,309	3,636,814
US Department of the Interior				
Fish and Wildlife Management Assistance	15.608		126,882	
Pass-through from The Nature Conservancy	15.608	2023-A108761-A	24,352	
Program Total			151,234	
Wildlife Restoration and Basic Hunter Education and Safety	15.611		248,417	
Cooperative Endangered Species Conservation Fund	15.615		40,413	
Pass-through from Kansas Department of Wildlife, Parks & Tourism	15.615	F21AP00589-00	36,272	
Program Total			76,685	
State Wildlife Grants	15.634		273,095	
Pass-through from Oklahoma Department of Wildlife Conservation	15.634	F19AF00904 (T-115-R-1)	6,747	
Pass-through from University of Illinois - Urbana/Champaign	15.634	F21AF03626	25,676	
Program Total			305,518	
Migratory Bird Joint Ventures				
Pass-through from American Bird Conservancy	15.637	ABC #18060G	11,774	
National Wildlife Refuge System Enhancements	15.654		45,714	
Candidate Species Conservation	15.660		7,061	
Fish and Wildlife Coordination and Assistance	15.664		19,976	
Youth Engagement, Education, and Employment	15.676		17,019	
Assistance to State Water Resources Research Institutes	15.805		84,681	
U.S. Geological Survey Research and Data Acquisition	15.808		77,465	
Pass-through from University of North Texas	15.808	G21AC10729	3,587	
Program Total			81,052	
Cooperative Research Units	15.812		269,293	

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Research and Development Cluster (Continued)				
US Department of the Interior (Continued)				
National Land Remote Sensing Education Outreach and Research				
Pass-through from AmericaView	15.815	G23AP00683	$ 911	
Native American Graves Protection and Repatriation Act	15.922		29,564	
Challenge Cost Share	15.943		14,182	
Pass-through from Ouachita National Forest	15.943	20-CS-11080900-392	2,351	
Program Total			16,533	
Cooperative Research and Training Programs Resources of the National Park System	15.945		1,915	
US Department of the Interior Total			1,367,347	
US Department of Justice				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		52,289	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		521,485	$ 161,073
Crime Victim Assistance/Discretionary Grants	16.582		222,775	
Treatment Court Discretionary Grant Program				
Pass-through from American University	16.585	15PBJA-21-GG-04259-DGCT	23,539	
Pass-through from Washington County Veteran's Treatment Court	16.585	2020-VC-BX-0049	120,932	7,739
Program Total			144,471	7,739
Violence Against Women Formula Grants	16.588		55,492	
Edward Byrne Memorial Justice Assistance Grant Program				
Pass-through from City of Little Rock	16.738	21135	5,500	
Pass-through from University of Tennessee - Chattanooga	16.738	2020-DG-BX-0008	2,526	
Program Total			8,026	
Byrne Criminal Justice Innovation Program				
Pass-through from City of Little Rock	16.817	15PBJA-21-GG-04110-BCJ I	61,735	
STOP School Violence	16.839		375,428	40,000
US Department of Justice Total			1,441,701	208,812
US Department of State				
AEECA/ESF PD Programs				
Pass-through from American Councils for International Education	19.900	SKZ10022CA0027	13,762	
US Department of State Total			13,762	

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Research and Development Cluster (Continued)				
US Department of Transportation				
Highway Research and Development Program	20.200		$ 88,504	$ 48,522
Pass-through from National Cooperative Highway Research Program	20.200	693JJ31950003	164,100	41,974
Program Total			252,604	90,496
Highway Planning and Construction	20.205		(2,145)	
Railroad Safety	20.301		120,015	43,709
Technical Assistance and Workforce Development				
Pass-through from Community Transportation Association of America	20.531	DC-2023-002-00	67	
State and Community Highway Safety	20.600		303,604	
University Transportation Centers Program	20.701		1,358,335	737,108
Pass-through from Louisiana State University	20.701	PO-0000028687	65,624	
Pass-through from University of Oklahoma	20.701	69A3552348306	114,113	
Program Total			1,538,072	737,108
US Department of Transportation Total			2,212,217	871,313
US Department of the Treasury				
COVID19: Coronavirus State and Local Fiscal Recovery Funds	21.027		5,444	
US Department of the Treasury Total			5,444	
National Aeronautics and Space Administration				
Science	43.001		1,020,252	136,456
Pass-through from Catholic University of America	43.001	80NSSC21M0180	18,856	
Pass-through from Smithsonian Astrophysical Observatory	43.001	NAS8-03060	43,479	
Pass-through from Smithsonian Astrophysical Observatory	43.001	GO0-2J076A	76,208	
Pass-through from University of Maryland	43.001	80NSSC21K0968	44,934	
Pass-through from University of North Texas	43.001	80NSSC22K0923	6,531	
Program Total			1,210,260	136,456
Exploration	43.003		85,478	39,693
Pass-through from Baylor College of Medicine	43.003	NNX16A069A	90,944	
Pass-through from Louisiana State University	43.003	80NSSC21K0544	338,662	
Program Total			515,084	39,693
Office of STEM Engagement (OSTEM)	43.008		1,931,568	198,473
Pass-through from Arkansas Space Grant Consortium	43.008	80NSSC20M0106	10,351	
Pass-through from Arkansas Space Grant Consortium	43.008	80NSSC22M0043	90,197	
Pass-through from Arkansas Space Grant Consortium	43.008	80NSSC22M0178	55,615	
Pass-through from Arkansas Space Grant Consortium	43.008	80NSSC22M0106	56,923	
Program Total			2,144,654	198,473

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Research and Development Cluster (Continued)				
National Aeronautics and Space Administration (Continued)				
Space Technology				
Pass-through from University of Cincinnati	43.012	80NSSC23K0233	$ 59,596	
National Aeronautics and Space Administration Total			3,929,594	$ 374,622
Institute of Museum and Library Services				
Museums for America	45.301		12,576	
Institute of Museum and Library Services Total			12,576	
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024		13,367	
Promotion of the Arts Partnership Agreements	45.025		36,646	
National Endowment for the Arts Total			50,013	
National Endowment for the Humanities				
Promotion of the Humanities Federal/State Partnership				
Pass-through from Arkansas Humanities Council	45.129	268655-20	820	
Promotion of the Humanities Division of Preservation and Access	45.149		156,223	
National Endowment for the Humanities Total			157,043	
National Science Foundation				
Engineering	47.041		6,058,738	206,927
Pass-through from Ambots	47.041	2112009	15,727	
Pass-through from Battelle Memorial Institute	47.041	851525	174,875	
Pass-through from University of Illinois - Urbana/Champaign	47.041	073708-16521 REU	37,062	
Pass-through from University of Illinois - Urbana/Champaign	47.041	1449548	431,768	
Pass-through from University of Illinois - Urbana/Champaign	47.041	073708-16496	49,902	
Pass-through from West Virginia University	47.041	2223793	28,984	
Program Total			6,797,056	206,927
Mathematical and Physical Sciences	47.049		1,750,166	4,400
Pass-through from Montana State University	47.049	1906383	2,340,125	
Pass-through from Oregon State University	47.049	1844627	12,561	
Program Total			4,102,852	4,400
Astronomical, Atmospheric, Earth and Ocean Sciences	47.050		811,160	54,717
Computer and Information Science and Engineering	47.070		852,565	120,897
Pass-through from University of Illinois - Urbana/Champaign	47.070	2113819	18,126	
Pass-through from University of Texas - Dallas	47.070	2147375	17,650	
Program Total			888,341	120,897

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Research and Development Cluster (Continued)				
National Science Foundation (Continued)				
Biological Sciences	47.074		$ 4,243,770	$ 1,297,232
Pass-through from Chapman University	47.074	2232190	9,915	
Pass-through from University of Manitoba	47.074	PPE-185821	10,395	
Pass-through from University of Memphis	47.074	A22-0007-S003	3,253	
Pass-through from University of Texas - Arlington	47.074	2023GC0177	2,734	
Program Total			4,270,067	1,297,232
Social, Behavioral, and Economic Sciences	47.075		853,964	19,485
Pass-through from Jackson State University	47.075	1649960	(894)	
Pass-through from University of Colorado - Boulder	47.075	1554392	200	
Program Total			853,270	19,485
STEM Education (formerly Education and Human Resources)	47.076		3,693,965	44,703
Pass-through from Chapman University	47.076	500839-Sub03	2,797	
Pass-through from Southern Illinois University Edwardsville	47.076	1937392	3,913	
Pass-through from University of Texas - Austin	47.076	1918847	10,730	
Program Total			3,711,405	44,703
Polar Programs	47.078		40,209	
Office of International Science and Engineering	47.079		48,598	4,834
Integrative Activities	47.083		6,881,283	1,372,749
Pass-through from Iowa State University	47.083	2330150	29,363	
Pass-through from Louisiana State University	47.083	2217824	216,820	
Pass-through from Louisiana State University	47.083	2327429	67	
Pass-through from North Dakota State University	47.083	2119691	480,308	
Pass-through from University of Nebraska	47.083	25-6238-0980-003	137,268	
Pass-through from University of South Alabama	47.083	2218046	155,743	
Pass-through from West Virginia University	47.083	1920920	130,974	
Pass-through from West Virginia University Research Corporation	47.083	19-473-UALR	245,469	
Program Total			8,277,295	1,372,749
NSF Technology, Innovation and Partnerships	47.084		2,251,326	454,752
Pass-through from CelluDot, LLC	47.084	2304528	24,497	
Pass-through from SolaRid AR, LLC	47.084	2247237	76,932	
Pass-through from University of Maryland - Baltimore County	47.084	2236058	26,685	
Program Total			2,379,440	454,752
National Science Foundation Total			32,179,693	3,580,696
Small Business Administration				
Small Business Development Centers	59.037		24,238	
Small Business Administration Total			24,238	

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Research and Development Cluster (Continued)				
Environmental Protection Agency				
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		$ 111,114	
Pass-through from Texas A&M AgriLife Extension Service	66.419	585-22-30254	19,999	
Program Total			131,113	
Nonpoint Source Implementation Grants	66.460		495,935	
Pass-through from The Nature Conservancy	66.460	2023-A108392-A	31,390	
Program Total			527,325	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies				
Pass-through from Extension Foundation	66.716	PSEFMP-2024-2406	8,973	
Environmental Protection Agency Total			667,411	
US Department of Energy				
Miscellaneous US Department of Energy Programs	81.RD	DE-AC05-00OR22725	6,971	
Pass-through from Lawrence Berkeley National Laboratory	81.RD	DEAC0205CH11231	53,561	
Pass-through from Oak Ridge National Laboratory	81.RD	DE-AC05-00OR22725	1,460	
Program Total			61,992	
Cybersecurity, Energy Security & Emergency Response (CESER)	81.008		1,786,606	$ 704,584
Pass-through from Board of Trustees of the University of Illinois	81.008	DE-CR0000019	81,369	
Program Total			1,867,975	704,584
Office of Science Financial Assistance Program	81.049		3,126,106	1,402,920
Pass-through from CorePower Magnetics, Inc.	81.049	DE-SC0022783	5,328	
Pass-through from Murray State University	81.049	DE-SC0022228	3,951	
Pass-through from Ozark Integrated Circuits, Inc.	81.049	DE-SC0017732	(54,180)	
Pass-through from Quasar Energy Group	81.049	DOE DE-SC0022382	19,789	
Pass-through from University of California - Irvine	81.049	4600051753	53,848	
Pass-through from University of New Mexico	81.049	DE-SC0024636	48,236	
Program Total			3,203,078	1,402,920
Conservation Research and Development	81.086		267,380	164,337
Pass-through from Deere & Company World Headquarters	81.086	DE-EE0009874	117,341	
Pass-through from Electric Power Research Institute	81.086	DE-EE0006521	43,000	
Pass-through from Power America Institute	81.086	DE-EE0006521	2,601	
Program Total			430,322	164,337
Renewable Energy Research and Development	81.087		517,607	134,699
Fossil Energy Research and Development				
Pass-through from Siemens Corporation	81.089	DE-FE0026348	59	

