State of Arkansas

Single Audit Report

For the Year Ended June 30, 2025

State of Arkansas
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For the Year Ended June 30, 2025

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State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2025

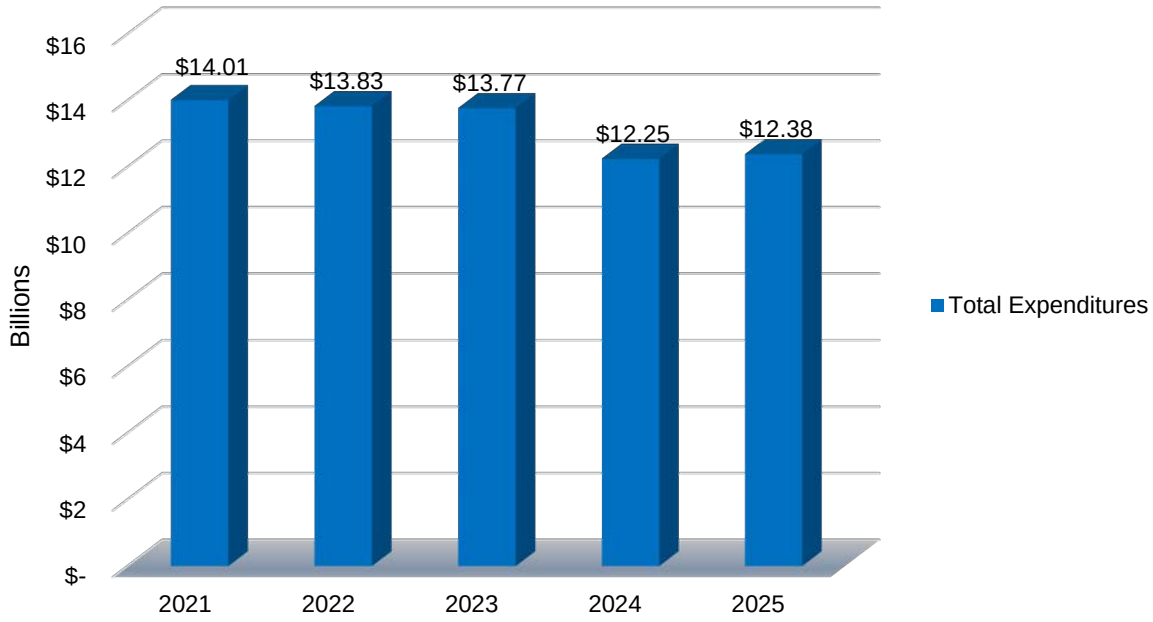
The Single Audit Act, as amended in 1996, was enacted to streamline the effectiveness of audits of federal awards. The Single Audit Act gives the Office of Management and Budget (OMB) the authority to develop government-wide guidelines and policy on performing audits to comply with the Act. OMB issued 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, 2025, as performed by Arkansas Legislative Audit, meets these objectives.

Expenditures of federal awards have varied over the past five years. Expenditures increased slightly from the prior year to $12.38 billion in fiscal year 2025. This increase can be attributed to the authorization of new federal programs, including a continued response to the COVID-19 pandemic. The chart below depicts the five-year trend of expenditures of federal awards. The 2025 Single Audit includes federal expenditures from 469 federal programs.

Expenditures of Federal Awards
Five Year Trend



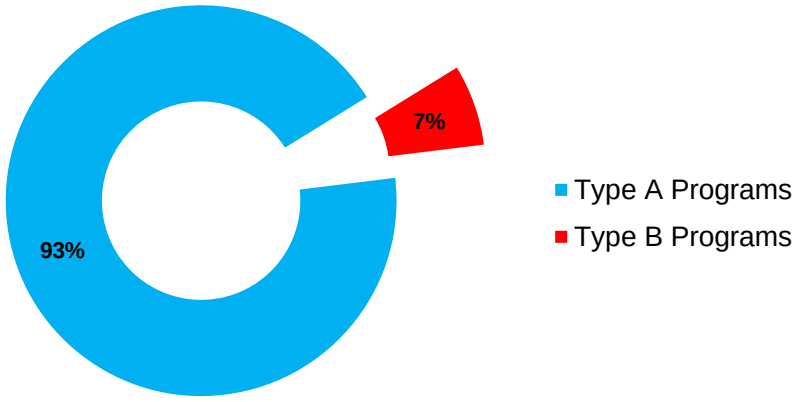
In accordance with Uniform Guidance, larger federal programs are identified and labeled as Type A. The following table outlines how the Type A programs for the State of Arkansas were identified.

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 469 federal programs represented in the June 30, 2025, State of Arkansas Single Audit, 26 were Type A programs with expenditures totaling $11.52 billion, which is 93% of total expenditures, and 443 were Type B programs with expenditures totaling $859 million, which is 7% of total expenditures.

Type A and Type B Programs
Expenditures of Federal Awards



Uniform Guidance requires the auditor to perform risk assessments on all Type A programs and to audit, as major, each Type A program assessed as high-risk based on various risk factors. There were 26 Type A programs, and the risk assessments performed identified 12 of those programs as high-risk or major. The ***Type A major programs*** are:

- Medicaid Cluster
- CCDF Cluster*
- Foster Care Title IV-E
- Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)*
- WIC Special Supplemental Nutrition Program for Women, Infants, and Children
- Child Nutrition Cluster
- Research and Development Cluster*
- Children's Health Insurance Program (CHIP)
- National Guard Military Operations and Maintenance (O&M) Projects
- Summer Electronic Benefit Transfer Program for Children
- Coronavirus Capital Projects Fund*

* 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

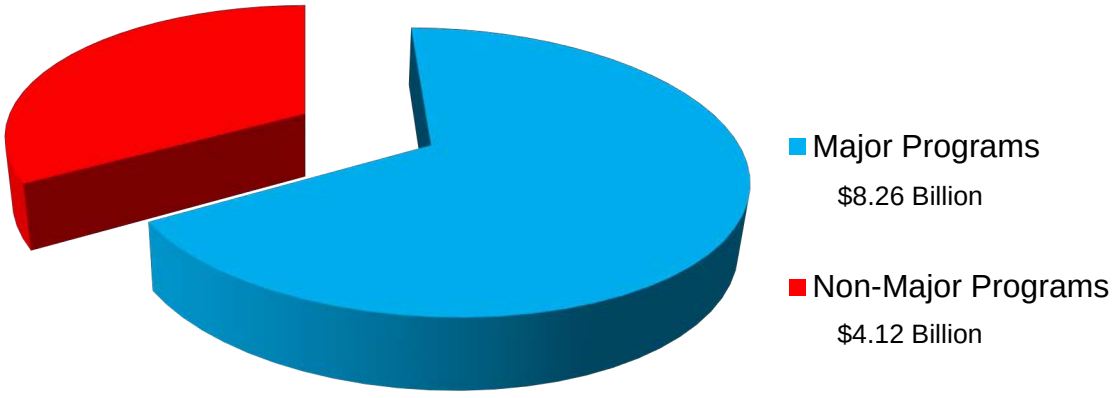
Type A Threshold		$ 30,000,000
25%	x	0.25
Threshold of Type B programs		$ 7,500,000

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

- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund
- Home Investment Partnerships Program*
- Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii*

For the year ended June 30, 2025, major program expenditures represented 67% of total expenditures of federal awards.

Fiscal Year 2025
Major vs. Non-Major Programs
$12,381,472,420



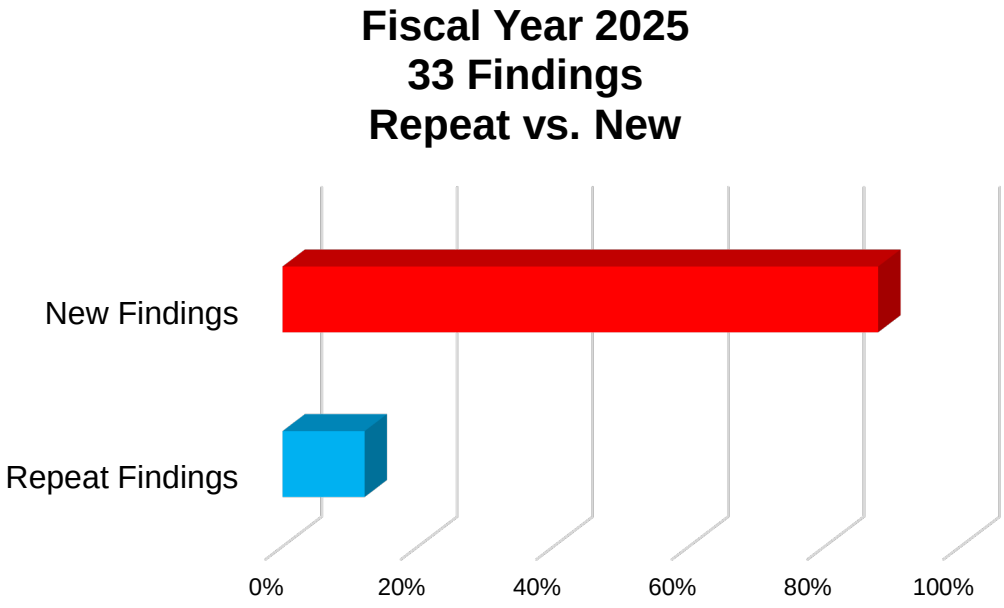
Five state entities expended the majority (90%) of federal awards, as noted below:

Arkansas Department of Human Services	**63%**
Arkansas Department of Education	**10%**
Arkansas Department of Transportation	**8%**
University of Arkansas System	**6%**
Arkansas Department of Commerce	**2%**
Other Departments	**10%**

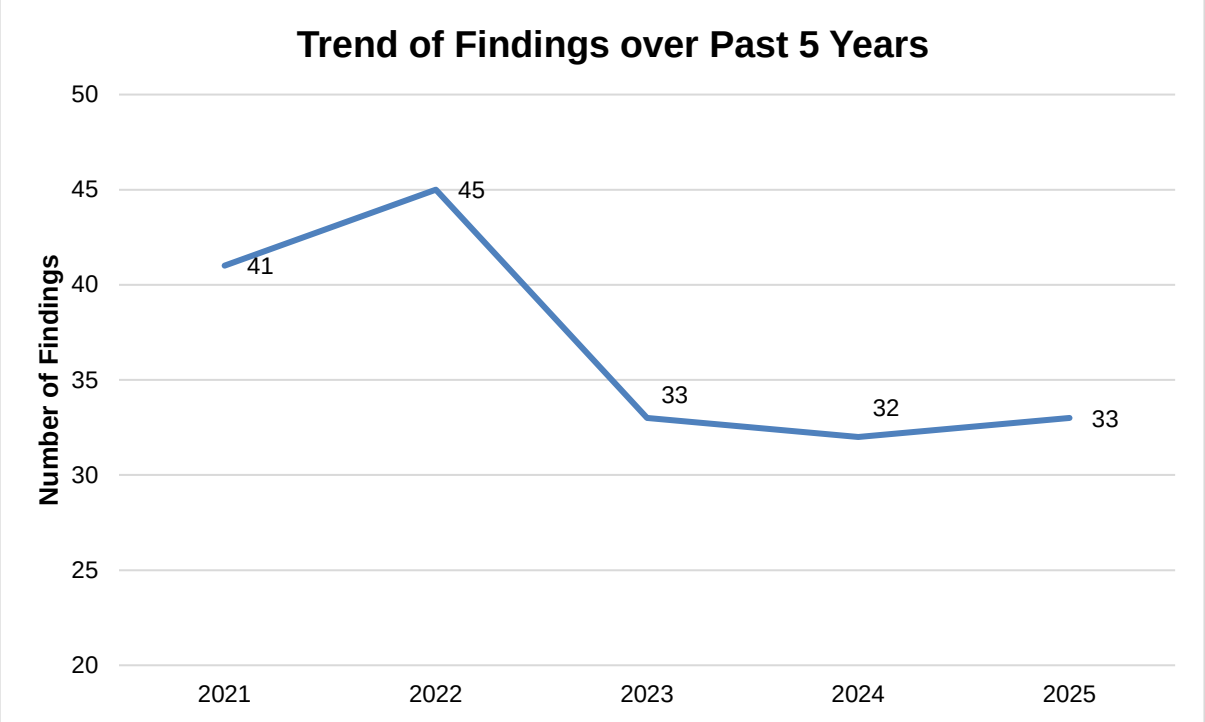
The State received federal awards from 31 different federal agencies. Most of the federal awards (93%) came from four federal agencies as follows:

U.S. Department of Health and Human Services	**63%**
U.S. Department of Education	**12%**
U.S. Department of Agriculture	**9%**
U.S. Department of Transportation	**8%**
Other Departments	**7%**

The audit resulted in **33** findings regarding deficiencies in internal control over financial reporting, noncompliance, and deficiencies in internal control over compliance for **9** of the **16** major programs identified on **page 15**. As illustrated below, **4** of the **33** findings, or **12%**, were repeat findings. Repeat findings indicate that an agency has not taken adequate measures to correct noncompliance and deficiencies in internal control over compliance reported in the previous Single Audit. The Schedule of Findings and Questioned Costs is located on **page 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.