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Research and Development Cluster (Continued)				
US Department of Energy (Continued)				
Electricity Research, Development and Analysis	81.122		$ 34,781	
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program				
Pass-through from University of North Texas	81.123	DE-NA0004114	127,028	
Advanced Research and Projects Agency-Energy	81.135		41,195	
Pass-through from University of Illinois - Urbana/Champaign	81.135	DE-AR0001761	62,492	
Pass-through from University of Maryland	81.135	DE-AR0001755	20,213	
Program Total			123,900	
US Department of Energy Total			6,366,742	$ 2,406,540
US Department of Education				
Special Education Grants to States	84.027		544,020	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		117,369	
Pass-through from Alabama Department of Rehabilitation Services	84.126	C30870063	28,314	
Program Total			145,683	
Education Research, Development and Dissemination	84.305		657	
Pass-through from University of Alabama - Tuscaloosa	84.305	R305A210428	47,400	
Program Total			48,057	
Special Education - State Personnel Development	84.323		115,005	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities				
Pass-through from Pennsylvania State University	84.325	H325R230043	35,432	
English Language Acquisition State Grants	84.365		701,633	
COVID19: Governor's Emergency Education Relief (GEER) Fund	84.425C		224	
US Department of Education Total			1,590,054	
US Department of Health and Human Services				
Miscellaneous US Department of Health and Human Services Programs	93.RD	75N91019D00024	23,519	
Miscellaneous US Department of Health and Human Services Programs	93.RD	NRG-GU009 IRB 273360	62,200	
Miscellaneous US Department of Health and Human Services Programs	93.RD	NRG-HN009 IRB 274338	21,450	
Miscellaneous US Department of Health and Human Services Programs	93.RD	NRG-BR007 IRB 273843	3,100	
Pass-through from Arkansas Research Alliance	93.RD	HHSF2232016111C	28,568	
Pass-through from ECOG-ACRIN Cancer Research Group	93.RD	75N91019D00024	100	
Pass-through from Intervexion Therapeutics, LLC	93.RD	75N91019D00024	18,670	
Pass-through from Leidos Biomedical Research, Inc.	93.RD	75N91019D00024	2,673,873	65,798

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Miscellaneous US Department of Health and Human Services Programs (Continued)				
Pass-through from New York Grossman School of Medicine	93.RD	OT2HL156812	$ 2,310	
Pass-through from NRG Oncology Foundation	93.RD	75N91019D00024	12,338	
Pass-through from Southwest Oncology Group	93.RD	75N91019D00024	36,394	
Pass-through from Yale University	93.RD	75N91019D00024	175	
Program Total			2,882,697	$ 65,798
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048		28,179	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		1,236,761	54,924
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		165,511	
Pass-through from Virginia Commonwealth University	93.077	U54DA036105	14,366	
Pass-through from Virginia Commonwealth University	93.077	R01DA050996	18,595	
Program Total			198,472	
Food and Drug Administration Research	93.103		86,146	
Pass-through from University of Pennsylvania	93.103	R01FD007632	15,149	
Program Total			101,295	
Maternal and Child Health Federal Consolidated Programs	93.110		61,635	
Environmental Health	93.113		512,613	6,000
Oral Diseases and Disorders Research	93.121		230,410	
Pass-through from University of Florida	93.121	UG3DE032004	52,146	
Program Total			282,556	
Injury Prevention and Control Research and State and Community Based Programs	93.136		60,614	
Community Programs to Improve Minority Health Grant Program	93.137		(34,940)	
NIEHS Superfund Hazardous Substances Basic Research and Education				
Pass-through from University of New Mexico	93.143	P42ES025589	12,561	
Rural Health Research Centers	93.155		1,223,852	91,583
Research Related to Deafness and Communication Disorders	93.173		1,002,385	301,398
Telehealth Programs				
Pass-through from University of Mississippi Medical	93.211	U6631459	22,457	
Research and Training in Complementary and Integrative Health				
Pass-through from University of Mississippi Medical	93.213	R21AT011107	1,283	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Research on Healthcare Costs, Quality and Outcomes				
Pass-through from Indiana University	93.226	R18HS025943	$ 26,546	
Pass-through from Kaiser Permanente Washington Health	93.226	R01HS027790	91,557	
Program Total			118,103	
National Center on Sleep Disorders Research	93.233		189,952	
Mental Health Research Grants	93.242		515,656	$ 91,334
Pass-through from Emory University	93.242	R01MH123352	65,703	
Pass-through from University of Miami - Florida	93.242	R01MH125727	5,368	
Pass-through from University of Rochester	93.242	R01MH119264	71,203	
Pass-through from University of Washington	93.242	UF1MH121942	17,607	
Program Total			675,537	91,334
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		634,838	
Pass-through from Sebastian County Veterans Drug Treatment Court	93.243	TAA2108138	109,612	28,008
Pass-through from Stanford University	93.243	PMC2704916	25,077	
Program Total			769,527	28,008
Occupational Safety and Health Program	93.262		4,760	
Pass-through from University of Texas Health Science	93.262	U54OH007541	9,319	
Program Total			14,079	
Alcohol Research Programs	93.273		1,314,596	331,525
Pass-through from University of Massachusetts	93.273	R01AA028240	11,504	
Program Total			1,326,100	331,525
Drug-Free Communities Support Program Grants	93.276		30,849	
Drug Abuse and Addiction Research Programs	93.279		1,900,844	126,317
Pass-through from Arkansas Children's Hospital Research Institute	93.279	U01DA055352	497,189	
Pass-through from Intervexion Therapeutics, LLC	93.279	U01DA056240	240,875	
Pass-through from Intervexion Therapeutics, LLC	93.279	U01DA051078	1,433	
Pass-through from Intervexion Therapeutics, LLC	93.279	U01DA053043	1,433	
Pass-through from Intervexion Therapeutics, LLC	93.279	U01DA055481	1,433	
Pass-through from Miriam Hospital	93.279	R25DA037190	4,496	
Pass-through from New York Grossman School of Medicine	93.279	UH3CA261067	7,581	
Pass-through from New York University	93.279	UG1DA013035	628,511	
Pass-through from University of California - Los Angeles	93.279	R01DA047386	5,542	
Pass-through from University of Cincinnati	93.279	UG1DA013732	138,410	
Pass-through from University of Kentucky Research Foundation	93.279	R01DA053324	14,810	
Pass-through from University of Massachusetts	93.279	U2CDA050097	717	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Drug Abuse and Addiction Research Programs (Continued)				
Pass-through from University of Texas - Southwestern	93.279	UG1DA020024	$ 449,045	
Pass-through from Wake Forest University	93.279	R21DA053393	18,786	
Pass-through from Wake Forest University	93.279	R01DA048948	10,629	
Pass-through from Yale University	93.279	RM1DA055310	71,016	
Program Total			3,992,750	$ 126,317
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,087,516	139,279
Pass-through from New Mexico State University	93.286	R21EB030654	13,360	
Pass-through from Rensselaer Polytechnic Institute	93.286	5R01EB025241-02 Sub A18-135-S001	150	150
Pass-through from University of Toledo Health	93.286	R15EB034552	9,305	
Program Total			1,110,331	139,429
Loan Repayment for Health Disparities Research	93.307		6,073,745	491,425
Pass-through from University of New Mexico	93.307	P50MD015706	19,784	
Pass-through from University of North Carolina	93.307	R01MD016992	191,014	
Program Total			6,284,543	491,425
Trans-NIH Research Support	93.310		10,112,927	2,504,095
Pass-through from Duke University	93.310	U2COD023375	152,315	
Pass-through from Duke University	93.310	U2COD23375	58,072	
Pass-through from University of Chicago	93.310	3UG1DA050066	3,606	
Pass-through from University of Chicago	93.310	U01MD017414	147,698	8,183
Pass-through from University of New Mexico	93.310	UH3OD023344	2,297	
Pass-through from Washington State University	93.310	R01MD016526	218,439	
Program Total			10,695,354	2,512,278
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319		26,213	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		31,647	
National Center for Advancing Translational Sciences	93.350		5,238,064	315,687
Pass-through from Duke University	93.350	U24TR001608	22,609	
Pass-through from Vanderbilt University Medical Center	93.350	U24TR004437	84,954	
Program Total			5,345,627	315,687
Research Infrastructure Programs	93.351		(12,615)	
Pass-through from University of Utah	93.351	R21OD026618	(27,891)	
Program Total			(40,506)	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Construction Support	93.352		$ 662,729	
Nursing Research	93.361		706,525	$ 48,216
Pass-through from Faceview Mask, LLC	93.361	R42NR017124	97,536	
Pass-through from Southcentral Foundation	93.361	R01NR020491	80,805	
Program Total			884,866	48,216
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		198,984	
Cancer Cause and Prevention Research	93.393		480,099	40,103
Pass-through from Lawrence Berkeley National Laboratory	93.393	P01CA092584	34,634	
Pass-through from Regents of the University of California - Berkeley	93.393	P01CA092584	8,203	
Pass-through from Regents of the University of Minnesota	93.393	P01CA138338	36,194	
Pass-through from University of Houston	93.393	R01CA277739	52,236	
Program Total			611,366	40,103
Cancer Detection and Diagnosis Research	93.394		2,133,384	744,014
Pass-through from Cytoastra, LLC	93.394	R41CA247027	189	
Pass-through from Massachusetts General Hospital	93.394	U01CA152990	769	
Program Total			2,134,342	744,014
Cancer Treatment Research	93.395		2,318,172	21,555
Pass-through from Baylor College of Medicine	93.395	U54BIOCORE	52,357	
Pass-through from Icahn School of Medicine at Mount Sinai	93.395	UM1CA121947	(949)	
Pass-through from NRG Oncology Foundation	93.395	U10CA180868	14,577	
Pass-through from Southwest Oncology Group	93.395	SWOGAMG510	400	
Pass-through from The EMMS Corporation	93.395	R01CA143130	6,943	
Pass-through from University of California - San Francisco	93.395	R01CA249282	24,406	
Pass-through from University of New Mexico	93.395	R01CA276837	46,487	
Program Total			2,462,393	21,555
Cancer Biology Research	93.396		1,577,509	
Pass-through from Indiana University	93.396	R01CA241677	10,055	
Pass-through from Mayo Clinic	93.396	R01CA271486	3,819	
Program Total			1,591,383	
Cancer Centers Support				
Pass-through from Roswell Park Comprehensive Cancer	93.397	5P30CA016056	(1,626)	
Cancer Research Manpower	93.398		369,907	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Cancer Control				
Pass-through from Baylor College of Medicine	93.399	U54CA272691	$ 144,873	
Pass-through from ECOG-ACRIN Cancer Research Group	93.399	UG1CA189828	24,800	
Program Total			169,673	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research				
Pass-through from Memorial Hermann Health System d/b/a TIRR Memorial Hermann	93.433	90DPAD0010	37,870	
Pass-through from Pennsylvania State University	93.433	90REGE0014-01-00	32,132	
Program Total			70,002	
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		40,934	
Temporary Assistance for Needy Families	93.558		55,166	
Child Care and Development Block Grant				
Pass-through from SRI International	93.575	90YE0222	(2,026)	
Pass-through from SRI International	93.575	90YE0289	17,746	
Program Total			15,720	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		361,624	
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632		19,014	
Children's Justice Grants to States	93.643		25,042	
Foster Care Title IV-E	93.658		251,258	
Medical Student Education				
Pass-through from University of South Alabama	93.680	T99HP33560	28,053	
Mental and Behavioral Health Education and Training Grants	93.732		211,672	
COVID19: Medical Assistance Program	93.778		208,817	
Opioid STR	93.788		736,394	
Pass-through from University of Texas - Austin	93.788	1H79TI080203 Sub UTA17-000811	12,726	
Program Total			749,120	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		274,014	$ 205,097
Pass-through from American University	93.829	1H79SM085250-01	19,901	
Program Total			293,915	205,097

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Cardiovascular Diseases Research	93.837		$ 1,588,713	$ 199,419
Pass-through from Medical College of Wisconsin	93.837	R01HL147973	16,775	
Pass-through from Medical University of South Carolina	93.837	R01HL131546	57,762	
Pass-through from Rutgers University	93.837	R01HL127661	120,082	
Program Total			1,783,332	199,419
Lung Diseases Research	93.838		206,281	32,035
Pass-through from Duke University	93.838	R33HL147833	6,814	
Pass-through from Westat, Inc.	93.838	OT2HL158287	1,573,143	347,021
Program Total			1,786,238	379,056
Blood Diseases and Resources Research	93.839		816,837	6,216
Pass-through from Biomedical Research Foundation	93.839	U01HL133817	1,079	
Pass-through from University of Kentucky Research Foundation	93.839	R35HL150818	32,666	
Pass-through from University of Pennsylvania	93.839	R01HL141408	19,574	
Pass-through from University of Pennsylvania	93.839	P01HL146373	27,830	
Program Total			897,986	6,216
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders				
Pass-through from Johns Hopkins University	93.840	R01HL146785	44,593	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		2,212,388	34,284
Pass-through from Indiana University	93.846	R01AR080116	20,166	
Pass-through from Johns Hopkins University	93.846	UH3AR077360	20,539	
Pass-through from Northeastern University	93.846	R01AR075121	112,882	
Program Total			2,365,975	34,284
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		3,098,216	185,402
Pass-through from Acetaminophen Toxicity Diagnostics, LLC	93.847	SB1DK079387	113,329	
Pass-through from Arkana Laboratories	93.847	R44DK130702	45,226	
Pass-through from Drexel University	93.847	R01DK125641	6,134	
Pass-through from Medical University of South Carolina	93.847	1R01DK136658-01A1	7,807	
Pass-through from Oregon Health and Science University	93.847	U01DK116743	7,786	
Pass-through from University of Alabama - Birmingham	93.847	U01DK115997	14,664	
Program Total			3,293,162	185,402
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		748,824	43,179
Pass-through from Emory University	93.853	R01NS088748	43,752	
Pass-through from Regents of the University of Minnesota	93.853	R25NS132346	10,800	
Pass-through from University of California - San Francisco	93.853	U54NS065705	7,410	
Pass-through from University of Cincinnati	93.853	CT030726050	1,942	
Program Total			812,728	43,179

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Allergy and Infectious Diseases Research	93.855		$ 4,702,752	$ 580,623
Pass-through from Arkansas Children's Hospital Research Institute	93.855	R21AI176759	76,240	
Pass-through from Columbia University	93.855	U19AI067773	15,622	
Pass-through from East Carolina University	93.855	R01AI146930	45,815	
Pass-through from Indiana University	93.855	R01AI110637	27,863	
Pass-through from Miriam Hospital	93.855	P30AI042853	47,474	
Pass-through from North Arizona University	93.855	R21AI166614	15,996	
Pass-through from Regents of the University of Minnesota	93.855	U19AI171954	304,245	
Pass-through from University of California - San Diego	93.855	1R01AI176401-01	67,590	
Pass-through from University of California - San Diego	93.855	R01AI141500	64,205	
Pass-through from University of California - San Diego	93.855	R56AI161826	29,222	
Pass-through from University of North Carolina	93.855	R01AI169462	41,822	
Pass-through from University of North Carolina	93.855	R01AI161841	73,611	
Pass-through from University of Texas Health Science Center - Tyler	93.855	R01AI181600	6,228	
Pass-through from University of Vermont and State Agricultural College	93.855	R01AI158372	149,554	
Program Total			5,668,239	580,623
Pharmacology, Physiology	93.859		19,273,047	765,054
Pass-through from Arkansas Children's Hospital Research Institute	93.859	P20GM109096	208,828	
Pass-through from Arkansas Children's Hospital Research Institute	93.859	P20GM121293	265,751	
Pass-through from Oklahoma Medical Research Foundation	93.859	R01GM141040	201,550	
		NIH - U24GM146576		
		UK - 1U24GM146576-01		
Pass-through from University of Kentucky	93.859	SUB 3200005247-24-051	30,200	
Pass-through from University of North Carolina - Charlotte	93.859	R01GM123251	21,722	
Pass-through from Washington University	93.859	R01GM140635	166,396	
Program Total			20,167,494	765,054
Child Health and Human Development Extramural Research	93.865		770,276	35,339
Pass-through from Children's Hospital of Philadelphia	93.865	R01HD106996	9,000	
Pass-through from Gaia Medical Institute	93.865	R44HD097039	22,611	
Pass-through from Health Research, Inc.	93.865	R01HD090180	9,881	
Pass-through from Regents of the University of Minnesota	93.865	R01HD103634	105,124	
Pass-through from RTI International	93.865	U24HD107621	7,980	
Program Total			924,872	35,339

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Aging Research	93.866		$ 2,980,815	$ 18,491
Pass-through from Duke University	93.866	U19AG065188	26,276	
Pass-through from Duke University	93.866	5U19AG063744	28,160	
Pass-through from Johns Hopkins University	93.866	R01AG052510	43,542	
Pass-through from Neurotrack Technologies, Inc.	93.866	R44AG063672	313,825	
Pass-through from Oregon Health and Science University	93.866	R01AG058545	43,214	
Pass-through from Oregon Health and Science University	93.866	R01AG055681	42,923	
Pass-through from University of California - San Francisco	93.866	R24AG065175	21,368	
Pass-through from University of Toledo Health	93.866	R01AG071332	15,526	
Program Total			3,515,649	18,491
Vision Research	93.867		308,440	
Medical Library Assistance	93.879		20,833	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		106,343	
Healthy Start Initiative	93.926		3,039	
HIV Prevention Activities Health Department Based	93.940		221,881	
Block Grants for Community Mental Health Services				
Pass-through from Western Arkansas Counseling and Guidance Center	93.958	H79SM085786	97,398	97,398
US Department of Health and Human Services Total			91,595,082	7,959,152
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	200,275	
Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies				
Pass-through from University of South Carolina	97.108	23STFRG00026	24,384	
Department of Homeland Security Total			224,659	
Agency for International Development				
USAID Foreign Assistance for Programs Overseas	98.001		37,393	
Agency for International Development Total			37,393	
Research and Development Cluster Total			191,348,746	22,615,363

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Student Financial Assistance Cluster				
US Department of Education				
Federal Supplemental Educational Opportunity Grants	84.007		$ 4,265,438	
Federal Work-Study Program	84.033		5,631,267	
Federal Perkins Loan Program Federal Capital Contributions	84.038		826,823	
Federal Pell Grant Program	84.063		241,519,972	
Federal Direct Student Loans	84.268		501,309,563	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		439,401	
US Department of Education Total			753,992,464	
US Department of Health and Human Services				
Nurse Faculty Loan Program (NFLP)	93.264		13,401	
Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students	93.342		2,781,407	
Nursing Student Loans	93.364		30,088	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		548,226	
US Department of Health and Human Services Total			3,373,122	
Student Financial Assistance Cluster Total			757,365,586	
US Department of Agriculture				
Miscellaneous US Department of Agriculture Programs	10.U01	NR233A750004G102	84	
Agricultural Research Basic and Applied Research	10.001		133,281	
Plant and Animal Disease, Pest Control, and Animal Care	10.025		1,251,140	
COVID19: Plant and Animal Disease, Pest Control, and Animal Care Pass-through from Colorado State University	10.025	AP23VSD&B000C020	18,907	
Program Total			1,270,047	
Wildlife Services	10.028		437,935	
Wetlands Reserve Program	10.072		10,201	
Voluntary Public Access and Habitat Incentive Program	10.093		255,302	
Farm Service Agency Taxpayer Outreach Education and Technical Assistance (American Rescue Plan Assistance)	10.146		1,243,774	$ 898,759
Outreach Education and Technical Assistance Pass-through from Alcorn State University	10.147	FSASSCPT0012737	31,985	13,750
Market News	10.153		26,532	
Market Protection and Promotion	10.163		75,279	
Specialty Crop Block Grant Program - Farm Bill	10.170		297,301	36,260
Organic Certification Cost Share Programs	10.171		4,797	4,797
Local Food Promotion Program	10.172		366	
Regional Food System Partnership	10.177		46,274	

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US Department of Agriculture (Continued)				
COVID19: Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes and Local Governments	10.182		$ 2,295,924	
Local Food for Schools Cooperative Agreement Program	10.185		1,546,490	
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187		210,005	
Resilient Food System Infrastructure Program	10.190		5,553	
COVID19: Resilient Food System Infrastructure Program	10.190		21,512	
Program Total			27,065	
Grants for Agricultural Research, Special Research Grants	10.200		1,887	
Pass-through from University of Florida	10.200	2021-34383-34848	7,778	
Program Total			9,665	
Higher Education National Needs Graduate Fellowship Grants	10.210		43,114	
Small Business Innovation Research (SBIR) Program / Small Business Technology Transfer (STTR) Program				
Pass-through from Stratacor, Inc.	10.212	2021-33610-35483	30,857	
Sustainable Agriculture Research and Education	10.215		221	
Pass-through from University of Georgia	10.215	2020-38640-31521	61	
Pass-through from University of Georgia	10.215	2021-38640-34724	7,473	
Pass-through from University of Georgia	10.215	2022-38640-37488/SUB00003313	432	
Pass-through from University of Georgia	10.215	SUB00003195	4,426	
Pass-through from University of Georgia	10.215	20223864037488	10,866	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	2022-38640-37488	25,652	
Program Total			49,131	
1890 Institution Capacity Building Grants	10.216		41,291	
Higher Education - Institution Challenge Grants Program	10.217		33,354	
Extension Collaborative on Immunization Teaching & Engagement				
Pass-through from 1890 Universities Foundation	10.229	2021-77041-34831	168	
Pass-through from Extension Foundation	10.229	2021-77041-34831	89,599	
Program Total			89,767	
Agricultural Market and Economic Research	10.290		55,666	
Agricultural and Food Policy Research Centers				
Pass-through from Board of Curators of the University of Missouri	10.291	58-0111-21-009	22,852	

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US Department of Agriculture (Continued)				
Food and Agriculture Defense Initiative (FADI)				
Pass-through from University of Florida	10.304	2022-37621-38263	$ 36,143	
Specialty Crop Research Initiative				
Pass-through from Virginia Polytechnic Institute and State University	10.309	422652-19D21	8,459	
Agriculture and Food Research Initiative (AFRI)	10.310		237,146	
Pass-through from University of Wisconsin System	10.310	2021-68012-35917	27,955	
Program Total			265,101	
Beginning Farmer and Rancher Development Program	10.311		244,913	$ 41,416
Food Safety Outreach Program				
Pass-through from University of Florida	10.328	2021-70020-35740	4,355	
Minor Crop Pest Management (IR-4)	10.329		259,288	54,361
Pass-through from Louisiana State University	10.329	2021-70006-35320	23,968	
Pass-through from Louisiana State University	10.329	2022-70006-37985	3,614	
Program Total			286,870	54,361
Gus Schumacher Nutrition Incentive Program				
Pass-through from Arkansas Hunger Relief Alliance, Inc.	10.331	2022-70422-37759	30,094	
Rural Rental Housing Loans	10.415		3,242,418	
State Mediation Grants	10.435		83,555	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443		114,978	79,606
Risk Management Education Partnerships	10.460		587,710	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		116,551	
Cooperative Extension Service	10.500		3,381,680	1,115,393
Smith-Lever Extension Funding	10.511		3,056,901	
Extension Services at 1890 Colleges and Tuskegee University, West Virginia State College, and Central State University	10.512		1,585,296	
Expanded Food and Nutrition Education Program	10.514		996,199	
Renewable Resources Extension Act	10.515		49,425	
Rural Health and Safety Education Competitive Grants Program	10.516		160,786	
Agriculture Risk Management Education Partnerships Competitive Grants Program	10.520		67,220	18,348