State of Arkansas
Introduction and Summary
For the Year Ended June 30, 2025

The table below depicts residual balances of questioned costs for findings reported in fiscal years 2022 – 2024. Each finding's questioned costs status, including recoupments, other adjustments, or recoupments not required, as of June 30, 2025, are noted below.

Federal Program	Finding #	Questioned Costs (as of 06/30/24)	Recoupment	Other Adjustment	Recoupment Not Required	**Outstanding Balance** (as of 06/30/25)
2022						
Unemployment Insurance	2022-001	$ 1,433,280				$ 1,433,280
ERA	2022-004	60,493				60,493
ERA	2022-005	919,000	$ 69,973			849,027
ERA	2022-006	226				226
ERA	2022-007	88,095				88,095
CSLFRF	2022-014	5,641				5,641
2023						
CACFP	2023-002	136,816				136,816
CACFP	2023-003	1,496,279				1,496,279
Unemployment Insurance	2023-005	731,554				731,554
CSLFRF	2023-006	625,342				625,342
Adoption Assistance	2023-015	51,835				51,835
Adoption Assistance	2023-016	32,408				32,408
CHIP	2023-025	9,978				9,978
2024						
CACFP	2024-004	10,823				10,823
CACFP	2024-005	120,208	55,035			65,173
CSLFRF	2024-006	6,810,200				6,810,200
CSLFRF	2024-007	26,979				26,979
Adoption Assistance	2024-021	76,284				76,284
Adoption Assistance	2024-022	151,567				151,567
CHIP	2024-025	40,727				40,727
Medicaid	2024-026	62,720	62,720			0
Medicaid	2024-027	95,404				95,404
Medicaid	2024-028	63				63
Medicaid	2024-030	142,148	142,148			0
Medicaid	2024-031	143,671				143,671
Totals		**$ 13,271,741**	**$ 329,876**	**$ 0**	**$ 0**	**$ 12,941,865**

Legend	
CACFP	Child and Adult Care Food Program
CHIP	Children's Health Insurance Program
ERA	Emergency Rental Assistance
CSLFRF	Coronavirus State & Local Fiscal Recovery Fund

Independent Auditor's Reports

For the Year Ended June 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 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*

INEPENDENT 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, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated February 2, 2026. 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 Questioned Costs as items 2025-001 and 2025-002, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002.

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
February 2, 2026

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, 2025, except for the major federal programs listed below.

Program/Cluster Title	Administered by
Home Investment Partnerships Program	Arkansas Development Finance Authority
Research and Development Cluster	University of Arkansas for Medical Sciences
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 Summer Electronic Benefit Transfer Program for Children; COVID19: Coronavirus Capital Projects Fund; and CCDF 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 Summer Electronic Benefit Transfer Program for Children; COVID19: Coronavirus Capital Projects Fund; and CCDF Cluster for the year ended June 30, 2025.

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, 2025.

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 Summer Electronic Benefit Transfer Program for Children; COVID19: Coronavirus Capital Projects Fund; and CCDF 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
2025-003	10.646	Summer Electronic Benefit Transfer Program for Children	Cash Management
2025-005	10.646	Summer Electronic Benefit Transfer Program for Children	Reporting
2025-010	21.029	COVID19: Coronavirus Capital Projects Fund	Allowable Costs/Cost Principles
2025-018	93.575/93.596	CCDF Cluster	Reporting

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 $66,724,285 in federal awards and is not included in the State's Schedule of Expenditures of Federal Awards during the year ended June 30, 2025. 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 2025-004, 2025-006 through 2025-009, 2025-011 through 2025-017, 2025-019, 2025-020, 2025-022 through 2025-033. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-003, 2025-005, and 2025-006 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 2025-004, 2025-007 through 2025-009, and 2025-020 through 2025-033 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon, dated February 2, 2026, 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 11, 2026, except for the
Schedule of Expenditures of Federal
Awards, dated February 2, 2026

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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?	X	Yes		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

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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

Identification of major programs:

	Assistance Listing Number(s)	Name of Cluster or Federal Program
1.	10.553 / 10.555 10.559/ 10.582	Child Nutrition Cluster
2.	93.575 / 93.596	CCDF Cluster
3.	93.775, 93.777 / 93.778	Medicaid Cluster
4.	Various	Research and Development Cluster
5.	10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
6.	10.646	Summer Electronic Benefit Transfer Program for Children
7.	12.401	National Guard Military Operations and Maintenance (O&M) Projects
8.	14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii COVID19: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
9.	14.239	Home Investment Partnerships Program COVID19: Home Investment Partnerships Program
10.	21.027	COVID19: Coronavirus State and Local Fiscal Recovery Funds
11.	21.029	COVID19: Coronavirus Capital Projects Fund
12.	66.458	Clean Water State Revolving Fund
13.	66.468	Drinking Water State Revolving Fund
14.	93.658	Foster Care Title IV-E
15.	93.767	Children's Health Insurance Program
16.	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

REPORT FINDING: 2025-001

Office of State Technology

Prior to August 2025, most AASIS servers were not monitored or logged to detect unauthorized access and changes since Splunk, a vulnerability intrusion detection application, was decommissioned by the Agency. Not actively logging and monitoring for threats could cause a security risk and makes the servers vulnerable to hacking and unauthorized access. After audit inquiry, the Agency began implementing a logging system; however, as of report date, implementation was incomplete.

We recommend Office of State Technology (OST) continue the implementation of a logging system and subsequent monitoring of it for threats and unauthorized access.

Views of Responsible Officials and Planned Corrective Action:
Prior to August 2025, the Office of State Technology maintained centralized logging for all AASIS servers; however, those logs were not being forwarded from the centralized logging system to Microsoft Sentinel for correlation and analysis. This issue has been remediated. The centralized logging system has been updated, and AASIS server logs are now successfully forwarding to Microsoft Sentinel.

Anticipated Completion Date: 03/02/2026

Contact Person:
Gary Vance
State Chief Information Security Officer
Office of State Technology
501 Woodlane
Little Rock, AR 72201
(501) 682-9437
Gary.Vance@arkansas.gov

Section II – Financial Statement Findings (Continued)

REPORT FINDING: 2025-002

Department of Commerce - Division of Workforce Services

While completing DFA-Office of Accounting's year-end closing book, the Agency makes accounting entries for various purposes. GASB Cod. Sec. 2250.128 requires that changes in accounting estimates be justified on the basis of the new methodology being preferable to the old methodology for understandability, reliability, relevance, timeliness, consistency, and comparability of financial reporting. In addition, P4-19-4-2004 of DFA-Office of Accounting's Financial Management Guide requires that written procedures for determining uncollectible accounts be filed with DFA-Office of Accounting. The Department of Commerce - Division of Workforce Service (DWS) changed its methodology for estimating the allowance for doubtful accounts related to the accrual of receivables and payables for its unemployment insurance (UI) programs. These changes were not justified to be preferable, nor were they properly filed with DFA-Office of Accounting. As a result, we noted the following:

- DWS makes an annual entry to reduce amounts due from benefit overpayments made to UI claimants, using an amount estimated as uncollectible. The amount recorded in the current fiscal year using the new methodology was $144.4 million (95.6% uncollectible), which we determined was not reasonable considering prior-year estimates and current-year collections. This estimate would have likely fallen in a range of $87.2 million to $132.3 million (57.8% - 87.6% uncollectible), based on amounts recorded in prior years. The net receivable that resulted after recording the $144.4 allowance was $6.6 million, which likely understated receivables by $12.1 million to $57.2 million. DWS did not provide us with the information needed to recalculate the estimate using the old methodology.
- The Agency's change in methodology for calculating the allowance for doubtful accounts, noted above, has a direct effect on the amount recorded as a net UI claimant benefits receivable due to the federal government. The estimated federal payable recorded by the Agency under the new methodology was $3.0 million (4.4% collectible), which we determined was not reasonable considering prior-year estimates and current-year collections. The estimated payable likely would have fallen in a range of $8.6 million (12.4% collectible) to $29.3 million (42.2% collectible), based on amounts recorded in prior years.
- DWS makes an annual entry to reduce amounts due from judgments and bankruptcy liens against the State's employers by an amount estimated as uncollectible. The amount recorded in the current fiscal year using the new methodology was $17.8 million and would have been $17.9 million using the old methodology. While the difference between amounts recorded was only $100,000, DWS did not provide support for the amounts of prior-year judgment repayments used in its new methodology, and we were unable to recalculate the Agency's estimate.

Lack of appropriate controls over financial reporting could cause financial statements to be misstated. Upon notification of the potential misstatements, DWS adjusted the methodology used to calculate amounts estimated as uncollectible for claimant benefit overpayments and the related federal payable, and DFA-Office of Accounting made correcting entries in AASIS.

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

Views of Responsible Officials and Planned Corrective Action:
DWS acknowledges the finding and has implemented the following corrective action: We have streamlined the allowance calculation. And the reports needed by the auditors, which were not available, have been added to our year end IT request list for June 30, 2026.

Anticipated Completion Date: 06/30/2026

Contact Person:
Martin Talley
Accounting Manager
ADWS- Reemployment
1 Commerce Way, Suite 403
Little Rock, AR 72201
(501) 683-0471
martin.talley@arkansas.gov

Section III - Federal Award Findings and Questioned Costs

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 20 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., 2025-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 19.

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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State of Arkansas
Schedule of Findings and Questioned Costs
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Finding Number:	**2025-003**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**10.646 - Summer Electronic Benefit Transfer Program for Children**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**246AR303N1175**
Federal Award Year(s):	**2024**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

Criteria:
The Summer Electronic Benefit Transfer Program for Children (Summer EBT/S-EBT) is subject to the requirements of 31 CFR Part 205, Subpart B, including that the State must minimize the time between the drawdown of federal funds from the federal government and the disbursement for federal program purposes. Further, the regulations state that the timing and amount of funds transferred must be as close as is administratively feasible to a state's actual cash outlay for direct program costs.

Additionally, 7 CFR § 292.21(6) states that the financial management systems for program funds in Summer EBT must provide controls that minimize the time between the receipt of federal funds from the United States Treasury and their disbursement for program costs. In the Letter of Credit system, the Summer EBT agency must make drawdowns from the U.S. Treasury as nearly as possible to the time of making the disbursements.

The U.S. Department of Agriculture (USDA) issued guidance that defined the federal share of expenditures as disbursements for direct charges related to Summer EBT benefits. This guidance further defined the federal share of unliquidated obligations as the value of benefits that have been issued to participants but for which no cash disbursements have been made. Based upon this guidance, expenditures or disbursements under the Summer EBT program are incurred when participants have used the issued benefits to purchase food at an approved retailer.

Initial guidance for state implementation, issued by the USDA on June 7, 2023, in Memo SEBT 01-2023, states that "at the point of redemption, the State will draw funds from the FNS-provided Summer EBT benefit grant through the associated Automated Standard Application for Payments (ASAP) account."

Condition and Context:
The Arkansas Department of Human Services (DHS) established the Summer EBT program through AASIS, the State's accounting system, to allow for the drawdown of federal funds and the recording of expenditures in the accounting system. From June 2024 through November 2024, the Agency initiated drawdowns of federal funds totaling $35,220,720 into a State Treasury fund. The funds were then transferred to a commercial bank account, and an expenditure was recorded for the Summer EBT program in AASIS. While reviewing the revenue and expenditure transactions, ALA discovered that DHS did not base the drawdowns on actual expenditures for Summer EBT benefits. Rather, the drawdowns were comprised of benefits that were approved to be issued on participants' EBT cards for the Summer 2024 operational period. Each of the 293,503 recipients, identified by DHS, for the Summer 2024 operational period was issued benefits of $120, resulting in $35,220,720 in funds drawn. Because expenditures were not based on participants' actual food purchases, federal funds were drawn in advance of program expenditures.

DHS contracted with a third-party vendor to manage the Summer EBT cards. DHS was responsible for drawing down funds from the federal awarding agency through the ASAP system and then transferring the funds to the commercial bank account used for the settlement of participants' food purchases. The third-party vendor made daily withdrawals from the bank account to cover card activity of participants' food purchases. Based on the agreement between DHS and the vendor, funds to cover the issuance amount loaded on each card were drawn and deposited in the bank account at the time the cards were loaded and issued to the participants, not as the expenditures occurred.

Finding Number: **2025-003 (Continued)**

AL Number(s) and Program Title(s): **10.646 - Summer Electronic Benefit Transfer Program for Children**

Condition and Context (Continued):
Participants have 122 days to spend the Summer EBT benefits. After the 122 days, the benefits are expunged from the EBT cards. As of June 30, 2025, $30,214,545 in benefits has been used by participants on food purchases for the Summer 2024 operational period. Because 122 days had passed since benefit issuance, $5,006,175 was expunged from the cards, and the State was required to return these unused funds to the federal grantor. The State was unaware of the expunged balance until notified by auditors and, therefore, had not returned the funds to the federal grantor as of end of fieldwork.