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US Department of Agriculture (Continued)				
Centers of Excellence at 1890 Institutions				
Pass-through from 1890 Universities Foundation	10.523	FY21-CSFRPES-UAPB-Thrust1	$ 103,523	
Pass-through from North Carolina Agricultural & Technical State University	10.523	2021-38427-34837	47,023	
Pass-through from University of Maryland - Eastern Shore	10.523	2020-38427-31514	5,255	
Pass-through from University of Maryland - Eastern Shore	10.523	2021-38427-34838	21,092	
Program Total			176,893	
Scholarships for Students at 1890 Institutions	10.524		690,540	
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525		171,345	$ 92,926
Pass-through from University of Tennessee	10.525	2020-70028-32730	106,550	
Program Total			277,895	92,926
New Beginning for Tribal Students	10.527		49,584	
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537		14,245	
Child Nutrition-Technology Innovation Grant	10.541		639,000	
Pandemic EBT Food Benefits	10.542		162,000	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		82,259,580	
Pass-through from Food Research & Action Center, Inc.	10.557	SL 5654	90,305	
Program Total			82,349,885	
Child and Adult Care Food Program	10.558		63,164,580	(10,606)
State Administrative Expenses for Child Nutrition	10.560		4,434,298	
WIC Farmers' Market Nutrition Program (FMNP)	10.572		81,081	51,760
Farm to School Grant Program	10.575		30,506	
Senior Farmers Market Nutrition Program	10.576		59,463	59,054
Child Nutrition Discretionary Grants Limited Availability	10.579		1,474,471	1,474,471
Food Distribution Program on Indian Reservations Nutrition Education Grants	10.594		99,857	
Farm to School State Formula Grant	10.645		10,000	10,000
COVID19: Farm to School State Formula Grant	10.645		2,784	
Program Total			12,784	10,000
Summer Electronic Benefit Transfer Program for Children	10.646		384,909	
Pandemic EBT Administrative Costs	10.649		3,620,190	
Forestry Research	10.652		536,987	
Cooperative Forestry Assistance	10.664		2,629,226	
Wood Utilization Assistance	10.674		135,891	
Forest Legacy Program	10.676		7,467	
Forest Stewardship Program	10.678		425,193	
Forest Health Protection	10.680		243,806	

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US Department of Agriculture (Continued)				
Good Neighbor Authority	10.691		$ 62,218	
State & Private Forestry Hazardous Fuel Reduction Program	10.697		19,476	
State & Private Forestry Cooperative Fire Assistance	10.698		69,195	
Inflation Reduction Act Urban & Community Forestry Program	10.727		9,546	
Inflation Reduction Act - Forestry Legacy Program	10.734		3,190,000	
Water and Waste Technical Assistance and Training Grants	10.761			
Pass-through from Communities Unlimited, Inc.	10.761	000C24003G177001	5,111	
Pass-through from Communities Unlimited, Inc.	10.761	000C24003G183071	15,805	
Program Total			20,916	
Distance Learning and Telemedicine Loans and Grants	10.855		(49,315)	
Delta Health Care Services Grant Program	10.874		840,646	$ 15,750
Soil and Water Conservation	10.902		2,476,269	1,211,599
Pass-through from American Forrest Foundation	10.902	NR183A750013C004	43,692	
Pass-through from American Forrest Foundation	10.902	NR223A750003C120	88,615	88,206
Pass-through from National Audubon Society, Inc.	10.902	NR217103XXXXC030	388	
Program Total			2,608,964	1,299,805
Environmental Quality Incentives Program	10.912		39,487	
Regional Conservation Partnership Program				
Pass-through from The Nature Conservancy	10.932	1859-A-0185	7,082	
Feral Swine Eradication and Control Pilot Program	10.934		853,705	839,338
Partnerships for Climate-Smart Communities	10.937			
Pass-through from ECOM USA, LLC	10.937	NR233A750004G043	5,498	
Pass-through from Mississippi State University	10.937	NR233A750004G041	154,219	
Program Total			159,717	
US Department of Agriculture Total			192,139,381	6,095,188
US Department of Commerce				
Cluster Grants	11.020		80	
Science, Technology, Engineering, and Mathematics (STEM) Talent Challenge Program	11.023		19,074	
Build to Scale	11.024		114,127	
State Digital Equity Planning and Capacity Grant	11.032		33,512	
2023 MBDA Capital Readiness Program	11.034		140,525	
Broadband Equity, Access, and Deployment Program	11.035		3,209,038	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Commerce (Continued)				
Economic Development Technical Assistance	11.303		$ 154,799	$ 10,469
Manufacturing Extension Partnership	11.611		1,621,553	34,690
US Department of Commerce Total			5,292,708	45,159
US Department of Defense				
Procurement Technical Assistance For Business Firms	12.002		659,890	
Payments to States in Lieu of Real Estate Taxes	12.112		1,879,782	1,879,782
EASE 3.0	12.219		554,400	
Military Construction, National Guard	12.400		106,689	
National Guard Military Operations and Maintenance (O&M) Projects	12.401		57,341,753	
National Guard ChalleNGe Program	12.404		3,441,698	
Basic Scientific Research	12.431		15,773	
Basic, Applied, and Advanced Research in Science and Engineering	12.630		131,770	
Air Force Defense Research Sciences Program	12.800		128,145	63,651
Information Security Grant Program	12.902		40,552	
GenCyber Grants Program	12.903		31,091	
CyberSecurity Core Curriculum	12.905		446,214	190,720
US Department of Defense Total			64,777,757	2,134,153
US Department of Housing and Urban Development				
Manufactured Home Dispute Resolution	14.171		99,829	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		13,119,518	12,734,155
COVID19: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		8,428,633	8,408,211
Program Total			21,548,151	21,142,366
Emergency Solutions Grant Program	14.231		1,937,399	1,740,456
COVID19: Emergency Solutions Grant Program	14.231		2,407,070	2,173,369
Program Total			4,344,469	3,913,825
Home Investment Partnerships Program	14.239		9,603,469	109,190
COVID19: Home Investment Partnerships Program	14.239		408,446	126,263
Program Total			10,011,915	235,453
Housing Opportunities for Persons with AIDS	14.241		1,235,942	1,226,867
COVID19: Housing Opportunities for Persons with AIDS	14.241		1,028	1,028
Program Total			1,236,970	1,227,895
Housing Trust Fund	14.275		8,661,824	
Fair Housing Assistance Program State and Local	14.401		410,919	
US Department of Housing and Urban Development Total			46,314,077	26,519,539

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US Department of the Interior				
Supporting the Lower Mississippi Delta Initiative	15.014		$ 4,112	
Energy Community Revitalization Program (ECRP)	15.018		1,587,977	
Zoonotic Disease Initiative	15.069		89,775	$ 4,145
Earth Mapping Resources Initiative	15.073		44,027	
Indian Education Higher Education Grant	15.114		1,000	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		589,637	
Abandoned Mine Land Reclamation (AMLR) Program	15.252		1,439,489	(321)
Flood Control Act Lands	15.433		50,553	50,553
Minerals Leasing Act	15.437		411,850	185,991
National Forest Acquired Lands	15.438		247,706	247,706
Fish and Wildlife Management Assistance	15.608		932,105	
Cooperative Endangered Species Conservation Fund	15.615		180,131	75,955
Clean Vessel Act.	15.616		246,278	133,036
Sportfishing and Boating Safety Act	15.622		176,440	176,440
State Wildlife Grants	15.634		505,843	391,057
National Outreach and Communication				
Pass-through from Recreational Boating & Fishing Foundation	15.653	F23AC00806 (RBFF)	5,957	
Cooperative Landscape Conservation				
Pass-through from National Fish & Wildlife Foundation	15.669	WAR EAGLE CREEK (ATBC)	21,651	
White-nose Syndrome National Response Implementation	15.684		26,088	
U.S. Geological Survey Research and Data Acquisition	15.808		103,519	
Pass-through from Geological Survey of Alabama	15.808	C23035001	7,509	
Program Total			111,028	
National Cooperative Geologic Mapping	15.810		16,241	
National Geological and Geophysical Data Preservation	15.814		23,360	
Historic Preservation Fund Grants-In-Aid	15.904		1,051,092	266,916
Outdoor Recreation Acquisition, Development and Planning	15.916		836,466	
Natural Resource Stewardship	15.944		2,112	
Cooperative Research and Training Programs Resources of the National Park System	15.945		2,180	
National Park Service Conservation, Protection, Outreach, and Education				
Pass-through from National Writing Project	15.954	P18AC1307	3,047	
US Department of the Interior Total			8,606,145	1,531,478
US Department of Justice				
Sexual Assault Services Formula Program	16.017		426,659	426,659

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Justice (Continued)				
Veterans Treatment Court Discretionary Grant Program	16.043		$ 41,233	
Services for Trafficking Victims	16.320		498,612	
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		228,298	$ 203,103
Missing Children's Assistance	16.543		445,045	
National Criminal History Improvement Program (NCHIP)	16.554		13,445	
Crime Victim Assistance	16.575		12,820,472	11,769,836
Crime Victim Compensation	16.576		338,878	
Crime Victim Assistance/Discretionary Grants	16.582		89,487	
Treatment Court Discretionary Grant Program	16.585		801,369	
Pass-through from American University	16.585	15PBJA-21-GG-04227-VTCX	42,225	
Program Total			843,594	
Violence Against Women Formula Grants	16.588		1,483,045	1,360,652
Residential Substance Abuse Treatment for State Prisoners	16.593		94,891	
Project Safe Neighborhoods	16.609		148,461	135,717
Public Safety Partnership and Community Policing Grants	16.710		25,895	
Juvenile Mentoring Program				
Pass-through from National 4-H Council	16.726	2020-JU-FX-0031	(29)	
Pass-through from National 4-H Council	16.726	15PJDD-21-GG-02766-MENT	9,291	
Program Total			9,262	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,008,123	1,646,303
Pass-through from Craighead County	16.738	15PBJA-21-GG-04304-NTCP	18,937	
Program Total			2,027,060	1,646,303
DNA Backlog Reduction Program	16.741		1,582,367	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		422,582	
Support for Adam Walsh Act Implementation Grant Program	16.750		46,771	
Edward Byrne Memorial Competitive Grant Program				
Pass-through from 20th Judicial District Prosecuting Attorneys Office	16.751	2020-DG-BX-K011	3,599	
Harold Rogers Prescription Drug Monitoring Program	16.754		472,504	
Second Chance Act Reentry Initiative	16.812		343,672	
John R. Justice Prosecutors and Defenders Incentive Act	16.816		88,811	
Justice Reinvestment Initiative	16.827		418,230	
National Sexual Assault Kit Initiative	16.833		80,191	
Comprehensive Opioid, Stimulant, and Other Substances Use Program	16.838		2,177,704	1,966,497
STOP School Violence	16.839		301,012	
Equitable Sharing Program	16.922		139,933	
US Department of Justice Total			25,611,713	17,508,767

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US Department of Labor				
Labor Force Statistics	17.002		$ 983,278	
Compensation and Working Conditions	17.005		100,401	
Unemployment Insurance	17.225		104,172,552	
COVID19: Unemployment Insurance	17.225		1,167,786	
Program Total			105,340,338	
Senior Community Service Employment Program	17.235		1,591,648	$ 1,519,977
Trade Adjustment Assistance	17.245		612,706	
Workforce Data Quality Initiative (WDQI)	17.261		1,321,881	
H-1B Job Training Grants	17.268		741,782	681,039
Work Opportunity Tax Credit Program (WOTC)	17.271		100,812	
Temporary Labor Certification for Foreign Workers	17.273		260,241	
YOUTHBUILD	17.274		420,993	
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280		1,407,012	
Pass-through from Council on Adult and Experiential Learning	17.280	MI-399001-22-60-A018	144,159	
Program Total			1,551,171	
Apprenticeship USA Grants	17.285		288,918	128,065
Occupational Safety and Health Susan Harwood Training Grants	17.502		80,128	
Consultation Agreements	17.504		1,002,976	
Mine Health and Safety Grants	17.600		108,866	
US Department of Labor Total			114,506,139	2,329,081
US Department of Transportation				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106		200,000	
Highway Planning and Construction	20.205		1,022,643,980	23,001,380
Highway Training and Education	20.215		123,464	
Recreational Trails Program	20.219		3,483,684	
Federal Lands Access Program	20.224		8,756,565	1,197,196
Commercial Driver's License Program Implementation Grant	20.232		247,754	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		2,326,393	2,135,133
Formula Grants for Rural Areas and Tribal Transit Program	20.509		19,243,445	18,172,012
COVID19: Formula Grants for Rural Areas and Tribal Transit Program	20.509		344,574	344,574
Program Total			19,588,019	18,516,586
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528		378,417	161,515

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US Department of Transportation (Continued)				
Technical Assistance and Workforce Development				
Pass-through from Community Transportation Association of America	20.531	DC-2022-001-00	$ 8,613	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		127,208	
Pipeline Safety Program State Base Grant	20.700		513,431	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		423,825	$ 32,000
US Department of Transportation Total			1,058,821,353	45,043,810
US Department of the Treasury				
Low Income Taxpayer Clinics	21.008		100,000	
COVID19: Coronavirus Relief Fund	21.019		25,611	
COVID19: Emergency Rental Assistance Program	21.023		46,064	
COVID19: Homeowner Assistance Fund	21.026		6,729,812	
COVID19: Coronavirus State and Local Fiscal Recovery Funds	21.027		199,175,778	125,180,365
Pass-through from City of Little Rock	21.027	SLFRP0030	129,352	
Program Total			199,305,130	125,180,365
COVID19: Coronavirus Capital Projects Fund	21.029		7,108,954	6,347,732
State Small Business Credit Initiative Technical Assistance Grant Program	21.031		129,068	
US Department of the Treasury Total			213,444,639	131,528,097
Federal Communications Commission				
COVID19: COVID-19 Telehealth Program	32.006		(74,586)	
Affordable Connectivity Outreach Grant Program	32.011		311,730	
Federal Communications Commission Total			237,144	
Federal Financial Institutions Examination Council Appraisal Subcommittee				
State Appraiser Agency Support Grants	38.006		133,960	
Federal Financial Institutions Examination Council Appraisal Subcommittee Total			133,960	
General Services Administration				
Donation of Federal Surplus Personal Property	39.003		5,060,796	
General Services Administration Total			5,060,796	
National Aeronautics and Space Administration				
Science	43.001		31,264	
Office of STEM Engagement (OSTEM)	43.008		35,209	
National Aeronautics and Space Administration Total			66,473	

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Institute of Museum and Library Services				
Grants to States	45.310		$ 1,780,105	
Institute of Museum and Library Services Total			1,780,105	
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024		15,852	
Promotion of the Arts Partnership Agreements	45.025		849,609	$ 708,643
Pass-through from Arkansas Arts Council	45.025	1844195-61-18	7,536	
COVID19: Promotion of the Arts Partnership Agreements	45.025		5,856	5,856
Program Total			863,001	714,499
National Endowment for the Arts Total			878,853	714,499
National Endowment for the Humanities				
Promotion of the Humanities Federal/State Partnership	45.129		6,002	
Pass-through from Arkansas Humanities Council	45.129	AHC-22-14	1,578	
Pass-through from Arkansas Humanities Council	45.129	AHC-23-07	9,811	
Pass-through from Arkansas Humanities Council	45.129	AHC-02-24	3,589	
Pass-through from Arkansas Humanities Council	45.129	SO-268655-20	1,711	
Program Total			22,691	
Promotion of the Humanities Challenge Grants	45.130		13,700	
Promotion of the Humanities Division of Preservation and Access	45.149		115,859	
Promotion of the Humanities Research	45.161		6,712	
Promotion of the Humanities Professional Development	45.163		(1,100)	
Promotion of the Humanities Office of Digital Humanities	45.169		27,984	
National Endowment for the Humanities Total			185,846	
National Science Foundation				
Engineering	47.041		10,000	
STEM Education (formerly Education and Human Resources)	47.076		1,966,761	55,170
Integrative Activities	47.083		147,247	
National Science Foundation Total			2,124,008	55,170
Small Business Administration				
Small Business Development Centers	59.037		1,150,575	
Federal and State Technology Partnership Program	59.058		125,541	
State Trade Expansion	59.061		252,052	
Growth Accelerator Fund Competition	59.065		52,105	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Small Business Administration (Continued)				
Community Navigator Pilot Program	59.077		$ 525,204	
COVID19: Community Navigator Pilot Program	59.077		960,067	$ 553,690
Program Total			1,485,271	553,690
Small Business Administration Total			3,065,544	553,690
US Department of Veterans Affairs				
Miscellaneous US Department of Veterans Affairs Programs	64.U01	N/A	76,036	
Veterans State Nursing Home Care	64.015		18,724,853	
Post-9/11 Veterans Educational Assistance	64.027		19,153	
Burial Expenses Allowance for Veterans	64.101		494,006	
All-Volunteer Force Educational Assistance	64.124		330,446	
Veterans Cemetery Grants Program	64.203		972,402	
US Department of Veterans Affairs Total			20,616,896	
Environmental Protection Agency				
Air Pollution Control Program Support	66.001		124,642	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		79,758	
COVID19: Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		143	
Program Total			79,901	
Diesel Emissions Reduction Act (DERA) State Grants	66.040		581,822	515,099
Climate Pollution Reduction Grants	66.046		1,644,922	1,320,000
Multipurpose Grants to States and Tribes	66.204		4,493	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		336,589	
State Public Water System Supervision	66.432		1,031,493	
State Underground Water Source Protection	66.433		39,856	
Surveys, Studies, Investigations, Demonstrations, and Special Purpose Grants - Section 1442 of the Safe Drinking Water Act				
Pass-through from University of Wisconsin System	66.436	01D00921	19,933	
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442		316,960	11,570
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444		9,658	
Water Quality Management Planning	66.454		444,664	
Clean Water State Revolving Fund	66.458		2,607,016	2,004,890

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Environmental Protection Agency (Continued)				
Nonpoint Source Implementation Grants	66.460		$ 3,074,529	$ 2,235,074
Pass-through from Audubon Arkansas	66.460	22103	11,677	
Program Total			3,086,206	2,235,074
Drinking Water State Revolving Fund	66.468		7,649,413	3,400,274
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		340,544	
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		669,726	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		243,432	
Hazardous Waste Management State Program Support	66.801		302,776	
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804		214,091	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		255,630	
State and Tribal Response Program Grants	66.817		83,268	
State Programs for Control of Coal Combustion Residuals	66.820		63	
Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	66.961		6,203	(550)
Environmental Protection Agency Total			20,093,301	9,486,357
US Department of Energy				
State Energy Program	81.041		699,846	
Weatherization Assistance for Low-Income Persons	81.042		2,177,377	1,525,262
Renewable Energy Research and Development	81.087		77	
US Department of Energy Total			2,877,300	1,525,262
US Department of Education				
Miscellaneous US Department of Education Programs	84.U01	N/A	1,263	
Miscellaneous US Department of Education Programs	84.U02	N/A	56,234	
Pass-through from Little Rock, AR School District; Southwest High School	84.U03	PO2401463	69,470	
Adult Education - Basic Grants to States	84.002		6,170,308	2,459,424
Title I Grants to Local Educational Agencies	84.010		175,656,508	173,940,579
Migrant Education State Grant Program	84.011		5,676,189	5,676,189
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		225,083	48,161
Higher Education Institution Aid	84.031		5,205,309	
Connected from the Start	84.031A		610,239	
Career and Technical Education -- Basic Grants to States	84.048		14,952,996	10,261,083
Pass-through from Jonesboro Public School District	84.048	V048A230004	103,335	
Pass-through from Newport School District	84.048	V048A230004	24,550	
Program Total			15,080,881	10,261,083
Indian Education Grants to Local Educational Agencies	84.060		7,325	
Fund for the Improvement of Postsecondary Education	84.116		410,708	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		44,474,444	

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US Department of Education (Continued)				
Rehabilitation Long-Term Training	84.129		$ 377,443	
Migrant Education Coordination Program	84.144		60,110	
Business and International Education Projects	84.153		13,785	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		112,562	
Special Education-Grants for Infants and Families	84.181		6,655,965	
COVID19: Special Education-Grants for Infants and Families	84.181		253,151	
Program Total			6,909,116	
School Safety National Activities	84.184		406,258	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		207,911	
Education for Homeless Children and Youth	84.196		741,521	$ 637,488
Javits Gifted and Talented Students Education	84.206		487,051	
Twenty-First Century Community Learning Centers	84.287		11,397,565	11,139,889
Special Education - State Personnel Development	84.323		1,112,634	1,109,668
Pass-through from Great Rivers Education Service Cooperative	84.323	H323A200017	3,752	
Program Total			1,116,386	1,109,668
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		978,643	241,099
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		123,942	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		1,639,768	
Child Care Access Means Parents in School	84.335		391,758	
Teacher Quality Partnership Grants	84.336		36,404	
Child Care Access Means Parents in School	84.355		186,288	
Rural Education	84.358		3,740,258	3,740,258
Small, Rural School Achievement Program	84.358A		5,612	
English Language Acquisition State Grants	84.365		4,072,263	3,947,901
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		23,222,253	23,205,852
Competitive Grants for State Assessments	84.368		525,193	525,193
Grants for State Assessments and Related Activities	84.369		5,827,819	
Comprehensive Literacy Development	84.371		12,192,161	10,924,841
Strengthening Minority-Serving Institutions	84.382		2,219,562	
Education Innovation and Research (formerly Investing in Innovation(i3) Fund) Pass-through from National Writing Project	84.411	97-AR03-2023AIR	14,169	
Disability Innovation Fund (DIF)	84.421		156,013	27,349

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US Department of Education (Continued)				
Student Support and Academic Enrichment Program	84.424		$ 16,885,797	$ 16,885,797
COVID19: Governor's Emergency Education Relief (GEER) Fund	84.425C		3,972,664	1,018,140
COVID19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		27,638,905	24,502,734
COVID19: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E		3,172,700	
COVID19: HEERF Institutional Portion	84.425F		13,482,361	
COVID19: Discretionary Grants: Reimagining Workforce Preparation Grants	84.425G		2,808,045	426,274
COVID19: HEERF Minority Serving Institutions (MSIs)	84.425L		1,665,933	
COVID19: HEERF Strengthening Institutions Program (SIP)	84.425M		703,506	
COVID19: Institutional Resilience and Expended Postsecondary Opportunity	84.425P		281,193	
COVID19: Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	84.425R		6,089,942	933,747
COVID19: HEERF Supplemental Support under American Rescue Plan (SSARP) Program	84.425T		193,612	
COVID19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U		305,874,635	288,624,184
Pass-through from Arkansas Out of School Network	84.425U	S425U210039	53,924	
COVID19: American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V		6,559,437	3,462,898
COVID19: American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W		2,619,787	2,619,412
Program Total			375,116,644	321,587,389
American Printing House for the Blind	84.906		29,881	
US Department of Education Total			722,838,097	586,358,160
Delta Regional Authority				
Delta Regional Authority	90.200		332,681	
Delta Area Economic Development	90.201		96,914	
Delta Regional Authority Total			429,595	
US Election Assistance Commission				
HAVA Election Security Grants	90.404		2,906,748	
US Election Assistance Commission Total			2,906,748	
US Department of Health and Human Services				
Miscellaneous US Department of Health and Human Services Programs	93.U01	75F40120C00144	520,850	
Miscellaneous US Department of Health and Human Services Programs	93.U02	75N91019D00024	3,350	
Pass-through from University of California - Los Angeles	93.U03	75N91019D00024	(198,801)	
COVID19: Miscellaneous US Department of Health and Human Services Programs	93.U04	75N91019D00024	109,186	
Medical Reserve Corps Small Grant Program	93.008		46	
COVID19: National Organizations of State and Local Officials	93.011		58,281	17,814

State of Arkansas
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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
Special Programs for the Aging Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		$ 65,291	
Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		268,877	$ 149,545
COVID19: Special Programs for the Aging Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042		11,803	11,803
Program Total			280,680	161,348
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043		406,636	406,636
COVID19: Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043		102,971	102,971
Program Total			509,607	509,607
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048		283,951	35,000
National Family Caregiver Support, Title III, Part E	93.052		2,217,974	2,177,169
COVID19: National Family Caregiver Support, Title III, Part E	93.052		266,833	266,833
Program Total			2,484,807	2,444,002
Sexual Risk Avoidance Education	93.060		18	
Public Health Emergency Preparedness	93.069		6,716,166	
Medicare Enrollment Assistance Program	93.071		729,463	
Lifespan Respite Care Program	93.072		81,245	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		3,604	(4,151)
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		1,115,758	
Guardianship Assistance	93.090		2,334,883	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		330,913	247,550
Food and Drug Administration Research	93.103		1,187,709	
Area Health Education Centers	93.107		1,274,500	
Maternal and Child Health Federal Consolidated Programs	93.110		3,644,860	195,541
Pass-through from American College of Obstetricians	93.110	2 UC4MC280420500	25,002	
Pass-through from Johns Hopkins University	93.110	U7A33717	(63)	
Pass-through from University of Oklahoma Health	93.110	UH735353	117,274	
Program Total			3,787,073	195,541
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		583,034	
Nurse Anesthetist Traineeship	93.124		28,000	
Emergency Medical Services for Children	93.127		137,265	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		160,301	