Statistically Valid Sample:
Not applicable

Questioned Costs:
$5,006,175

Cause:
The Agency did not properly review the guidance for drawing funds for the Summer EBT program, causing the Agency to draw funds prior to incurring expenditures. Additionally, the Agency did not have adequate procedures in place to identify unused benefits, which were required to be returned to the federal awarding agency.

Effect:
DHS recorded program expenditures that were not supported, received federal funds in advance of program expenditures, and did not minimize the time between the drawdown of federal funds from the federal government and the disbursement for federal program purposes. In addition, the Agency failed to track the amount of issuances not used by the participants at the end of the allowable period and failed to return the expunged funds to the federal awarding agency.

Recommendation:
ALA staff recommend the Agency ensure recorded expenditures are supported by program expenditures, develop a method to minimize the time between the recognition of expenditures and the drawdown of federal funds, and ensure any excess funds drawn are returned to the federal awarding agency timely.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The agency has updated its internal procedures to comply with FNS guidance that requires Summer EBT funds to be drawn down after expenditures are made. All funds expunged from EBT cards are in the process of being returned to FNS.

Anticipated Completion Date: 3/31/2026

Contact Person:
Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-004**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**10.646 - Summer Electronic Benefit Transfer Program for Children**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**246AR303N1175 and 256AR303N1175**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
No applicable

Criteria:
Per 7 CFR § 292.6, children eligible for the Summer Electronic Benefit Transfer Program for Children (Summer EBT/S-EBT) include those who, at any time during the period of eligibility are:

- School-aged and categorically eligible,
- Enrolled in a National School Lunch Program (NSLP)/School Breakfast Program (SBP) participating school, and:
    - Categorically eligible;
    - Meet the requirement to receive free or reduced price meals as determined through an NSLP/SBP application;
    - Otherwise are determined eligible to receive a free or reduced priced meal; or
    - Determined eligible through a Summer EBT application.
- Enrolled in a special provisional school, and:
    - Categorically eligible;
    - Otherwise meets the requirements to receive free or reduced price meals, as determined through an NSLP/SBP application; or
    - Determined eligible through a Summer EBT application.

Categorically eligible means considered income eligible for Summer EBT, as applicable, based on documentation that a child is a member of a *household* and one or more children in that household are receiving assistance under *Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families,* or *Food Distribution Program on Indian Reservations,* or another means tested program, as approved by the Secretary. A *foster child, homeless child,* a *migrant child,* a *Head Start child,* and a *runaway child* are also categorically eligible. The terms "categorical eligibility" and "automatic eligibility" may be used synonymously.

Per 7 CFR § 292.14(a)(2), the State is required to complete a verification sample equal to 3% of all approved paper and electronic applications from February 1 through April 1. The Agency elected to use an alternative method for verification sample review, which was approved by the federal awarding agency in the Summer 2025 Plan for Operations and Management (POM). The alternative method modified the review period to all approved applications for the months of February, March, and April 2025.

Condition and Context:
ALA reviewed 40 children (from a population of 293,444) who received Summer EBT benefits for Summer 2024 and 40 children (from a population of 336,059) who received benefits for Summer 2025. The review was performed to ensure the child receiving the benefit was determined to be categorically eligible or eligible through a paper/electronic application. Our review resulted in the following instances of noncompliance and control deficiencies:

- In one instance for Summer 2024, a child was approved as both categorically eligible and through a paper/citizen portal application, resulting in a duplication of benefits issued to the recipient.
- In one instance for Summer 2025, the Agency was not able to provide ALA with the record used to determine eligibility. The issuance file indicated the child was categorically eligible through the National School Lunch Program. However, the Department of Education file provided to ALA identified the child as having full paid lunch status and, therefore, not a participant in the National School Lunch program.

Finding Number: **2025-004 (Continued)**
AL Number(s) and Program Title(s): **10.646 - Summer Electronic Benefit Transfer Program for Children**

Condition and Context (Continued):

- Additional data analytics performed on the issuance files for Summer 2024 and Summer 2025 identified potential duplication of benefits of $501,000 (4,175 recipients) for Summer 2024 and $609,120 (5,076 recipients) for Summer 2025.

Additionally, the Agency failed to meet the minimum verification sample requirements as defined at 7 CFR § 292.14(a)(2). When identifying the total approved paper/citizen portal applications to sample, the Quality Control Unit included all approved applications from February 2025 through May 7, 2025. Based on documentation provided by the Quality Control Unit, approved applications from this period totaled 1,384. The Agency was required to review 3%, or 41, of the approved applications; however, supporting documentation provided by the Agency demonstrated that only 25 approved applications (1.8% of the population) were reviewed.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
246AR303N1175 - $120

256AR303N1175 - $120

(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 failed to adequately implement internal controls to prevent and detect benefits issued to children who were not eligible for the Summer EBT program or the duplication of benefit issuances. Additionally, the Agency did not implement adequate controls to ensure that the Quality Control Unit met the requirement to review 3% of the approved applications.

Effect:
Summer EBT funds were issued to potentially ineligible children, and some children received a duplication of benefits.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure only eligible children receive Summer EBT benefits, benefits are issued to each eligible child only once, and documentation is maintained to support eligibility determinations. Additionally, ALA staff recommend the Agency strengthen controls to ensure the minimum verification sample requirements are met and documented.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs, in part, and disagrees, in part with this finding. The DCO ARIES team analyzed all potential duplicates for 2024 and 2025. DCO considers 59.1% of the records to not be duplicates, because the records have different SSN's and dates of birth. A total of 35.9% of cases have the same date of birth but different SSN's and are potential duplicates. DCO is in the process of reviewing these cases to determine if any system or process adjustments are needed to prevent potential duplicates in the future. The remaining potential duplicates identified by ALA have already been resolved or are being investigated. A refresher training will be conducted with staff who determine eligibility and issue benefits for the Summer EBT program before the program starts in 2026.

Finding Number: **2025-004 (Continued)**

AL Number(s) and Program Title(s): **10.646 - Summer Electronic Benefit Transfer Program for Children**

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

DCO disagrees that it did not meet the minimum sample verification requirements. A sample of 3% of approved applications received were reviewed according to the 2025 Plan of Operational Management that was approved by FNS.

Anticipated Completion Date: 6/30/2026

Contact Person:

Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-005**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**10.646 - Summer Electronic Benefit Transfer Program for Children**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**246AR303N1175**
Federal Award Year(s):	**2024**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

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

Per U.S. Department of Agriculture, Food and Nutrition Service (FNS) guidance for the Summer Electronic Benefit Transfer Program for Children (Summer EBT/S-EBT), issued on June 13, 2024, in Memo SEBT 04-2024, the Form SF-425 S-EBT report will provide FNS with the financial data necessary to monitor and closeout the Summer EBT benefit grant. The overarching concept of this financial status report is to document the approved total grant level and the value of Summer EBT benefit issuances as they move from issuances (unliquidated obligations) to redemptions (outlays), net of expungements and other de-obligations. Summer EBT benefit expungements should be reported within the bounds of the fiscal year of the summer operational period for which the benefits were intended. If S-EBT benefits are expunged after September 2024, the benefit expungement should be reported as a reduction of the federal share of expenditures on the September 2024 SF-425 S-EBT report.

Condition and Context:
The Agency's Division of Managerial Accounting staff prepare the required federal financial reports for the Summer EBT program.

ALA reviewed the annual SF-425 S-EBT report for federal fiscal year 2024 to ensure the Agency completed the form based on the federal awarding agency instructions and that the annual report included cumulative expenditures through September 30, 2024.

The amount reported on row 10e of the annual report should represent the sum of cash disbursements for direct charges, net any decreases due to Summer EBT benefit expungements and de-obligations. The Agency failed to reduce the report amount by Summer EBT benefit expungements. As a result, the total federal share of expenditures was overstated by $5,006,175.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
Agency staff did not adequately review instructions published by the federal awarding agency detailing reporting requirements or receive proper training on how to complete the required federal financial reports.

Effect:
Inaccurate data was submitted on the FNS-425 S-EBT annual financial report.

Finding Number: **2025-005 (Continued)**

AL Number(s) and Program Title(s): **10.646 - Summer Electronic Benefit Transfer Program for Children**

Recommendation:
ALA staff recommend the Agency adequately train staff completing the federal reports to ensure correct information is reported. ALA staff also recommend the Agency strengthen controls over reporting to ensure that amounts reported are accurate, complete, and in compliance with federal reporting requirements.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The agency has updated its internal procedures to comply with FNS guidance on completion of the FNS-425 S-EBT annual financial report. Staff have been trained on the updated procedures.

Anticipated Completion Date: Complete

Contact Person:
Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-006**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**10.646 - Summer Electronic Benefit Transfer Program for Children**
Federal Awarding Agency:	**U.S. Department of Agriculture**
Federal Award Number(s):	**246AR303N1175**
Federal Award Year(s):	**2024**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Material Weakness**

Repeat Finding:
Not applicable

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

Additionally, in accordance with 7 CFR § 292.23, Summer Electronic Benefit Transfer Program for Children (Summer EBT/S-EBT) agencies must report participation and issuance monthly. These reports include the FNS-46 S-EBT Issuance Reconciliation Report and the FNS-388 S-EBT State Issuance and Participation Estimates Report.

Per the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS), the Form FNS-46 S-EBT report is an issuance reconciliation report used to account for benefits issued during a report month. The report is also used to identify and report card expungements. An expungement is defined as the removal of Summer-EBT benefits from the EBT account to which they were issued. The funds loaded on the EBT card for the Summer EBT program are available for 122 days, as allowed by 7 CFR § 292.15(h).

Per FNS guidance issued June 13, 2024, in Memo SEBT 04-2024, to ensure the fiscal year integrity of the FY 2024 S-EBT benefit grant, Summer EBT benefits intended for the FY 2024 summer operational period, but issued after September 30, 2024, should be reported as September data on the FNS-46 S-EBT. In addition, Summer EBT benefit expungements should be reported within the bounds of the fiscal year of the summer operational period for which the benefits were intended. The S-EBT Agency should provide the final amount of federal fiscal year 2024 benefits issued (including benefit expungements) in September and any month after September within the September 2024 FNS-46 S-EBT Report. This approach will allow FNS to capture all financial activity related to FY 2024 S-EBT benefits within FY 2024 reports.

Condition and Context:
The Agency's Division of Managerial Accounting staff prepare the required federal financial reports for Summer EBT. The FNS-46 S-EBT Issuance Reconciliation Report is used to account for benefits issued during a report month.

ALA completed a reconciliation between the monthly FNS-46 S-EBT Financial Reports submitted for June 2024 – November 2024 and the benefit data obtained from DHS ARIES (Arkansas Integrated Eligibility System) relating to the 2024 Summer EBT program. Testing revealed the following discrepancies:

- The Agency failed to report correct monthly issuance totals for Summer 2024 issuances. Amounts reported on the FNS-46 S-EBT for June, July, August, September, October, and November 2024 do not trace to the ARIES Issuance file submitted to the third-party vendor for card upload. Additionally, the Agency failed to accurately identify and report card expungements on FNS-46 S-EBT reports submitted to the federal awarding agency for Summer 2024.
- Before the ARIES Issuance file was generated, the Agency manually accumulated information to complete the FNS-46 report. Total issuances reflected on the FNS-46 reports do not match the Agency's supporting documentation for five months (June, July, August, October, and November 2004).
- The Agency failed to combine activity after September 2024 in the September 2024 report, as instructed by USDA FNS. Instead, separate FNS-46 S-EBT reports were completed by the Agency for October and November 2024.

Finding Number: **2025-006 (Continued)**

AL Number(s) and Program Title(s): **10.646 - Summer Electronic Benefit Transfer Program for Children**

Condition and Context (Continued):
The total Summer EBT issuances reported on the form FNS-46 S-EBT report for Summer 2024 were overstated by $1,848,000, and the total Summer EBT expungements reported on the form FNS-46 S-EBT report for Summer 2024 were understated by $5,003,859.

ALA reviewed documentation to determine that the FNS-46 S-EBT and FNS-388 reports were properly reviewed and approved prior to submission to the federal awarding agency for the six monthly reports submitted during state fiscal year 2025. In two instances (August 2024 and September 2024), the FNS-46 S-EBT report was completed, reviewed, and submitted by the same individual. Additionally, in one instance (June 2024), the Agency was not able to provide evidence of review of the FNS-388 report prior to submission.

Statistically Valid Sample:
Not Applicable

Questioned Costs:
None

Cause:
Agency staff did not receive proper training on how to complete the required federal financial reports. Additionally, the Agency failed to properly review the federal financial reports prior to submission.

Effect:
Inaccurate data was submitted on the FNS-46 S-EBT monthly federal financial reports for Summer 2024 issuances and Summer 2024 expungements.

Recommendation:
ALA staff recommend the Agency strengthen controls over reporting to ensure that amounts reported are accurate, complete, and properly supported by appropriate records to ensure compliance with federal laws and regulations. ALA staff also recommend the Agency continue to strengthen controls to ensure the monthly FNS-46 S-EBT and FNS-388 S-EBT reports are properly completed and reviewed prior to submission.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The agency has updated its internal procedures to comply with FNS guidance on completion of the FNS-46 S-EBT and FNS-388 S-EBT reports. All noted reports have been revised, if necessary, reviewed, and certified. Staff have been trained on the updated procedures.

Anticipated Completion Date: Complete

Contact Person:
Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-007**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**14.228 – Community Development Block Grants**
Federal Awarding Agency:	**Department of Housing and Urban Development**
Federal Award Number(s):	**B18DC050001, B20DC050001, BC21DC050001, B22DC050001, and B23DC050001**
Federal Award Year(s):	**2018, 2020, 2021, 2022, and 2023**
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 Part 170, direct recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System.

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

Condition and Context:
During state fiscal year 2025, reimbursements were made to subrecipients represented by approximately 125 subaward agreements. ALA staff performed testing of 28 subawards, made by the Arkansas Economic Development Commission (AEDC), to confirm submission of subawards in accordance with FFATA. ALA's review revealed nine subawards were not reported to SAM.gov (previously the Federal Subaward Reporting System) at the beginning of audit field work. Additionally, the Agency records the date subawards are submitted on internal data collection sheets. Submission dates were not recorded on the data collection sheets for seven subawards even though four had been reported timely. Conversely, submission dates were inaccurately recorded for six subawards that were not reported, as required by FFATA, at the beginning of audit field work.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The failure of Agency controls was caused by employee turnover.

Effect:
The Agency was not in compliance with Appendix A of 2 CFR § 170. 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 strengthen controls over financial reporting compliance to ensure reports are submitted timely and in accordance with federal laws and regulations.

Finding Number: **2025-007 (Continued)**
AL Number(s) and Program Title(s): **14.228 – Community Development Block Grants**

Views of Responsible Officials and Planned Corrective Action:
The AEDC Grants Division has established internal controls and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA), primarily focused on AEDC's responsibility for accurate and timely reporting of CDBG subawards of $30,000 or more.

AEDC's established compliance controls for FFATA include, as reported to ALA staff at the beginning of their field work in this area, are:

- Grants Coordinator and/or Division Director checks SAM.gov at the beginning of the grant funding year (after HUD Grant Awards have been signed) or upon the need to report on the first subaward to ensure HUD's award to the State of Arkansas is entered as a Prime Contract.
- All CDBG applicants are required to submit application Exhibit K, FFATA (Federal Funding Accountability & Transparency Act) Reporting Form. This form and ACEDP Policies & Procedures require subrecipients to have an active registration in the System for Award Management (SAM.gov) and obtain a Unique Entity Identifier and AEDC verifying the accuracy of this information before issuing a subaward.
- If funding is awarded, completed FFATA Reporting Form is included in the grant agreement packet, prepared by the Grants Manager and approved by the Division Director. A Grant Review Form checklist includes a check that this form is included.
- Once a Grant Agreement is executed and the packet returned to the Grants Coordinator for processing, the Grants Coordinator will use the FFATA Reporting Form and information from the Grant Agreement to enter the subaward in SAM.gov, as a subaward associated with the applicable Prime Award (annual allocation). Also included in the packet is a copy of the subawardee's active Registration and UEI, as well as a Data Collection Sheet which includes a space for the Grants Coordinator to write the date the subaward was entered in SAM.gov.
- A timely submission procedure ensures that subaward information is entered into the FSRS at SAM.gov no later than the end of the month following the month in which the subaward obligation was made. To ensure AEDC meets this timely submission requirement, subawards are entered upon return of the AEDC executed grant agreement from the Deputy Director to the Grants Coordinator, who enters the date of the Deputy Director's signature as the Award Date.
- In the ACEDP Grant Agreement the subawardee agrees to comply with The Federal Funding Accountability and Transparency Act, and related federal requirements.
- Project closeout procedures include a File Composition Checklist which lists the FFATA Form and the Data Collection Sheet (with subaward reporting date).

By the Anticipated Completion Date, the Grants Coordinator and/or the Division Director will ensure each previously awarded subaward has been reported to SAM.gov, and will follow the above controls going forward to ensure compliance.

Anticipated Completion Date: 06/30/2026

Contact Person:
Jean Noble
Director, Grants Division
Arkansas Economic Development Commission
1 Commerce Way, Ste. 601
Little Rock, AR 72201
(501) 682-7389
jnoble@arkansasedc.com

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-008**
State/Educational Agency(s):	**Arkansas Department of Education**
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:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

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

Condition and Context:
ALA staff selected five payments to literacy coaching contractors who provide services under the Literacy Empowerment Accountability Readiness Networking and School Safety (LEARNS) Act to determine if sufficient, appropriate documentation was maintained to support that reimbursements were made for allowable literacy coaching expenses. ALA review revealed the following:

- Of the 32 schools that received literacy coaching services from a contractor, 3 were randomly selected for testing. The Agency did not have adequate supporting documentation, including a description of daily activities performed by the contracted coach (e.g., a daily log), for two of the three schools. Questioned costs for this contractor totaled $109,557.
- Of the 22 schools that received literacy coaching services from a different contractor, 2 were randomly selected for testing. The Agency did not have adequate supporting documentation, including a description of daily activities performed by the coach (e.g., a daily log), for either of the schools. Questioned costs for this contractor totaled $36,000.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$145,557 – SLFRP3627

Cause:
Discussion with Arkansas Department of Education (ADE) management indicates they were unaware of uniform guidance documentation requirements for costs charged to federal programs. In addition, the Agency did not have controls in place to ensure a review of documentation supporting invoices was properly performed prior to issuing payments.

Effect:
Payments to literacy coaching contractors may have been issued without the contractor performing the contractual obligations.

Recommendation:
ALA staff recommend the Agency strengthen controls by providing training to Agency personnel approving disbursements to literacy coaching contractors, as well as to literacy coaching contractors, to ensure all costs are adequately documented.

Finding Number: **2025-008 (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:

During the audit, initial evidence was submitted, including monthly and daily logs from vendor coaches to verify coaching activities. Additional documentation, including daily logs obtained from vendors, is available for review. Adjustments and recommendations that have resulted from this audit will be incorporated into future processes and requirements for vendor coaches, to further strengthen our oversight and ensure ongoing adherence to required standards.

There are procedures put into place to monitor vendor adherence to scheduled coaching days, with vendors consistently held to a high standard and expectation to fully complete contracted days by requiring vendors to do the following:

- Submit monthly evidence of coaching activities that align with contracted days. The Division Received monthly summaries from vendors detailing coaching support, activities, and specific dates when coaching was provided.
- Conduct scheduled site visits with state content leaders
- Complete monthly walkthroughs with school leaders, with consistency of walkthrough data being outcomes-based and providing tangible evidence that coaching actions directly supported the improvement of instructional programs. Data is collected through Jot Form and displayed on an Air Table Dashboard. This has been maintained since 2023.
- Hold ongoing meetings with district staff to review outcomes and address improvement areas, ensuring fulfillment of literacy coaching contracts under Agency requirements

Transparency and compliance remain a priority. Required documentation will continue to be accessible to support any future reviews.

Anticipated Completion Date: Continuous.

Contact Person:

Greg Rogers
Chief Fiscal Officer
DESE
4 Capitol Mall, Room 204-A
Little Rock, AR 72201
(501) 682-4475
Greg.Rogers@ade.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-009**
State/Educational Agency(s):	**Arkansas Department of Education**
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:	**Procurement and Suspension and Debarment**
Type of Finding:	**Noncompliance and Significant Deficiency**

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 unique entity identifiers to determine if the Agency was in compliance with the requirement. The Agency failed to ensure two vendors, with agreements executed between September 2024 and October 2024, were registered with SAM prior to the Agency's issuance of subawards to them.

Statistically Valid Sample:
Not a statistically valid sample.

Questioned Costs:
None

Cause:
The Agency failed to adhere to documented internal control procedures and did not provide oversight to ensure vendors receiving federal funding were monitored to determine federal exclusion.

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.

Views of Responsible Officials and Planned Corrective Action:
During the audit, it was noted that for a federally funded contract exceeding $25,000, documentation was not maintained to demonstrate that the vendor was verified as not suspended or debarred through Sam.gov as required by ADE policy and federal regulation.

We acknowledge that the required verification was not documented. This occurrence was an oversight in our internal contract review process and a lack of standardized checklist to ensure verification was completed and retained.

Finding Number:	**2025-009 (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 (Continued):
Upon identification of this finding, we have taken the following corrective action:

1. Immediate corrective action: We are working with the identified vendors to register in Sam.gov.
2. Process Improvement: Documentation of Sam.gov verification will be printed/saved and added to the contract file for all contracts using federal funds over $25,000.
3. Training: Relevant staff responsible for procurement and contract management have been trained in federal suspension and debarment requirements and ADE policy.

DESE is committed to full compliance with federal requirements and ADE policy. These corrective actions are designed to ensure that suspension and debarment verification is consistently performed and properly documented for all applicable federally funded contracts going forward.

Anticipated Completion Date: Completed.

Contact Person:
Greg Rogers
Chief Fiscal Officer
DESE
4 Capitol Mall, Room 204-A
Little Rock, AR 72201
(501) 682-4475
Greg.Rogers@ade.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-010**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Cost/Cost Principles**
Type of Finding:	**Material Noncompliance**

Repeat Finding:
Not applicable

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

Arkansas State Broadband Office (ASBO) Administrative Procedures require reimbursement requests to be specific to the project and to be for incurred costs documented by attached source documentation, such as receipts, vouchers, bills, invoices, etc. All subaward expenditures must be allowable, necessary, and reasonable for the proper and efficient administration of the grant; be allocable to the grant; be authorized or not prohibited under state or local laws; and conform to the limits of exclusions in federal laws and regulations.

Condition and Context:
ALA selected five broadband infrastructure projects, totaling $39,789,080, for testing, from a total of 20 broadband infrastructure projects totaling $127,227,854. During testing, ALA reviewed 247 invoices totaling $20,486,786 and identified issues with 212 invoices totaling $6,666,409.

The invoices with issues did not have appropriate documentation to identify the items purchased, to support proof of payment by the subrecipient for the items, and/or to determine the expense was related to the specific project. Also, ALA discovered duplicate invoices and invoices associated with other projects. Many invoices had a combination of these various issues.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$6,666,409

Cause:
ASBO management did not properly review invoices submitted by subrecipients for appropriate supporting documentation.

Effect:
Failure to obtain proper supporting documentation for invoices may result in the reimbursement of unallowable expenses.

Recommendation:
ALA staff recommend the Agency follow established procedures for review of reimbursement requests. Invoices should have appropriate source documentation enabling the reviewer to determine the cost meets the criteria for allowability.

Finding Number: **2025-010 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

Views of Responsible Officials and Planned Corrective Action:
ASBO respectfully notes that Treasury's SLFRF and CPF Supplementary Broadband Guidance provides that ISPs receiving fixed amount subawards for broadband infrastructure projects are not required to comply with the cost principles of 2 CFR Part 200, Subpart E (see U.S. Department of the Treasury, SLFRF and CPF Supplementary Broadband Guidance, available at: https://home.treasury.gov/system/files/136/SLFRF-and-CPF-Supplementary-Broadband-Guidance.pdf)

Further, the guidance states, "...[m]ore specifically, subawards that provide for a maximum payment amount that is calculated based on a reasonable estimate of actual cost (see 2 CFR 200.201(b)(1)) will be considered fixed amount subawards even if the subaward agreement also provides that payments to the ISP subrecipient will be limited to actual costs after review of evidence of costs." Arkansas' CPF subawards meet these criteria.

In short, relative to the applicability of cost principles under the Uniform Guidance, U.S. Treasury treats Arkansas' CPF subawards as fixed amount subawards, exempting cost principles. Accordingly, ALA's citation to §200.403(g) under Subpart E is not directly applicable to Arkansas' CPF Program.

Nevertheless, while ASBO maintains that the cost principles standard noted above does not apply to the awards in question, the office conducted a detailed review of the invoices identified. That review determined the following:

- A substantial portion of the invoices were specific to approved CPF projects and included subrecipient certification statements affirming project use.
- Certain invoices flagged as insufficiently detailed included annotations or supporting documentation sufficient to trace costs to the relevant project.
- Invoices identified as potential duplicates were, in several cases, attributable to mixed inventory usage (allowed under GAAP) or subsequent credit/refund adjustments.
- A limited subset of invoices (approximately $47,047.79) may require further reconciliation due to a known calculation variance. This funding may be returned, if deemed necessary.

ASBO does not concur that the invoices totaling $6,666,409 represent unallowable expenditures. Rather, the observation reflects differences in documentation presentation, invoice formatting, and inventory accounting practices. The office maintains that the costs were associated with eligible broadband infrastructure activities under CPF.

Further, in accordance with 2 CFR § 200.201(b)(1), the CPF broadband projects reviewed were monitored through routine oversight and reporting.

To strengthen documentation consistency and audit traceability, ASBO is implementing a standardized reimbursement checklist requiring clearer identification of project attribution and supporting documentation prior to approval.