State of Arkansas
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For the Year Ended June 30, 2024

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
Injury Prevention and Control Research and State and Community Based Programs	93.136		$ 2,114,819	$ 362,271
Community Programs to Improve Minority Health Grant Program	93.137		677,160	260,732
Pass-through from Benton County Government	93.137	CPIMP211231	911,288	
Pass-through from Oklahoma State University	93.137	CPIMP211317	37,232	
Pass-through from Oklahoma State University	93.137	CPIMP231366	21,437	
Program Total			1,647,117	260,732
Projects for Assistance in Transition from Homelessness (PATH)	93.150		258,603	258,603
Rural Health Research Centers	93.155		217,920	
Graduate Psychology Education	93.191		426,635	
Telehealth Programs	93.211		353,311	
Pass-through from University of Mississippi Medical	93.211	U66RH314959	24,726	
Pass-through from University of Mississippi Medical	93.211	U6631459	14,734	
Program Total			392,771	
Family Planning Services	93.217		3,931,157	
Traumatic Brain Injury State Demonstration Grant Program	93.234		279,409	
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		770,884	757,355
State Capacity Building	93.240		321,059	
State Rural Hospital Flexibility Program	93.241		256,550	10,475
Pass-through from University of California - Los Angeles	93.241	NU38OT000288	39,148	
Program Total			295,698	10,475
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		6,317,188	2,294,837
Pass-through from Benton County Government	93.243	H79TI085923	7,441	
Pass-through from Positive Energy Affecting Recovering Lives, Inc.	93.243	H79TI085575	86,568	
Pass-through from Washington Madison County	93.243	H79TI082976	77,887	
COVID19: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		217,489	211,995
Program Total			6,706,573	2,506,832
Advanced Nursing Education Workforce Grant Program	93.247		2,002,180	
Early Hearing Detection and Intervention	93.251		228,628	55,534
Poison Center Support and Enhancement Grant	93.253		203,743	
Immunization Cooperative Agreements	93.268		60,042,990	1,630,615
COVID19: Immunization Cooperative Agreements	93.268		4,400,081	
Program Total			64,443,071	1,630,615
Viral Hepatitis Prevention and Control	93.270		344,834	42,133

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
Drug-Free Communities Support Program Grants	93.276		$ 136,023	
Pass-through from Crossridge Community Hospital	93.276	N/A	3,226	
Program Total			139,249	
Small Rural Hospital Improvement Grant Program	93.301		389,066	$ 338,475
Racial and Ethnic Approaches to Community Health	93.304		516,759	
Trans-NIH Research Support	93.310		22,755	
Early Hearing Detection and Intervention Information System (EHDI-IS Surveillance Program	93.314		143,593	
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319		760,315	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		8,587,414	
COVID19: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		7,279,451	2,564,071
Program Total			15,866,865	2,564,071
State Health Insurance Assistance Program	93.324		713,399	
COVID19: State Health Insurance Assistance Program	93.324		4,155	
Program Total			717,554	
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		90,328	
Behavioral Risk Factor Surveillance System	93.336		258,859	
COVID19: Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		8,551,954	
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366		504,628	6,913
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		22,448	
ACL Independent Living State Grants	93.369		357,286	
National and State Tobacco Control Program	93.387		1,387,772	
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		5,197,174	3,790,581
The State Flexibility to Stabilize the Market Grant Program	93.413		167,485	
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421		257,746	64,954
The National Cardiovascular Health Program	93.426		618,429	100,560
Every Student Succeeds Act/Preschool Development Grants	93.434		6,906,213	
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		499,087	
State Physical Activity and Nutrition (SPAN)	93.439		284,697	214,469
ACL Assistive Technology	93.464		572,315	
Title IV-E Prevention Program	93.472		2,689,995	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
Congressional Directives	93.493		$ 679,798	
Community Health Workers for Public Health Response and Resilience				
Pass-through from Benton County Government	93.495	NU58DP007044	2,403,748	
Low income Household Water Assistance Program	93.499		675,612	$ 675,612
COVID19: Low income Household Water Assistance Program	93.499		3,311,413	3,236,434
Program Total			3,987,025	3,912,046
Public Health Training Centers Program	93.516		690,233	
COVID19: State Planning and Establishment Grants for the Affordable Care				
Act (ACA)'s Exchanges	93.525		9,550	
Teaching Health Center Graduate Medical Education Payment	93.530		718,450	
MaryLee Allen Promoting Safe and Stable Families Program	93.556		(4,799,709)	
Temporary Assistance for Needy Families	93.558		90,378,488	31,061,821
COVID19: Temporary Assistance for Needy Families	93.558		(900)	(900)
Program Total			90,377,588	31,060,921
Child Support Enforcement	93.563		36,352,341	
Refugee and Entrant Assistance State Administered Programs	93.566		234,940	
Low-Income Home Energy Assistance	93.568		33,766,186	26,044,952
Community Services Block Grant	93.569		10,382,687	9,771,504
State Court Improvement Program	93.586		276,680	
Community-Based Child Abuse Prevention Grants	93.590		703,946	
COVID19: Community-Based Child Abuse Prevention Grants	93.590		770,964	
Program Total			1,474,910	
Grants to States for Access and Visitation Programs	93.597		95,428	
Chafee Education and Training Vouchers Program (ETV)	93.599		138,824	
Adoption and Legal Guardianship Incentive Payments	93.603		1,801,520	
Developmental Disabilities Basic Support and Advocacy Grants	93.630		893,054	301,967
University Centers for Excellence in Developmental Disabilities Education,				
Research and Service	93.632		615,125	
Children's Justice Grants to States	93.643		111,290	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		681,787	
Foster Care Title IV-E	93.658		42,550,566	
Adoption Assistance	93.659		41,185,533	
COVID19: Emergency Grants to Address Mental and Substance Use Disorders				
During COVID-19	93.665		1,115,182	
Social Services Block Grant	93.667		14,921,268	29,310

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
Child Abuse and Neglect State Grants	93.669		$ 584,153	
COVID19: Child Abuse and Neglect State Grants	93.669		352,753	
Program Total			936,906	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		1,362,569	$ 1,316,256
COVID19: Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		1,063,316	1,033,826
Program Total			2,425,885	2,350,082
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		1,759,023	
Medical Student Education	93.680		4,161,847	68,000
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Programs Parts A and B	93.686		1,084,456	528,220
Elder Justice Act - Adult Protective Services	93.698		5,677	
Mental and Behavioral Health Education and Training Grants	93.732		455,328	
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738		555,771	
Elder Abuse Prevention Interventions Program	93.747		862,952	21,948
Children's Health Insurance Program	93.767		179,605,141	
Opioid STR	93.788		11,487,151	742,467
Money Follows the Person Rebalancing Demonstration	93.791		1,456,117	233,164
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		3,843,084	
Organized Approaches to Increase Colorectal Cancer Screening	93.800		480,891	(37,825)
Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	93.810		765,522	43,153
Health Careers Opportunity Program (HCOP)	93.822		157,741	
Pharmacology, Physiology	93.859		40,295	
Maternal, Infant and Early Childhood Homevisiting Grant	93.870		7,208,685	
Pass-through from Arkansas Children's Hospital	93.870	U4G45637	382,876	
Pass-through from Arkansas Children's Hospital	93.870	ADVANCE	264,149	
COVID19: Maternal, Infant and Early Childhood Homevisiting Grant	93.870		1,599,939	
Program Total			9,455,649	
Autism Collaboration, Accountability, Research, Education, and Support	93.877		405	
Medical Library Assistance				
Pass-through from University of North Texas Health Science Center - Ft. Worth	93.879	UG4LM012345	24,812	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
Primary Care Training and Enhancement	93.884		$ 717,003	
National Bioterrorism Hospital Preparedness Program	93.889		2,346,674	$ 1,806,322
COVID19: National Bioterrorism Hospital Preparedness Program	93.889		9,076	9,076
Program Total			2,355,750	1,815,398
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		3,305,849	196,136
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		189,394	
Grants to States for Operation of State Offices of Rural Health	93.913		168,239	
HIV Care Formula Grants	93.917		17,270,665	2,529,422
Healthy Start Initiative	93.926		1,195,794	
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.931		18,731	
HIV Prevention Activities Health Department Based	93.940		3,443,128	937,170
Assistance Programs for Chronic Disease Prevention and Control	93.945		122,364	44,167
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		732,005	
Block Grants for Community Mental Health Services	93.958		7,242,447	6,661,568
COVID19: Block Grants for Community Mental Health Services	93.958		6,100,746	5,050,682
Program Total			13,343,193	11,712,250
Block Grants for Prevention and Treatment of Substance Abuse	93.959		13,638,110	7,473,980
COVID19: Block Grants for Prevention and Treatment of Substance Abuse	93.959		4,585,539	2,812,117
Program Total			18,223,649	10,286,097
Center for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		618,593	
COVID19: Center for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		2,625,340	
Program Total			3,243,933	
PPHF Geriatric Education Centers	93.969		915,055	94,777
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		1,073,949	
COVID19: Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		487,138	477,778
Program Total			1,561,087	477,778
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		263,417	23,105

State of Arkansas
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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
US Department of Health and Human Services (Continued)				
COVID19: Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		$ 20,996	$ 20,996
Program Total			284,413	44,101
Cooperative Agreements for Diabetes Control Programs	93.988		568,841	
Pass-through from ARHealth Ventures, Inc.	93.988	NU58DP007377	360,076	
Program Total			928,917	
Preventive Health and Health Services Block Grant	93.991		1,072,722	89,521
Maternal and Child Health Services Block Grant to the States	93.994		5,951,105	
Autism and Other Developmental Disabilities, Surveillance, Research, and Prevention	93.998		500,346	
Test for Suppression Effects of Advanced Energy	93.999		41,420	
US Department of Health and Human Services Total			729,908,272	119,868,010
Corporation for National and Community Service				
AmeriCorps State Commissions Support Grant	94.003		166,663	
COVID19: AmeriCorps State Commissions Support Grant	94.003		149,605	136,681
Program Total			316,268	136,681
AmeriCorps State and National 94.006	94.006		1,725,531	1,320,630
Pass-through from Jumpstart for Young Children	94.006	2350240	6,234	
Program Total			1,731,765	1,320,630
AmeriCorps Commission Investment Fund 94.008	94.008		147,997	
AmeriCorps Volunteers in Service to America 94.013	94.013		276,060	
Corporation for National and Community Service Total			2,472,090	1,457,311
Department of Homeland Security				
State and Local Homeland Security National Training Program	97.005		4,987,897	3,322,186
Non-Profit Security Program	97.008		90,194	62,685
Boating Safety Financial Assistance	97.012		2,138,720	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		48,611	
Flood Mitigation Assistance	97.029		6,699	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		165,883,627	163,958,928
COVID19: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		1,879,678	
Program Total			167,763,305	163,958,928
Hazard Mitigation Grant	97.039		773,450	492,659
National Dam Safety Program	97.041		118,061	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Department of Homeland Security (Continued)				
Emergency Management Performance Grants	97.042		$ 4,561,569	$ 1,943,892
COVID19: Emergency Management Performance Grants	97.042		855,920	
Program Total			5,417,489	1,943,892
Assistance to Firefighters Grant	97.044		421,577	
Cooperating Technical Partners	97.045		359,800	
BRIC: Building Resilient Infrastructure and Communities	97.047		342,701	246,903
COVID19: Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050		(154,516)	
Homeland Security Grant Program	97.067		4,685,753	3,640,823
Earthquake State Assistance	97.082		64,013	21,500
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137		76,046	
Department of Homeland Security Total			187,139,800	173,689,576
Total Expenditure of Federal Awards			$ 12,247,970,643	$ 1,596,418,956

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

State of Arkansas
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2024

(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:		
HOME Investment Partnerships Program	14.239	$ 9,603,469
COVID19: HOME Investment Partnerships Program	14.239	408,446
Housing Trust Fund	14.275	8,661,824
State of Arkansas Construction Assistance Revolving Loan Fund:		
Clean Water State Revolving Fund	66.458	2,557,110
State of Arkansas Safe Drinking Water Revolving Loan Fund:		
Drinking Water State Revolving Fund	66.468	7,649,413

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 the Uniform Guidance, 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, 2024, for these loans are as follows:

Assistance Listing Number	Program Name	Amount
84.038	Federal Perkins Loan Program Federal Capital Contributions	$ 146,753
93.264	Nurse Faculty Loan Program (NFLP)	159,845
93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students	6,082,000
93.364	Nursing Student Loans	3,892,496
	Total	$ 10,281,094

(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, 2024, Direct Loans totaling $501,309,563 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, 2024, was $0.