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-011**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Cost/Cost Principles**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E, regarding Cost Principles, allowable costs must meet the following criteria: (1) be necessary, reasonable, and allocable for the performance of the federal award, (2) be accorded consistent treatment as either a direct cost or indirect cost, and (3) be adequately documented.

In accordance with 2 CFR § 200.405(d), if a cost benefits two or more projects or activities and can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefited projects on any reasonable, documented basis.

Condition and Context:
The Arkansas State Broadband Office (ASBO) administers several grants that provide capital projects funding for the construction of infrastructure for broadband networks. The Coronavirus Capital Projects Fund grant allows the agency to request reimbursement for administrative costs incurred over the period of performance that do not exceed the greater of five percent of the total amount of the grant received under the Capital Projects Fund or $25,000. ALA reviewed five administrative cost reimbursement drawdowns totaling $887,309, from 16 administrative drawdowns totaling $1,338,559, and noted the Agency allocated staff salaries and other professional services to three different broadband grant programs. The Agency did not maintain support for the basis used to allocate the administrative expenses to the grants. Additionally, ALA recalculated the draw amounts using the Agency's allocation percentages and noted the Agency had overdrawn on the Capital Projects Fund grant by $22,516.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$22,516

Cause:
Determination of percentage allocations was based on verbal communications between ASBO staff members; however, the Agency did not maintain documentation to support these determinations. Also, management did not ensure calculations of the drawdown amounts were accurate.

Effect:
Failure to properly document the basis for the allocation of administrative costs could lead to a disproportional amount of costs charged to the various grants. As a result, the grants could exceed the maximum amounts allowed by Federal Guidance.

Recommendation:
ALA staff recommend the Agency develop an administrative cost allocation percentage based on the proportional benefit to each grant. The Agency should maintain documentation to support the determination. Management should ensure the percentages are accurately applied to the respective grants prior to submitting any request for reimbursement.

Finding Number: **2025-011 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

Views of Responsible Officials and Planned Corrective Action:
Administrative costs charged to CPF were program-related and remained within the statutory administrative cap. ASBO acknowledges, however, that documentation supporting the internal methodology used to allocate administrative costs across multiple broadband funding streams was not sufficiently formalized during the period reviewed.

The identified variance of $22,516 reflects an administrative reconciliation issue rather than an unallowable expenditure, and the variance amount was reduced from a subsequent administrative cost drawdown.

Moving forward, the team will more formalize its administrative cost allocation methodology to include a narrative explanation to support allocation percentages, as well as authorizing signatures.

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-012**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Cost/Cost Principles**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.332(b), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward. The following is a partial listing of the information a pass-through entity must provide when available:

(1) Federal award identification.
  (i) Subrecipient name (which must match the name associated with its unique entity identifier);
  (ii) Subrecipient's unique entity identifier (UEI).

Condition and Context:
ALA reviewed five broadband infrastructure projects totaling $39,789,080, from a total of 20 broadband infrastructure projects totaling $127,227,854, and noted the grant awards had been issued to internet service providers (ISPs) with a unique entity identifier; however, the ISP was not always the entity that would construct and own the broadband network. Several of these ISPs were wholly owned subsidiaries of electric cooperatives, which have a different unique entity identifier. ALA reviewed 247 invoices associated with 15 reimbursement requests and noted 173 invoices totaling $10,793,988 in which the expenses submitted for reimbursement were incurred and paid by the electric cooperative instead of the ISP. ALA also noted 6 instances totaling $3,364,595 in which the reimbursement payments related to these invoices were made to the electric cooperative instead of the ISP.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
The Arkansas State Broadband Office (ASBO) did not execute the grant agreements with the party that would have ownership of the broadband network when the project was complete.

Effect:
Failure to ensure grant agreements are executed with the appropriate subrecipient could lead to the submission of expenses and payments that are improper.

Recommendation:
ALA staff recommend the Agency ensure the subrecipient in the grant agreement is the party that will construct and own the broadband network when it is complete. Doing so will ensure the subrecipient is able to submit and be reimbursed for expenses incurred and place the liability for completion of the project with the appropriate party.

Finding Number: **2025-012 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

Views of Responsible Officials and Planned Corrective Action:
ASBO acknowledges the auditor's observation regarding the execution of subaward agreements with ISP entities that are wholly owned subsidiaries of electric cooperatives and the related affiliate payment structure.

Subaward agreements were executed with legally distinct ISP entities holding unique entity identifiers (UEIs) and responsible for performance under the Capital Projects Fund (CPF) award. In certain instances, affiliated parent entities processed invoice payments as part of established intercompany accounting practices. These arrangements reflected corporate structure and operational efficiencies rather than an intent to shift accountability or bypass program requirements.

ASBO notes that no questioned costs were identified and that project deliverables were completed in accordance with the terms of the award. The ISP entities remained responsible for reporting, certification, and compliance under the executed agreements.

ASBO recognizes, however, that clearer documentation of intercompany payment flows would strengthen audit traceability and reduce ambiguity regarding which legal entity incurred and paid specific costs.

To enhance documentation clarity, ASBO will require subrecipients with affiliated entities to maintain documented intercompany reconciliations where applicable and will update subaward templates to further clarify entity-level responsibility for payment, ownership, and record retention. Internal review procedures will also be reinforced to ensure alignment between invoicing practices and designated subrecipient entities.

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-013**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
Pursuant to 31 CFR § 205.33, state recipients are required to minimize the time elapsing between drawdowns of award funds and outlays of award funds. Arkansas State Broadband Office (ASBO) procedures indicate the Agency should disburse funds within 15 days of drawdown from the U.S. Department of the Treasury.

Condition and Context:
ALA reviewed drawdowns from the U.S. Department of the Treasury to determine the funds were disbursed timely. Of 34 drawdowns, 19 exceeded the 15-day maximum processing time for disbursements.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
ASBO management did not ensure funds drawn down from the U.S. Department of the Treasury were paid to the subrecipient in accordance with Agency procedures.

Effect:
Failure to comply with federal regulations for minimizing time between the drawdown of funds from the U.S. Department of the Treasury and disbursement to the subrecipient may result in the denial of future requests for funds, suspension or termination of the federal award, or pursuit of other legal remedies.

Recommendation:
ALA staff recommend the Agency ensure drawdown of funds from the U.S. Department of the Treasury are disbursed to subrecipients within the 15-day maximum processing time in accordance with Agency procedures.

Views of Responsible Officials and Planned Corrective Action:
ASBO acknowledges the auditor's observation regarding the timing of disbursements following drawdowns from the U.S. Department of the Treasury.

ASBO procedures include a 15-day internal processing target intended to promote efficient payment processing. While 19 of 34 drawdowns exceeded this internal benchmark, the applicable federal standard under 31 CFR § 205.33 requires recipients to minimize the time between drawdown and disbursement. Additionally, under 2 CFR § 200.305(b)(3), when the reimbursement method is used, payment must be made within 30 calendar days after receipt of a proper payment request.

ASBO recognizes the importance of maintaining strong cash management controls and ensuring timely payment to subrecipients.

Finding Number: **2025-013 (Continued)**

AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

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

The State of Arkansas is enhancing tracking, reconciliation, and workflow controls within its financial management processes to better monitor drawdown-to-disbursement timing. These measures are intended to strengthen timeliness and prevent recurrence.

Anticipated Completion Date: June 30, 2026

Contact Person:

Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-014**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Matching, Level of Effort, and Earmarking**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.332(b)(2), a pass-through entity must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes all requirements of the subaward, including requirements imposed by federal statutes, regulations, and the terms and conditions of the federal award. Arkansas State Broadband Office (ASBO) procedures also require any special conditions to be disclosed in the grant agreement.

Condition and Context:
Federal guidelines do not require cost sharing or matching funds; however, ASBO procedures require a minimum match of 25%. The specific amount of matching required above can vary with each project. A proposed matching amount is submitted by each applicant for a project and evaluated as part of the award process. ASBO did not include the final required matching amount in the grant agreement.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
ASBO management did not include required matching amounts in the grant agreement.

Effect:
Failure to include all significant terms in the grant agreement could result in a subrecipient's noncompliance due to lack of knowledge and understanding of required responsibilities.

Recommendation:
ALA staff recommend the Agency include all significant terms (including required matching amounts) in the grant agreement.

Views of Responsible Officials and Planned Corrective Action:
ASBO acknowledges the auditor's observation regarding the inclusion of required matching amounts in the executed grant agreements.

The Capital Projects Fund (CPF) program does not require cost sharing or matching funds under federal guidance. However, the Arkansas State Broadband Office (ASBO) incorporated a minimum match expectation as part of its state-level program design and evaluation process. Proposed match commitments were submitted by applicants and evaluated during the award process.

ASBO recognizes that the final required match amount was not expressly stated in the executed grant agreement. While match expectations were documented during application review and award evaluation, ASBO agrees that explicitly including the finalized match requirement in the executed agreement would provide greater clarity and reduce ambiguity.

Finding Number: **2025-014 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

Views of Responsible Officials and Planned Corrective Action (Continued):
ASBO notes that no questioned costs were identified in connection with this finding.

ASBO will update its grant agreement templates to ensure that any state-imposed matching requirements are explicitly incorporated into the final executed agreement. This enhancement will ensure alignment between program evaluation criteria and formal award documentation going forward.

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-015**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
All recipients of federal funds must complete financial, performance, and compliance reporting as required by the Grant Agreement, 2 CFR § 200.328 – 329, and as outlined in Part 2 of Coronavirus Capital Projects Fund Compliance and Reporting Guidance.

In accordance with Coronavirus Capital Projects Fund Compliance and Reporting Guidance, Capital Project Fund recipients are responsible for reporting on subawards in the Federal Subaward Reporting System (FSRS). A Project and Expenditure Report must be completed for each project included in an approved Program Plan. The Project and Expenditure Report provides information on projects funded, obligations, expenditures, project status, outputs, performance indicators, and other information.

Condition and Context:
ALA reviewed the Q2 2025 Project and Expenditure Report for five of the 20 projects to determine expenditure and obligation amounts used for matching requirements were accurately reported to the U.S. Department of the Treasury. ALA noted the cumulative obligations for two of the five projects contained errors. The cumulative obligations for one of the projects was overstated by $2,569,790 and understated by $574,066 for the other project.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
Arkansas State Broadband Office (ASBO) management did not adequately review amounts submitted to the U.S. Department of the Treasury for accuracy.

Effect:
Failure to accurately report project obligations and expenditures to the U.S. Department of the Treasury could result in noncompliance with federal laws and regulations.

Recommendation:
ALA staff recommend the Agency management ensure all amounts submitted on Project and Expenditure Reports are accurate.

Finding Number: **2025-015 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

Views of Responsible Officials and Planned Corrective Action:
ASBO acknowledges the auditor's observation regarding cumulative obligation amounts reported for two projects in the Q2 2025 Project and Expenditure Report submitted to the U.S. Department of the Treasury.

The variances identified were the result of an administrative reporting error within a quarterly submission spreadsheet and did not reflect improper expenditures, questioned costs, or misuse of funds. The Agency identified the discrepancy during its internal review process and submitted corrected information to Treasury. By the time of audit review, the corrected reporting had already been provided.

This issue was isolated to a specific reporting period and did not impact the underlying financial integrity of the projects.

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-016**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.332(e), a pass-through entity must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with federal statutes, regulations, and the terms and conditions of the subaward.

As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs must meet the following criteria: (1) be necessary, reasonable, and allocable for the performance of the federal award, (2) be accorded consistent treatment as either a direct cost or indirect cost, and (3) be adequately documented.

Condition and Context:
The broadband infrastructure grants are for the construction and deployment of broadband infrastructure projects designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical download and upload speeds of 100 Mbps. When construction and deployment are completed, the subrecipient notifies the Arkansas State Broadband Office (ASBO) in writing. ASBO has contracted with a third-party vendor to perform a technical close-out, which involves field visits and the issuance of a letter to confirm the work has been completed in accordance with the grant agreement.

ALA reviewed 5 of 20 projects and noted that 1 project reviewed was not properly closed out. The project was completed in October 2024, and a technical close-out letter was issued in December 2024. In October 2025, the subrecipient requested permission to perform equipment upgrades to the network, and the third-party contractor rescinded the close-out letter, allowing additional expenses of $2,096,990 to be submitted for reimbursement. As indicated in the technical close-out letter issued in December 2024, these upgrades were not necessary for completion of the network in accordance with the grant agreement. Once the network has been completed, any further costs incurred are considered maintenance costs and are the responsibility of the subrecipient.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$2,096,990

Cause:
ASBO management did not ensure that only expenses necessary for performance of the federal award were included as allowable costs.

Effect:
Failure to properly close-out grants in compliance with Agency procedures could result in reimbursement of expenses that are unallowable.

Recommendation:
ALA staff recommend the Agency follow close-out procedures and ensure maintenance expenses incurred after the completion of the project are not included as allowable costs.

Finding Number: **2025-016 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

Views of Responsible Officials and Planned Corrective Action:
ASBO acknowledges the auditor's observation regarding the sequencing of the technical close-out letter and subsequent expenditures for one project.