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 Arkansas Development Finance Authority and 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 $3,206,092 for the year ended June 30, 2024. There were no disbursements for loans made during the year ended June 30, 2024, 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 $113,766,007 for the year ended June 30, 2024. Total disbursements of federal funds for repayable loans totaled $9,266,940 during the year ended June 30, 2024. [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 $14,206,548 for the year ended June 30, 2024. Total disbursements for repayable loans made were $8,239,172 during the year ended June 30, 2024. [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 $461.5 million for the year ended June 30, 2024. During fiscal 2024, approximately $2.0 million of loans were forgiven. Total federal disbursements totaled approximately $2.0 million during fiscal year 2024, which represented funding for principal forgiveness and repayable loans. [1]

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 $206.3 million for the year ended June 30, 2024. There were no federal loan disbursements for repayable loans during fiscal year 2024. Total loans forgiven totaled $3.4 million during fiscal year 2024. For the year ended June 30, 2024, the Program received $4.2 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 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 2024. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2024, totaled $2,441,199. Total disbursements for new loans made during fiscal year 2024 totaled $271,593.

(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	$ 162,000
10.551	Supplemental Nutrition Assistance Program	560,523,692
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	13,400
10.568	Emergency Food Assistance Program (Administrative Costs)	310,107
10.569	Emergency Food Assistance Program (Food Commodities)	16,630,061
39.003	Donation of Federal Surplus Personal Property	5,060,796
84.906	American Printing House for the Blind	29,881
93.268	COVID19: Immunizations Cooperative Agreements	3,675,409
93.268	Immunizations Cooperative Agreements	58,268,866
	Total	$ 644,674,212

(5) 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, 2024. 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, 2022 through September 30, 2023. The audit for the period ended September 30, 2024, has been procured by DDSSA.

(6) 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 $105,340,338 of expenditures reported on the Schedule is comprised of $21,995,635 of federal funds and $83,344,703 of State UI funds.

(7) 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, 2024, consists of: [1]

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2024
10.415	Preservation Revolving Loan Fund	$ 3,101,980

(8) 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 $666.1 million for SLFRF funds unexpended as of June 30, 2024. In the period from July 1, 2024, through December 31, 2024, the State of Arkansas expended $122.6 million of SLFRF funding resulting in a remaining liability of $543.5 million.

(9) Temporary Increase is Federal Medical Assistance Percentage

During the year ended June 30, 2024, 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

(10) Federal Perkins Loan Program Federal Capital Contributions

Assistance Listing Number 84.038 Federal Perkins Loan Program Federal Capital Contributions was archived in 2010. As part of the closing requirements, Institutions of Higher Education that participated in the program were responsible for collection of any remaining loan receivable balances under the terms of the loan. As of June 30, 2024, the State reported activity as follows:

Institution of Higher Education	Loan Receivable June 30, 2024	Year Liquidated
Henderson State University		2019
Southern Arkansas University	$ 59,906	
Arkansas State University - Jonesboro	916,936	
Arkansas Tech University		2020
University of Arkansas - Fayetteville	3,038,856	
University of Arkansas - Medical Sciences		2024
University of Arkansas - Monticello		2024
University of Arkansas - Pine Bluff		2014
University of Central Arkansas		2021

[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, 2024

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024 begins on **page 134** and includes all findings from the prior audit (June 30, 2023) and certain findings from previous audits, including the years ended June 30, 2022, 2021, and 2020.

Financial Statement Findings	Page Number(s)
Division of Workforce Services	135 - 136

Federal Program Name	Page Number(s)
Child and Adult Care Food Program	137 - 144
Unemployment Insurance	145 -147; 223 - 224
COVID 19: Coronavirus State and Local Fiscal Recovery Fund	148 - 156; 225 - 228
Student Financial Assistance Cluster	157 - 163; 251 - 252
COVID 19: Education Stabilization Fund	164 - 169
Child Support Enforcement	170 - 171
Adoption Assistance	172 - 180
Children's Health Insurance Program	181 - 206; 229 - 235
Medicaid Cluster	181 - 195; 207 - 217; 229 - 231; 236 - 242
COVID 19: Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Supplemental Payments for Lost Wages)	218 - 220
Head Start Cluster	221 - 222
COVID-19: Coronavirus Relief Fund	243 - 250

STATE OF ARKANSAS
Department of Finance and Administration

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July 19, 2024

Kevin White
Legislative Auditor
Arkansas Legislative Audit
500 Woodlane St., Suite 172
Little Rock, AR 72201-1099

Dear Mr. White,

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, 2024, 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
Secretary

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year REPORT FINDING: **2023-001**

Auditee reported status as of June 30, 2024: Corrective action was taken
The controls ALA staff recommended, and the finding is fully corrected.

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.

2023 Prior Year REPORT FINDING: **2023-001 (Continued)**

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

Contact Person:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-005**
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 Significant Deficiency**

Auditee reported status as of June 30, 2024: Corrective action was taken
The controls ALA staff recommended and the finding is fully corrected.

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.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-005 (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 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.

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2023 Prior Year Finding Number:	**2023-005 (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 Significant Deficiency**

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken
Arkansas State Broadband office (ASBO) entered a contract with Michael Baker International to be our new 3rd party administrator on February 19, 2024. They are providing oversight for subgrant awardees. New systems created by MBI are operational as of February 19, 2024.

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).

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

2023 Prior Year 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

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2023 Prior Year 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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-007**
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:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2024: Corrective action was taken
ASBO entered a contract with Michael Baker International to be our new 3rd party administrator on February 19, 2024. They are providing oversight for subgrant awardees. New systems created by MBI are operational at this time and verification of SAM.gov will be a feature of the new MBI system.

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.

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2023 Prior Year Finding Number:	**2023-007**
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:	**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:
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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-008**
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):	**2021**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2024: Corrective action was taken
This audit finding has been corrected. We developed a standardized document that was sent to each subgrantee providing the required information listed in 2 CFR 200.332(a)(1). This has been sent to all SLRFR and CPF subrecipients.

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).

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2023 Prior Year Finding Number:	**2023-008 (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):	**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

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-008 (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):	**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, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Partially corrected
The update to our Risk Assessment has been completed, including the changes recommended by the audit team. We still need to present these changes to our Chancellor for review and acceptance, which will occur during the next quarter. We anticipate completing this corrective action to be complete by September 30, 2024.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024:
As of June 30, 2024, the following actions have been taken:

1. **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).** (Partially corrected)

   The institution has contracted a 3rd party Governance, Risk, and Compliance (GRC) system to coordinate and record Risk Management and Assessment work performed by the institution. This system covers GLBA Safety and NIST 800-171r2 compliance, as well as HIPAA and Vendor security assessments. This system will also store evidence and illustrate gaps based on responses, including heat maps and findings reports. The system has been contracted and is being configured; existing evidence will be uploaded upon completion of onboarding, and then as each item is completed. The solution will help mitigate knowledge gaps in IT with guidance and scheduling to complete compliance tasks without relying on any one employee. Due to budgetary constraints, it was not possible to contract this service until the start of the 2025 Fiscal Year.

2. **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.** (Partially corrected)

   The institution has selected a 3rd party email security provider and is in the process of procuring the solution. In addition to email security and protection for staff and students, the solution will include security awareness training, closing the gap on one part of training. In addition, the institution has reviewed and selected a security operations cloud to assist with enhancing the College's cybersecurity posture using an XDR model. The service will provide 24x7 monitoring, detection, response, risk management evaluations and security awareness training around cybersecurity to mitigate a training gap.

3. **Conduct a review of policies and training, as outlined in 16 CFR 314(e), and mitigate deficiencies in awareness training and policies.** (Partially corrected)

   Existing policies are being reviewed as we work through the NIST 800-171r3 framework. Policies that are not compliant will be updated; policies that are not in place will be addressed. This is working concurrently with item 1.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024 (Continued):

4. **Improve documentation around third-party service providers to ensure compliance with 16 CFR 314(f).** (Partially corrected)

   This will be addressed upon the completion of the onboarding of the 3rd party GRC solution. The selected solution allows the institution to send vendors Assessment Questionnaires, and vendor responses are stored in the system as historical documentation. Assessments will be sent immediately upon procurement and configuration and scheduled annually.

5. **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.** (Partially corrected)

   The Disaster Recovery plan has been reviewed and will be scored this year.

6. **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.** (Partially corrected)

   This item is resolved with the system in item 1. Rather than keeping a single document, the institution will have a system that can be scheduled and will have the capability to keep compliance in the foreground for all key stakeholders.

Anticipated Completion Date: The GRC system has been procured as is being prepared for onboarding. It will be available to the institution within the next 2 weeks. Other systems are in the process of being procured. We anticipate substantial completion within 30 days, and expected completion within 60.

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Repeat Finding:
Not applicable

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Partially corrected.
As described within the Agency's Corrective Action Plan, the revised FY23 ESSER data template will be updated within the Federal Reporting System during the allowable period of July 29, 2024, through August 15, 2024, to align with the submitted totals.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

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

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Partially corrected.
As described within the Agency's Corrective Action Plan, ADE Finance and APSCN (Arkansas Public School Computer Network) personnel collaboratively created a new query to mitigate the need of collecting personnel data via survey from individual LEAs (Local Educational Agency) going forward. The new query generates reports containing the number of staff supported by ESSER funding and the total expenditure amount by position within the APSCN system to accurately report state data for future ESSER Annual Performance Reports. Because LEA actual expenses, associated drawdowns, and disbursements were not affected by the amounts reported in the annual ESSER data, ADE Finance will make corrections to previously uploaded data templates during the allowable period of July 29, 2024, through August 15, 2024, to fully complete corrective action.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

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

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken.

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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-014**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration – Office of Child Support Enforcement**
Pass-Through Entity:	**Not Applicable**
AL 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**

Auditee reported status as of June 30, 2024: Partially corrected
All actions have been completed except for the review and updating of subsidiary reports and worksheets. Those will be completed by August 15, 2024.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**
AL 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

Repeat Finding:
Not applicable

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective Action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-019**
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:	**Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2024: Partially corrected.
The agency will complete collection of the remaining MLR remittance by September 30, 2024.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-019 (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:	**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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-019 (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:	**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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-019 (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:	**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

Contact Person:

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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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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

Contact Person:
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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30,2024: Partially corrected
The agency is updating the reporting instructions for CHIP and Medicaid workbooks to ensure reports are prepared timely and accurately. The expected completion date is September 30, 2024.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-023**
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):	**05-2205AR5021; 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-023 (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):	**05-2205AR5021; 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-023 (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):	**05-2205AR5021; 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-024**
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**
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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-024 (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**
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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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

Contact Person:
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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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Partially corrected
The agency is 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.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: 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. 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-031**
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):	**05-2205AR5MAP; 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**

Auditee reported status as of June 30, 2024: Corrective action was taken

Repeat Finding:
Not applicable.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-031 (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):	**05-2205AR5MAP; 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
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-032**
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 Significant Deficiency**

Auditee reported status as of June 30, 2024: Corrective action was taken
The controls ALA staff recommended and the finding is fully corrected.

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.

2023 Prior Year Finding Number:	**2023-032 (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 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023 Prior Year Finding Number:	**2023-032 (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 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 controls the ALA staff recommended.

Contact Person:

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS

2023 Prior Year 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**

Auditee reported status as of June 30, 2024: Corrective action was taken
Required reporting has been submitted on or before reporting deadlines since the audit finding was noted.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

FINDINGS COVERING PROGRAMS AUDITED BY OTHER EXTERNAL AUDITORS (Continued)

2023 Prior Year 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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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken
The controls ALA staff recommended and the finding is fully corrected.