ASBO respectfully clarifies that a Technical Close-Out Letter reflects that the primary network infrastructure has been constructed and service capability established. It does not necessarily signify final project completion for all eligible cost components under the grant agreement. Project completion for reporting purposes occurs upon final reporting to the U.S. Department of the Treasury.

In October 2025, the subrecipient requested approval to perform additional network equipment upgrades using remaining grant funds. ASBO obtained written confirmation from the U.S. Department of the Treasury Senior Federal Program Officer that the identified OLT upgrade constituted an eligible network component necessary to deliver service and was not maintenance. No additional grant funds were awarded for this work; the proposal involved remaining grant balances. It should be noted that as of the date of audit review, no expenses had been incurred related to the proposed upgrade.

As such, ASBO does not concur that the identified $2,096,990 represents ongoing maintenance costs or unallowable expenditures. In fact, all reimbursements to date include eligible network build-out costs incurred prior to "technical closeout" but financially processed after that date, or fiber-to-the-home (FTTH) drops. FTTH drops have been an allowable expense in the Arkansas CPF Program following technical closeout yet prior to reporting the project complete to U.S. Treasury.

The misclassification of these costs as maintenance appears to stem from an assumption that they were related to the proposed network upgrade, when in actuality, they were not.

To avoid ambiguity in future projects, ASBO will formalize procedures clarifying the distinction between technical close-out, formal project completion, and eligible use of remaining funds. Any Treasury-approved scope clarifications or post-close-out adjustments will be formally documented prior to reimbursement to ensure alignment between technical certification and financial reporting.

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-017**
State/Educational Agency(s):	**Arkansas Department of Commerce – Arkansas Economic Development Commission**
Pass-Through Entity:	**Not applicable**
AL Number(s) and Program Title(s):	**21.029 – Coronavirus Capital Project Funds**
Federal Awarding Agency:	**U.S. Department of the Treasury**
Federal Award Number(s):	**CPFFN0186**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Subrecipient Monitoring**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.332(e), a pass-through entity must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with federal statutes, regulations, and the terms and conditions of the subaward.

Condition and Context:
Arkansas State Broadband Office (ASBO) procedures require subrecipients to maintain an irrevocable standby letter of credit equal to 100% of the grant award amount disbursed. The irrevocable standby letter of credit must be accompanied by an opinion letter from the subrecipient's legal counsel stating the letter of credit and its proceeds will not be subject to a Chapter 11 bankruptcy proceeding. The letter of credit must remain in place until the project is completed. In lieu of a letter of credit, the subrecipient may furnish a performance bond in an amount equal to the grant award. ALA reviewed 5 of 20 projects to determine if the letter of credit or performance bond for the appropriate amount was properly maintained by the subrecipient. ALA noted that a letter of credit was not maintained for the required amount for 1 of the 5 projects reviewed.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

Cause:
ASBO management did not adequately monitor subrecipients to ensure compliance with letter of credit requirements.

Effect:
Failure to properly monitor subrecipients could result in noncompliance with federal laws and regulations.

Recommendation:
ALA staff recommend the Agency ensure subrecipients maintain a letter of credit in accordance with ASBO requirements.

Views of Responsible Officials and Planned Corrective Action:
ASBO acknowledges the auditor's observation that, for one project reviewed, the required irrevocable standby letter of credit was not maintained at the full amount required under ASBO procedures.

ASBO recognizes that ongoing monitoring of letter of credit requirements is an important safeguard to ensure subrecipient compliance and protect program funds. No questioned costs were identified in connection with this matter.

ASBO has implemented enhanced monitoring procedures to verify and document that required letters of credit or performance bonds are maintained at the appropriate level throughout the project period. This includes periodic verification and documented review to ensure continued compliance with program requirements.

Finding Number: **2025-017 (Continued)**
AL Number(s) and Program Title(s): **21.029 – Coronavirus Capital Project Funds**

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

Anticipated Completion Date: June 30, 2026

Contact Person:
Glen Howie
State Broadband Director
Arkansas State Broadband Office
1 Commerce Way
Little Rock, AR 72202
(501) 683-6000
broadband@arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-018**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.575 – Child Care and Development Block Grant** **93.575 – COVID19: Child Care and Development Block Grant** **93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund** **(CCDF Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2101ARCDC6; 2402ARCCDF; 2502ARCCDF**
Federal Award Year(s):	**2021, 2024, 2025**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Material Noncompliance**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 98.65(g), and as part of the and conditions of the grant award, states are required to complete and submit quarterly financial status reports (ACF-696) in a manner specified by Administration for Children and Families (ACF) for each fiscal year until funds are expended.

In addition, 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.

Condition and Context:
Multiple state agencies administer the CCDF Cluster. The Arkansas Department of Education (ADE) is responsible for more than 99% of cluster activities. ALA staff compared total expenditures reported for SFY 2025 by ADE on the ACF-696 reports with the total expenditures reported by ADE on its portion of the Schedule of Expenditures of Federal Awards (SEFA). The total expenditures reported by ADE on its ACF-696 reports for SFY 2025 was $14,561,147 less than the amount reported by ADE on its portion of the SEFA.

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 accurately report grant expenditures could result in undetected noncompliance with program requirements and potential penalties being assessed by the awarding agency.

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

Views of Responsible Officials and Planned Corrective Action:
DESE concurs with this finding. Staff turnover resulted in missed reporting on the ACF-696 reports. New procedures have been put into place for cross-training and quarterly reconciliations to prevent future expenditure reporting on the ACF-696 report from being missed.

Finding Number:	**2025-018 (Continued)**
AL Number(s) and Program Title(s):	**93.575 – Child Care and Development Block Grant** **93.575 – COVID19: Child Care and Development Block Grant** **93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund** **(CCDF Cluster)**

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

Anticipated Completion Date: Completed.

Contact Person:

Greg Rogers
Chief Fiscal Officer
DESE
4 Capitol Mall, Room 204-A
Little Rock, AR 72201
(501) 682-4475
Greg.Rogers@ade.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-019**
State/Educational Agency(s):	**Arkansas Department of Education**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.575 – Child Care and Development Block Grant** **93.575 – COVID19: Child Care and Development Block Grant** **93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund** **(CCDF Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2101ARCDC6; 2402ARCCDF; 2502ARCCDF**
Federal Award Year(s):	**2021, 2024, 2025**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 98.65(g), and as part of the terms and conditions of the grant award, states are required to complete and submit quarterly financial status reports (ACF-696) in a manner specified by Administration for Children and Families (ACF) for each fiscal year until funds are expended. Those instructions state that those reports are due on the last day of the month following the end of the previous quarter.

Condition and Context:
ALA staff reviewed the submission dates for each of the quarterly reports with required submission dates during the 2025 state fiscal year as well as the reports due for the quarter ended June 30, 2025. Of the 8 required reports, 2 were not submitted timely. The reports for the quarters ended June 30, 2024, and September 30, 2024, for the 2024 grant were submitted on January 28, 2025, 89 and 181 days past their respective due dates.

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 report grant expenditures timely could result in undetected noncompliance with program requirements and potential penalties 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:
DESE concurs with this finding. Staff turnover resulted in missing the reporting submission deadlines for the ACF-696 reports. New procedures have been put into place for cross-training and quarterly reconciliations to prevent future expenditure reporting on the ACF-696 report from being missed.

Anticipated Completion Date: Completed.

Finding Number:	**2025-019 (Continued)**
AL Number(s) and Program Title(s):	**93.575 – Child Care and Development Block Grant** **93.575 – COVID19: Child Care and Development Block Grant** **93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund** **(CCDF Cluster)**

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

Contact Person: Greg Rogers
Chief Fiscal Officer
DESE
4 Capitol Mall, Room 204-A
Little Rock, AR 72201
(501) 682-4475
Greg.Rogers@ade.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-020**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.658 – Title IV-E Foster Care**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2401ARFOST; 2501ARFOST**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.303, the auditee must establish and maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and terms and conditions of the federal award. This includes adequate procedures to ensure payments are made only on behalf of eligible children

Condition and Context:
Beginning April 4, 2020, the Agency developed a reconciliation report between the Children's Reporting and Information System (CHRIS) and KidCare titled "Child Care IV-E Reconciliation Report." The report is designed to identify payments where the "paid subcategory type" and the "CHRIS claimability Status" columns do not agree to the logic identified as Title IV-E eligible. Payments identified as not claimable for Title IV-E funding on the reconciliation report are reviewed, and a correcting entry is made in AASIS, the State's accounting system.

The Reconciliation Report includes daycare payments made utilizing Title IV-E funding on behalf of 109 foster children who were not eligible at the time for Title IV-E. Our review of the Reconciliation Report included verifying that funding corrections were made for a sample of 11 foster children. The following discrepancies were noted.

- Ten children for which daycare payments were identified as incorrectly paid using Title IV-E funds per the Reconciliation Report were not corrected. The total IV-E adjustment not made equaled $9,920.

Subsequent to the 2025 state fiscal year, the Agency updated the IV-E Reconciliation Report. The original Reconciliation Report did not include children who had exited foster care, and daycare services continued to be paid using Title IV-E funds. In July 2025 (SFY2026), an update was made to the Reconciliation Report to include daycare payments made for children after exiting care. The updated Reconciliation Report showed approximately $23,700 more in corrections needed for daycare services incorrectly paid using Title IV-E funds for the period July 1, 2024 through June 30, 2025. The Division of Children and Family Services (DCFS) was notified on August 7, 2025, of the additional corrections needed. No adjustments were made by DCFS to correct the noted errors.

ALA performed an additional test review a selection of daycare payments from the KidCare database made with Title IV-E foster care funds. The database included payments totaling $3,119,250 made on behalf of 817 foster children using Title IV-E funds. The ALA review included daycare payments made on behalf of 60 foster children. Each child's eligibility status was verified using CHRIS. The following discrepancies were noted:

- Seven children exited foster care, but daycare benefits totaling $5,244 were paid.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number: **2025-020 (Continued)**
AL Number(s) and Program Title(s): **93.658 – Title IV-E Foster Care**

Questioned Costs:
2501ARFOST – $12,465
2401ARFOST – $ 2,699

(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:
Daycare payments are made with Title IV-E funds after a child has exited care due to a delay in updating eligibility status in CHRIS. When the revised Reconciliation Report (which was updated to include children who had exited care) was provided to DCFS noting additional IV-E overpayments, DCFS staff elected to not make corrections.

Effect:
Title IV-E foster care funds were used for unallowable activities.

Recommendation:
ALA staff recommend the Agency strengthen controls to ensure corrections are made for all payments identified on the Reconciliation Report as incorrectly paid with Title IV-E funds.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The reconciliation process will be revised to specify steps to identify clients that are eligible to receive Title IV-E funding and the process to update their IV-E status. The agency could not make the necessary corrections in AASIS when notified of the deficiency due to the expenses being posted in the prior fiscal year. All necessary adjustments will be made on the quarterly report for the period ending on 3/31/26.

Anticipated Completion Date: 4/30/26

Contact Person:
Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.Wright@dhs.arkansas.gov

Finding Number:	**2025-021**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.658 – Title IV-E Foster Care**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2401ARFOST; 2501ARFOST**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed**
Type of Finding:	**Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 45 CFR § 75.400(a), the non-federal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices.

In addition, 45 CFR § 75.303(a) requires the State 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 federal award.

Also, 45 CFR § 75.326 states when procuring property and services under a federal award, a state must follow the same policies and procedures it uses for procurements from its non-federal funds.

Lastly, Chapter 604 of the Arkansas Department of Human Services Administrative Procedures Manual states that during the term of the contract, the division/office shall monitor and complete sufficient performance evaluation(s) to determine if the contractor's performance is satisfactory or unsatisfactory.

Condition and Context:
The Foster Care Title IV-E program provides federal matching funds for maintenance assistance payments to provide safe and stable out-of-home care to eligible children placed in qualifying foster care settings. The Department has entered into contracts with various vendors to provide many of the foster care settings. Placement contracts represent a direct federal cost of $6,756,399, which represents 16.8% of total Title IV-E expenditures for state fiscal year 2025. These contracts include Therapeutic Foster Care, Private License Placement Agencies (including Specialized), Qualified Residential Treatment, and Supervised Independent Living. These foster care settings include (but are not limited to) the following financial contract deliverables;

- Specialized Private License Placement Agency & Private License Placement Agency: The contractor must provide a minimum percentage of the monthly contract payment to the foster parents.
- Therapeutic Foster Care: The contractor must provide a minimum percentage of the monthly contract payment to the foster parents.
- Qualified Residential Treatment Facility: Foster Care board payments (clothing and personal needs) paid to the contractor for each child shall be used exclusively for that client's needs, with monthly documentation detailing the use of the funds for each client.
- Supervised Independent Living: Contractor must provide young adults a monthly stipend of $400.

Discussion with Department staff concerning how the Department monitors the contracts to ensure contractors are performing satisfactorily revealed that while the Department has procedures in place to monitor the compliance of minimum licensing standards and contract deliverables regarding the immediate care of the children in foster care, they do not have adequate procedures in place to monitor the financial deliverables required. The Agency relies on a contractor self-certification of compliance and on complaints to trigger additional monitoring.

Statistically Valid Sample:
Not applicable

Finding Number: **2025-021 (Continued)**
AL Number(s) and Program Title(s): **93.658 – Title IV-E Foster Care**

Questioned Costs:
None

Cause:
The Department did not establish adequate controls over the monitoring of the financial deliverables/contractor's performance for the placement contracts.

Effect:
Failure to establish appropriate procedures for internal controls limits the Agency's ability to adequately monitor the program for possible improper payments and noncompliance. Contractors' performance of the contract may be unsatisfactory. Funds received by contractors could be used for unallowed purposes. Additionally, foster parents paid through a placement contract may not receive the full board payment as required by the contract, resulting in a lower number of available homes, and foster children who are entitled to funds as specified in the contract may not be receiving the appropriate amount to prepare them to live independently. Lastly, contractors' noncompliance with these financial deliverables could lead to adverse publicity and could affect future funding.

Recommendation:
ALA staff recommend the Agency establish, and document controls related to monitoring the performance of contract deliverables, specifically the financial deliverables.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DCFS will update its internal controls to require monthly review of contractor financial deliverables.

Anticipated Completion Date: 4/30/26

Contact Person:
Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.Wright@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-022**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**93.658 – Title IV-E Foster Care**
Federal Awarding Agency:	**U.S. Department of Human Services**
Federal Award Number(s):	**2401ARFOST; 2501ARFOST**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
In accordance with 42 USC § 672, foster care maintenance payments may be made only on behalf of a child who is in a licensed foster family home or child-care institution. Licensing requirements are outlined in the Child Welfare Agency Licensing Act (Ark. Code Ann. § 9-28-401 et seq.).

The foster family home provider must have satisfactorily met a (1) criminal records check, including (2) fingerprint-based checks of national crime information databases (FBI Check - "Non-State Criminal Record), with respect to prospective foster and adoptive parents (42 USC 671(a)(20)(A)). The State of Arkansas extended these requirements to all adult household members in foster family homes per the Child Welfare Agency Licensing Act (Ark. Code Ann. §§ 9-28-409(b)(1)(E) and 9-28-409(c)(1)(E)).

The foster family home provider must satisfactorily have met a child abuse and neglect registry check on prospective foster and adoptive parents and any other adult or child 14 years and older living in any home, as outlined in 42 USC § 671 (a)(20)(B) as well as Ark. Code Ann. §§ 9-28-409(a)(1)(C) and 9-28-409(b)(2).

Condition and Context:
ALA selected 60 foster children from a population of 2,021 foster children for which as least one Title IV-E board payment was made during the state fiscal year. The 60 children selected were placed in various foster resource homes during the year, which included 81 foster family homes and 7 child-care institutions. The official record of child welfare information is maintained by the Division of Children and Family Services (DCFS) in the Children's Reporting and Information System (CHRIS), the automated case management tool. ALA's review of the required background checks for all appropriate household members in the 81 foster family homes and 7 child-care institutions resulted in the following deficiencies:

- For one provider home, DCFS documented in CHRIS that a child maltreatment central registry check for both foster parents was run on October 10, 2023. However, per the Central Registry Unit, a Child Maltreatment Central Registry check for the two individuals was never performed. Title IV-E board payments were claimed from April 9, 2024 through December 18, 2024, on three children who were placed in the home. Title IV-E payments made on behalf of the foster care children totaled $16,860.
- For one provider home, DCFS documented in CHRIS that a child maltreatment central registry check for both foster parents was run on June 15, 2023. However, per the Central Registry Unit, a Child Maltreatment Central Registry check for the two individuals was never performed. Title IV-E board payments were claimed from January 1, 2024 through November 1, 2024 on three children who were placed in the home. Title IV-E payments made on behalf of the foster care children totaled $17,526.
- For one provider home, DCFS documented in CHRIS that a state criminal background check for a provider household member was run on August 22, 2024. However, per the Arkansas State Police system, a state criminal background check was never run for the individual. One foster care child was placed in the home during the time the household was not in compliance. Title IV-E payments made on behalf of the foster care child totaled $1,916.

Statistically Valid Sample:
Not a statistically valid sample

Finding Number: **2025-022 (Continued)**

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

Questioned Costs:
2401ARFOST maintenance – $28,194
2401ARFOST administrative – $658
2501ARFOST maintenance – $7,450

Cause:
Staff failed to ensure that all required checks had been completed. Staff also documented in CHRIS, the Agency's official record, that the required background checks were completed when no check was processed. The CHRIS system allowed erroneous data to be entered without proper support.

Effect:
Title IV-E foster care funds were paid to foster family home providers that did not meet all requirements to be fully licensed.

Recommendation:
ALA recommends the Agency follow compliance regulations to ensure background check requirements are met for all individuals residing in the resource home. ALA also recommends the Agency strengthen controls to ensure the information recorded in CHRIS is accurate.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DCFS will conduct a review to determine if additional controls are needed to ensure that foster homes complete all required checks. All improper Title IV-E payments will be returned on the next CB-496 quarterly report.

Anticipated Completion Date: 4/30/2026

Contact Person:
Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.Wright@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-023**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Application**
AL Number(s) and Program Title(s):	**93.658 – Foster Care Title IV-E**
Federal Awarding Agency:	**US Department of Health and Human Services**
Federal Award Number(s):	**2101ARFCGP**
Federal Award Year(s):	**2021**
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 subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System.

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

Condition and Context:
The Arkansas Division of Children and Family Services entered into a sub-grant agreement with one subrecipient for the period November 18, 2022 through June 30, 2026, with a total award of $2,295,558. ALA staff searched information on the SAM.gov and USASpending.gov websites to determine if the Agency was reporting subawards as required and discovered no subaward information was reported for the one subaward administered for the Foster Care Program.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
The Agency did not have controls in place to ensure that first-tier subawards of $30,000 or more were reported to SAM.gov.

Effect:
The Agency was not in compliance with Appendix A of 2 CFR § 170. 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 subawards are reported as required.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DCFS will develop procedures and training to identify and report subgrant awards.

Anticipated Completion Date: 4/30/2026

Finding Number: **2025-023 (Continued)**
AL Number(s) and Program Title(s): **93.658 – Foster Care Title IV-E**

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

Contact Person: Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.Wright@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-024**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-2405AR5021**
Federal Award Year(s):	**2024**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed – Managed Care (PASSE)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

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

The § 1915(c) Home and Community-Based Services Waiver, applicable to the DD population, requires that an IA be performed at least every three years. Appendix K flexibilities were granted by which an additional 12-month extension was allowed for the IAs 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.

Section 1915(i) of the Social Security Act, applicable to the BH population, which provides states the option to offer home and community-based services through the state's plan, requires that an IA be performed at least every 12 months. In addition, 42 CFR § 441.720(b) states that for reassessments, the IA of need must be conducted at least every 12 months and as needed when the individual's support needs or circumstances change significantly, in order to revise the service plan. Section 1135 flexibilities were granted by which an additional 12-month extension was allowed for the IAs beginning March 17, 2020. This flexibility ended when the public health emergency 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 one BH recipient as detailed below:

- Sample item 16: The IA provided was dated November 20, 2023, and no other IA completed prior to that was provided. Payments for this recipient were made for dates of service from September 1, 2023, through October 29, 2023, with no IA. Questioned costs for these dates of service totaled $319.

Finding Number: **2025-024 (Continued)**
ALN Number(s) and Program Title(s): **93.767 – Children's Health Insurance Program**

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal - $232
State - $87

(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 questions 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:
Agency personnel completed a desk review instead of an IA for the dates of service range in question for sample item 16. A desk review would have been allowed in accordance with flexibilities allowed under Medicaid State Plan Amendment 22-0016 if the recipient was a Medicaid recipient. However, this recipient was a CHIP recipient, and there was no such amendment in the CHIP State Plan.

Effect:
Gaps were revealed in the performance of the required IAs. As a result, payments were made outside the approved/updated dates of service.

Recommendation:
ALA staff recommend the Agency review and strengthen its independent assessment procedures to ensure they are completed timely, 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 independent assessments to be performed every twelve months for PASSE members.

Anticipated Completion Date: Complete

Contact Person:
Paula Stone
Director, Office of Substance Abuse and Mental Health
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 686-9849
Paula.stone@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-025**
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):	**05-2305AR5021 and 05-2405AR5021**
Federal Award Year(s):	**2023 and 2024**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

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

The Agency is responsible for determining Children's Health Insurance Program (CHIP) recipients meet the eligibility criteria as specified in its approved State Plan. Eligibility requirements for the CHIP program are outlined in the Arkansas Medical Services (MS) Manual. The MS 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 (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.
2. 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.
3. CHIPRA (Children's Health Insurance Program Reauthorization Act) recipients can be enrolled in any recipient aid category if eligibility requirements are met. CHIPRA includes all children up to age 19 (end of birth month) and pregnant women that fall under lawfully residing qualified alien status.

Condition and Context:
ALA selected 60 CHIP and MCHIP identification numbers to determine whether the State properly followed eligibility rules when determinations/redeterminations of benefits were made.

ALA review revealed one instance in which an ARKids B recipient was improperly determined eligible when the maximum allowed household income was exceeded. The recipient's coverage should have been terminated effective November 1, 2023. Claims payments totaling $2,128 were paid for dates of service from July 1, 2024 through December 31, 2024. The federal and state portions of these payments totaled $1,702 and $426, respectively. Questioned costs paid from each grant award was determined based on date claim status for header and detail claims and date payment issued for financial capitation claims.

Statistically Valid Sample:
Not a statistically valid sample.

Finding Number: **2025-025 (Continued)**
AL Number(s) and Program Title(s): **93.767 – Children's Health Insurance Program**

Questioned Costs:
Federal − $1,702

- $67 – for award 05-2305AR5021
- $1,635 – for award 05-2405AR5021

State - $426

Cause:
The caseworker erroneously relied on tax return information from 2020, instead of the recipient's most recent tax return data, during the annual eligibility redetermination.

Effect:
Failure to properly determine and close CHIP coverage resulted in improper payments.

Recommendation:
ALA staff recommend the Agency design and implement internal controls over compliance to ensure recipient files are up to date and eligibility determinations were determined appropriately.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. The error was caused by an eligibility system defect that was corrected in April 2024.

Anticipated Completion Date: Complete

Contact Person:
Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

Finding Number:	**2025-026**
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):	**05-2405AR5021**
Federal Award Year(s):	**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 **2024-025**.

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 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. 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 6,525 providers, ALA staff reviewed files of 41 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 27: The provider failed to provide documentation of a site visit that was due January 30, 2025. As a result, amounts paid to the provider with dates of service from January 30 through June 30, 2025, are considered questioned costs. ***Questioned costs totaled $112 (federal) and $28 (state).***

Finding Number: **2025-026 (Continued)**
AL Number(s) and Program Title(s): **93.767 – Children's Health Insurance Program**

Condition and Context (Continued)

Limited-risk category:

- Sample item 30: The provider's revalidation was due by March 23, 2025, but was not completed until March 31, 2025. As a result, amounts paid to the provider with dates of service from March 23-30, 2025, are considered questioned costs. ***Questioned costs totaled $169 (federal) and $43 (state).***
- Sample item 35: The provider was terminated on October 25, 2024, after failing to revalidate by their due date of October 2, 2024. The provider re-enrolled on January 23, 2025, with an effective date of October 26, 2024. As a result, amounts paid to the provider with dates of service from October 2-25, 2024, are considered questioned costs. ***Questioned costs totaled $1,007 (federal) and $255 (state).***

Statistically Valid Sample:
Not statistically valid sample.

Questioned Costs:
Federal – $1,288
State – $326

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 2025.

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 this finding. For Sample Item 27, a site visit has been completed for the provider. The process used for completion of site visits has been updated to address the cause for the delayed site visit. For Sample Items 30 and 35, DMS is currently developing system upgrades that will establish a revalidation date that is 60 days prior to the revalidation expiration date and auto-terminate providers at the time of their revalidation expiration date if they have not successfully completed the revalidation process.

Anticipated Completion Date: 6/30/2026

Contact Person:
Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

Finding Number:	**2025-027**
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):	**05-2305AR5021; 05-2405AR5021**
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 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. 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 CHIP program, ALA selected 40 provider files for review from a population of 2,297. The selected providers participated in the Provider-Led Arkansas Shared Savings Entity, or PASSE, managed care program. ALA review revealed deficiencies with five of the provider files as follows:

Moderate-risk category:

- Sample item 28: The provider failed to revalidate timely. Revalidation was due by October 14, 2024, but was not completed until November 5, 2024. ***Ineligible costs totaled $8,204.***
- Sample item 30: The Agency failed to provide documentation of a site visit that was due August 15, 2024. ***Ineligible costs totaled $2,609.***

Finding Number: **2025-027 (Continued)**
AL Number(s) and Program Title(s): **93.767 – Children's Health Insurance Program**

Condition and Context (Continued):

Limited-risk category:

- Sample item 8: The provider failed to revalidate timely. Revalidation was due by December 17, 2024, but was not completed until January 17, 2025. ***Ineligible costs totaled $855.***
- Sample item 11: The provider failed to revalidate timely. Revalidation was due by October 7, 2024, but was not completed until December 6, 2024. ***Ineligible costs totaled $197.***
- Sample item 12: The Agency failed to provide W-9 dated prior to October 3, 2024. ***Ineligible costs totaled $282.***

Ineligible costs identified above totaled $12,147.