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

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 an 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 reported incorrectly on the SEFA as a negative expenditure.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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**

Views of Responsible Officials and Planned Corrective Action (Continued):
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 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, where 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-9103 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 the new cost allocation system, a new period 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.

Corrective action was taken for the controls the ALA staff recommended.

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State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

All corrective action has been taken and the finding is fully corrected.

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.)*

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Summary Schedule of Prior Audit Findings
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2022 Prior Year Finding Number:	**2022-016 (Continued)**
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**

	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.

State of Arkansas
Summary Schedule of Prior Audit Findings
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2022 Prior Year Finding Number:	**2022-016 (Continued)**
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**

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2022 Prior Year Finding Number:	**2022-016 (Continued)**
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**

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

State of Arkansas
Summary Schedule of Prior Audit Findings
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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, 2024: Partially corrected:
The agency is continuing to make updates to the general ledger system to identify state and other transactions by internal order. Completion is estimated by December 31, 2024.

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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, 2024

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

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, 2024: Corrective action was taken

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, 2024

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, 2024: Corrective action was taken

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, 2024

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, 2024

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, 2024: Partially corrected
On May 7, 2024, the court entered an order discharging Ms. Turner-Hanh from any further liability (this is after she deposited the funds into the registry of the court). Shortly thereafter on May 14, 2024, Ms. Turner-Hanh's attorney filed a motion for attorney's fees seeking $35,333.50 in fees and $135.24 in costs related to the litigation. The Attorney General's office filed a response on May 28, 2024, opposing the motion and contending that the State should not be liable for any of her fees or costs, and Ms. Turner-Hahn's attorney filed a reply on June 4, 2024, making further arguments on the issue. So that motion is pending before the court, and I can't predict when it will be ruled upon. I doubt the court will issue any order disbursing the funds until it rules on the attorney's fee issue because Ms. Turner-Hahn's attorneys have previously raised issues as to the source of funds that a potential award of fees would be paid. I had told the AG's office that **if** she is awarded fees it would have to come out of State Central Services, not the CARES Act money, based on our previous communications.
As far as Hodari and Med-Care, both of those parties have been served via warning orders, but they have never made any appearance in the case and the Attorney General's office has not been able to locate them so far.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2021 Prior Year Finding Number:	**2021-012 (Continued)**
State/Educational Agency(s):	**Arkansas Department of Finance and Administration**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.019 – 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**

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, 2024

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, 2024: Not Corrected
Arkansas Department of Parks, Heritage, and Tourism (ADPHT) hired a new CFO in March 2023. There has been no further action / responses received regarding the replacement documentation from the three remaining subrecipients.

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, 2024

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, 2024

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, 2024: Partially Corrected
In July 2024, AEDC General Counsel sent demand letters to subrecipients requesting replacement documentation for questionable costs. To date, there has been no recovery of replacement documentation or repayment of federal funds.

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, 2024

2020 Prior Year Finding Number:	**2020-005**
State/Educational Agency(s):	**Henderson State University**
Pass-Through Entity:	**Not Applicable**
AL 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, 2024: Corrective action was taken
We have successfully integrated the Student Accounts Module into Banner. As part of this integration, Banner now includes a process that automatically applies a $200.00 payment towards past due balances, contingent upon student or parent authorization.

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, 2024

2020 Prior Year Finding Number:	**2020-008**
State/Educational Agency(s):	**Southern Arkansas University**
Pass-Through Entity:	**Not Applicable**
AL 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, 2024: Partially corrected
We have added and replaced staff while experiencing some unexpected processing delays occurring during our current academic year with software. We are also responding to our federal audit that is in process at this time. These changes have required all available staff. I expect this issue to be resolved by October 1, 2024.

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, 2024

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2024

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 254**.

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Federal Program Name	Page Number(s)
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Children's Health Insurance Program	258 - 260; 262 - 263
Medical Assistance Program	258 - 263
Supplemental Payments for Lost Wages	261

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2024

State/Educational Agency:	Arkansas Department of Commerce – Division of Workforce Services
Federal Program Name:	N/A – Financial Statement Finding
Prior Audit Finding Number:	***2023-001***
Page Number (from schedule):	135 - 136
Federal Awarding Agency:	N/A
Compliance Area Affected:	N/A
Questioned Costs:	N/A
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Prior Audit Finding Number:	***2023-002***
Page Number (from schedule):	137 - 139
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Cash Management
Questioned Costs:	$136,816
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken. Similar deficiencies are reported in current year finding **2024-005**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Prior Audit Finding Number:	***2023-003***
Page Number (from schedule):	140 - 142
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Cash Management
Questioned Costs:	$1,496,279
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Child and Adult Care Food Program
Prior Audit Finding Number:	***2023-004***
Page Number (from schedule):	143 - 144
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Procurement and Suspension and Debarment
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 Commerce – Division of Workforce Services
Federal Program Name:	Unemployment Insurance
Prior Audit Finding Number:	***2023-005***
Page Number (from schedule):	145 - 147
Federal Awarding Agency:	U.S. Department of Labor
Compliance Area Affected:	Activities Allowed or Unallowed; Eligibility
Questioned Costs:	$1,563,505 (federal) $ 731,554 (state)
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

State/Educational Agency:	Arkansas Department of Commerce – Arkansas Economic Development Commission
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Prior Audit Finding Number:	***2023-006***
Page Number (from schedule):	148 - 151
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$625,342
Status of Questioned Costs:	Outstanding
Status of Finding:	Partial corrective action taken; however, similar deficiencies are reported in current year finding **2024-006**.

State/Educational Agency:	Arkansas Department of Commerce – Arkansas Economic Development Commission
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Prior Audit Finding Number:	***2023-007***
Page Number (from schedule):	152 - 153
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:	Corrected

State/Educational Agency:	Arkansas Department of Commerce – Arkansas Economic Development Commission
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Prior Audit Finding Number:	***2023-008***
Page Number (from schedule):	154 - 156
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:	Partial corrective action taken; however, similar deficiencies are reported in current year finding **2024-009** and **2024-011**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
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State/Educational Agency:	University of Arkansas – Little Rock
Federal Program Name:	Student Financial Assistance Cluster
Prior Audit Finding Number:	***2023-009***
Page Number (from schedule):	157 - 159
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Special Tests and Provisions – Gramm-Leach-Bliley Act-Student Information Security
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Southeast Arkansas College
Federal Program Name:	Student Financial Assistance Cluster
Prior Audit Finding Number:	***2023-010***
Page Number (from schedule):	160 - 163
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Special Tests and Provisions – Gramm-Leach-Bliley Act-Student Information Security
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Education
Federal Program Name:	COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund (COVID 19: Education Stabilization Fund)
Prior Audit Finding Number:	***2023-011***
Page Number (from schedule):	164 - 165
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	$154,152,235 (Overstated amount)
Status of Questioned Costs:	Unknown, presumed no further action necessary, as the federal agency has not requested a revised Annual Report
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Education
Federal Program Name:	COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID 19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER) (COVID 19: Education Stabilization Fund)
Prior Audit Finding Number:	***2023-012***
Page Number (from schedule):	166 - 167
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	$98,192,610 (Understated amount)
Status of Questioned Costs:	Unknown, presumed no further action necessary, as the federal agency has not requested a revised Annual Report
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2024

State/Educational Agency:	Arkansas Department of Education
Federal Program Name:	COVID 19: Elementary and Secondary School Emergency Relief (ESSER) Fund; COVID 19: American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER) (COVID 19: Education Stabilization Fund)
Prior Audit Finding Number:	***2023-013***
Page Number (from schedule):	168 - 169
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Finance and Administration – Office of Child Support Enforcement
Federal Program Name:	Child Support Enforcement
Prior Audit Finding Number:	***2023-014***
Page Number (from schedule):	170 - 171
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking
Questioned Costs:	$502,219
Status of Questioned Costs:	Repayment totaling $502,219, was processed.
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2023-015***
Page Number (from schedule):	172 - 173
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$51,835
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action taken; however, similar deficiencies are reported in current year finding **2024-022**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2023-016***
Page Number (from schedule):	174 - 176
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$32,408
Status of Questioned Costs:	Outstanding
Status of Finding:	Partial corrective action taken; however, similar deficiencies are reported in current year finding **2024-021**.

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2024

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2023-017***
Page Number (from schedule):	177 - 178
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2023-018***
Page Number (from schedule):	179 - 180
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking; Reporting
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2023-019***
Page Number (from schedule):	181 - 184
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:	$1,485,140 (Medicaid) $ 150,870 (CHIP)
Status of Questioned Costs:	Repayments of $1,636,010 were 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:	***2023-020***
Page Number (from schedule):	185 - 186
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2024

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2023-021***
Page Number (from schedule):	187 - 189
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	$23,744,955 (MAP) $ 407,633 (CHIP)
Status of Questioned Costs:	Recoupment not required
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:	***2023-022***
Page Number (from schedule):	190 - 192
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	Understated amount - $87,676 Overstated amount - $53,907
Status of Questioned Costs:	Report adjustments were made for the Under and Overstatements
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:	***2023-023***
Page Number (from schedule):	193 - 195
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Allowable Costs/Cost Principles - Managed Care Financial Audits (PASSE and Dental)
Questioned Costs:	None
Status of Questioned Costs:	Not Applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2023-024***
Page Number (from schedule):	196 - 197
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed – Managed Care (PASSE)
Questioned Costs:	$35,296
Status of Questioned Costs:	Recoupment not required
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2024

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2023-025***
Page Number (from schedule):	198 - 200
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$9,978
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2023-026***
Page Number (from schedule):	201 - 203
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:	$1.304
Status of Questioned Costs:	Recoupment not required
Status of Finding:	Corrective action has not been taken
	Similar deficiencies are reported in current year finding **2024-025**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2023-027***
Page Number (from schedule):	204 - 206
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:	***2023-028***
Page Number (from schedule):	207 - 209
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$83,457
Status of Questioned Costs:	Recovery not required, per
Status of Finding:	Corrective Action has not been taken
	Similar deficiencies are reported in current year finding **2024-027**.

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:	Medical Assistance Program
Prior Audit Finding Number:	***2023-029***
Page Number (from schedule):	210 - 212
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$874
Status of Questioned Costs:	Recovery not required
Status of Finding:	Corrective Action has not been taken
	Similar deficiencies are reported in current year finding **2024-028**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2023-030***
Page Number (from schedule):	213 - 215
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:	$34,302
Status of Questioned Costs:	Recoupment of $34,302 was processed
Status of Finding:	Corrective Action has not been taken
	Similar deficiencies are reported in current year finding **2024-031**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2023-031***
Page Number (from schedule):	216 - 217
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Medicaid Recovery Audit Contractors (RACs)
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 **2024-029**.

State/Educational Agency:	Arkansas Department of Commerce – Division of Workforce Services
Federal Program Name:	Supplemental Payments for Lost Wages
Prior Audit Finding Number:	***2023-032***
Page Number (from schedule):	218 - 220
Federal Awarding Agency:	Federal Emergency Management Agency
Compliance Area Affected:	Activities Allowed or Unallowed; Eligibility
Questioned Costs:	$67,500
Status of Questioned Costs:	Repayment 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 Health
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds
Prior Audit Finding Number:	***2022-016***
Page Number (from schedule):	225 - 228
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:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-024***
Page Number (from schedule):	229
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Matching, Level of Effort, Earmarking
Questioned Costs:	Unknown
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2022-025***
Page Number (from schedule):	230 - 231
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:	Corrected

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):	232 - 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:	$88,127
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken
	Similar deficiencies are reported in prior year finding **2023-026** and current year finding **2024-025**.

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:	***2022-030***
Page Number (from schedule):	234 - 235
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:	***2022-034***
Page Number (from schedule):	238 - 239
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:	Recoupment not required
Status of Finding:	Corrective action has not been taken. Similar deficiencies are reported in prior-year finding **2023-030**, and current-year finding **2024-031**.

State/Educational Agency:	Southern Arkansas University
Federal Program Name:	Student Financial Assistance Cluster
Prior Audit Finding Number:	***2020-008***
Page Number (from schedule):	252
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.