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

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

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
None

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 2025.

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 that required enrollment documentation is maintained to support provider eligibility.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. For Sample Items 8, 11, and 28, DMS is currently developing system upgrades that will establish a revalidation date that is 60 days prior to the revalidation expiration date and auto-terminate providers at the time of their revalidation expiration date if they have not successfully completed the revalidation process.

For Sample Item 30, a site visit has been completed for the provider. The process used for completion of site visits has been updated to address the cause for the delayed site visit.

For Sample Item 12, DMS has implemented a system change to electronically collect information contained on the W-9 form which will eliminate the need for provider to submit the form. DHS is in the process of promulgating this policy change.

Finding Number: **2025-027 (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: 6/30/2026

Contact Person:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

Finding Number:	**2025-028**
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):	**05-2405AR5MAP; 05-2505AR5MAP**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2024-027**.

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 selected 60 incarcerated juveniles with Medicaid claims activity 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 8 incarcerated juveniles. As a result, payments totaling $81,972 were made for dates of service within the incarceration periods for 7 juveniles. The federal and state portions of these payments totaled $58,557 and $23,415, respectively.
- The Agency failed to appropriately suspend Medicaid benefits for 7 incarcerated juveniles in DYS custody. As a result, payments totaling $80,655 were made for dates of service within the juveniles' incarceration periods. The federal and state portions of these payments totaled $57,455 and $23,200, respectively.

Finding Number: **2025-028 (Continued)**

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

Condition and Context (Continued):

- Although the Agency appropriately suspended and reinstated benefits for 6 incarcerated juveniles, payments totaling $14,047 were made for dates of service within the juveniles' incarceration periods. The federal and state portions of these payments totaled $10,023 and $4,024, respectively.

Statistically Valid Sample:
Not statistically valid sample.

Questioned Costs:
Federal – $126,035

- $29,254 for award 05-2405AR5MAP
- $96,781 for award 05-2505AR5MAP

State – $50,639

Cause:
The Agency failed to properly monitor Medicaid eligibility for juveniles in DYS custody. Suspensions of benefits were not always entered timely 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 they are 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. 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, which make up 95% of the total questioned costs for this finding, were reported timely to SSA by the agency. All payments noted as questioned costs were capitated payments which will be recouped through an automatic reconciliation process.

Anticipated Completion Date: 6/30/26

Contact Person:
Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-029**
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):	**05-2405AR5MAP; 05-2505AR5MAP**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

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

Condition and Context:
The Agency has established system controls to identify Medicaid recipients who are no longer eligible for programs due to death. To identify unreported deceased recipients, monthly recipient data is matched to Arkansas Department of Health (ADH) 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 actually deceased, entering the date of death to the case file, and closing any open aid segments. Once the information is updated in ARIES and flows to the Medicaid Management Information System (MMIS), a retrospective review is performed to identify claims or capitation payments that were paid after the date of death for recoupment.

Using data analytics, ALA compared a list of deceased individuals, obtained from ADH, to payment detail to identify recipients who had claims or capitation payments paid or adjusted in state fiscal year 2025 with dates of service after the date of death. To be included in the match results, the recipients' social security numbers, dates of birth, and last names all had to match.

ALA removed any subsequent recoupments reflected in the MMIS system prior to audit work on December 16, 2025, and calculated $404,857 remaining amounts paid on behalf of 891 deceased recipients.

Information included in the MMIS system that was utilized in the initial match indicated $23,282 was paid on behalf of 68 recipients where there *was* a date of death for the recipient in the MMIS system and $381,575 was paid on behalf of 823 recipients where there was *not* a date of death in the MMIS system. Of the 68 recipients with a date of death in the MMIS system, 57 had a date of death that did not match the date of death per the ADH listing.

Of the $404,857 paid on behalf of deceased recipients, $402,599 was related to financial capitation payments. Further review of the financial capitation payments revealed that $305,454 (76%) was applicable to the ARHome program, $60,635 (15%) was applicable to the Provider-Led Arkansas Shared Savings Entity (PASSE) program, and $36,510 (9%) was related to various other programs but primarily attributed to the Non-Emergency Transportation (NET) program and Dental Managed Care.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal – $346,165
- $21,188 for award 05-2405AR5MAP
- $324,977 for award 05-2505AR5MAP

State – $58,692

Finding Number:	**2025-029 (Continued)**
ALN Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**

Cause:
The Agency indicated in a response, dated November 30, 2025, that it was performing additional research related to the recipients included in the match results. Per the Agency, reasons a date of death was not included in the MMIS system for deceased recipients at the time the match was performed include the following:

- ARIES did not receive the ADH date of death.
- ARIES received the ADH date of death, but it was not added to ARIES when the worker competed the task.
- ARIES received the ADH date of death, but the case was already closed.
- Some SSI cases are either currently open or remained open after the ADH date of death.
- Some beneficiaries' eligibility was closed in the legacy eligibility systems but remained open in MMIS.

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

Effect:
Claims and capitation payments were made on behalf of deceased recipients who were not eligible for those payments.

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

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. For cases that included a date of death in MMIS, most deficiencies can be attributed to case worker error which is being addressed through continued worker education and training. A small number of deficiencies can be attributed to a variety of system errors which are in the process of being corrected. Recoupments of overpayments are also being processed.

For cases with no date of death in MMIS, almost half were the result of the eligibility system not receiving the date of death via the monthly match to the Arkansas Department of Health (ADH) vital records data. DHS will work with ADH to identity date of death for those cases and identify any corrective action needed to the match process. The remaining deficiencies can be attributed to a variety of system errors which are in the process of being corrected and worker errors which is being addressed through worker education and training. Recoupments will be processed through both automatic reconciliation and manual processes.

Anticipated Completion Date: 6/30/2026

Contact Person:
Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-030**
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):	**05-2405AR5MAP; 05-2505AR5MAP**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Eligibility**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
Not applicable

Criteria:
The Agency is responsible for determining Medicaid recipients meet the eligibility criteria as specified in its approved State Plan. Eligibility requirements for Medicaid are outlined in the Arkansas Medical Services Manual. The Manual contains specific Medicaid policies and procedures that exist in addition to the approved State Plan.

According to Section E-100 of the Manual, individuals receiving Medicaid Benefits must have a financial eligibility determination made, which includes an income test. Section G-111 of the Manual states that income is an eligibility factor that requires verification.

It is the State's responsibility to ensure that payments are only made for eligible Medicaid recipients and that any changes to a recipient's eligibility, including those related to income, be updated timely. According to Section I-I00 of the Manual, individuals are required to report certain changes, including those related to income, within 10 days of the date the change occurred. Eligibility is redetermined when a change is reported.

Condition and Context:
The Agency notified ALA that they were performing an internal review of their employees receiving Medicaid benefits and, although the review was still on-going, had identified some individuals who were not eligible. As a result, ALA chose to perform a review of all State employees.

Using data analytics, ALA compared a list obtained from the Arkansas Administrative Statewide Information System (AASIS) of Arkansas state employees who were employed throughout state fiscal year 2025 to Medicaid payment detail to identify recipients who had claims or capitation payments paid or adjusted in state fiscal year 2025. To be included in the match results the recipients' social security numbers, dates of birth and last names all had to match.

Using a risk-based approach, ALA selected 54 individuals from the matches for further review to determine the following:

- The state employee properly reported his or her state income timely.
- The state employee was income eligible based upon his or her state salary, household size, and eligibility segment to which payments were coded.
- If the state employee was an employee of the Department of Human Services, he or she was included in the Agency's review of its employees receiving benefits.

Of the 54 individuals tested, ALA identified deficiencies for 46 state employees, with overall questioned costs of $221,912 related to 40 individuals determined ineligible, as follows:

- Although five individuals properly reported their income timely, these individuals were income ineligible. The questioned costs for ineligible dates of service for these five individuals totaled $40,322 ($32,991 federal and $7,331 State). All cases have since been closed.
- There were 35 individuals who did not report their income or did not report their income timely, and all were income ineligible. The questioned costs for ineligible dates of service for these 35 individuals totaled $181,590 ($156,134 federal and $25,456 State). Twenty-eight cases were closed as of the date of fieldwork, and six cases were scheduled to be closed as of January 31, 2026.

Finding Number: **2025-030 (Continued)**

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

Condition and Context (Continued):

- Six individuals tested ultimately were income eligible but did not report their income or did not report their income timely.
- Of the 13 individuals tested who were DHS employees, the Agency had reviewed 11 of these individuals but failed to include two of them in its internal review of employees as of the date of fieldwork. The Agency intends to review the two omitted individuals.

For the 40 recipients deemed income ineligible noted above, 20 with a questioned cost amount of $57,075 ($40,771 federal and $16,304 State) were related to the Parent, Caretaker, Relative eligibility category and 20 with a questioned cost amount of $164,837 ($148,354 federal and $16,483 State) were related to the Adult Expansion eligibility category.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
Federal − $189,125

- $52,616 for award 05-2405AR5MAP
- $136,509 for award 05-2505AR5MAP

State − $32,787

Cause:
The Agency indicated that for the five individuals who properly reported their income but were income ineligible, one was the result of a system error, and the remaining four were related to worker error. In addition, for the 35 individuals who were income ineligible and had either not reported their income or did not report their income timely, two were related to worker error, and the Agency is researching why the income verification notification did not deploy in the system for the remaining 33.

Effect:
Payments were made on behalf of recipients who were not eligible for those payments.

Recommendation:
ALA staff recommend the Agency review and strengthen controls to ensure that system controls are properly functioning and workers are adequately trained to ensure that payments are not made on behalf of ineligible recipients.

Views of Responsible Officials and Planned Corrective Action:
DHS concurs with this finding. DCO will continue periodic matching and review of state employees with public assistance programs administered by the agency. Appropriate disciplinary action will continue to be taken by the agency on its own employees based on the outcome of case reviews. The agency will explore the addition of systematic data matching to ensure that salaries of state employees are properly reflected in the eligibility determination and benefit calculation for public assistance benefits. For additional controls, the agency has incorporated a notice into the hiring process regarding reporting all changes in household circumstance and annual communications to all staff regarding their reporting obligations.

Anticipated Completion Date: 6/30/26

Contact Person:
Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

Finding Number:	**2025-031**
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):	**05-2405AR5MAP; 05-2505AR5MAP**
Federal Award Year(s):	**2024 and 2025**
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 **2024-031**.

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 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. 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 11,634, ALA staff reviewed files of 41 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 four of the provider files as follows:

Limited-risk category:

- Sample item 13: The provider's revalidation was due by October 14, 2024, but was not completed until October 15, 2024. As a result, amounts paid to the provider with a date of service of October 14, 2024, are considered questioned costs. ***Questioned costs totaled $2,550 (federal) and $1,035 (state).***
- Sample item 31: The provider's revalidation was due by November 15, 2024, but was not completed. As a result, amounts paid to the provider with dates of service from November 15, 2024 through June 30, 2025, are considered questioned costs. ***Questioned costs totaled $1,928,915 (federal) and $782,520 (state).***

Finding Number: **2025-031 (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 35: The provider's revalidation was due by June 24, 2024, but was not completed. As a result, amounts paid to the provider with dates of service from June 24, 2024 through June 30, 2025, are considered questioned costs. ***Questioned costs totaled $35,714 (federal) and $14,373 (state).***
- Sample item 40: The provider's revalidation was due by November 14, 2024, but was not completed until December 4, 2024. In addition, the Agency failed to provide documentation of provider's certification covering July 7, 2024 through November 14, 2024. As a result, amounts paid to the provider with dates of service from July 7, 2024 through December 3, 2024, are considered questioned costs. ***Questioned costs totaled $17,932 (federal) and $7,110 (state).***

Statistically Valid Sample:
Not statistically valid sample

Questioned Costs:
Federal – $1,985,111

- $16,674 for award 05-2405AR5MAP
- $1,968,437 for award 05-2505AR5MAP

State – $805,038

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 2025.

In addition, the Agency implemented a system update, effective June 27, 2023, that no longer required revalidation for providers of Early Intervention Day Treatment and Adult Developmental Day Treatment services but was unable to provide any authoritative guidance to support the update. This system update resulted in the deficiency reported for sample item 31 above.

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 this finding. For Sample Item 13, DMS is currently developing system upgrades that will establish a revalidation date that is 60 days prior to the revalidation expiration date and auto-terminate providers at the time of their revalidation expiration date if they have not successfully completed the revalidation process.

For Sample Items 31, 35, and 40, DMS is currently developing a system change to reinstitute revalidation requirements for Early Intervention Day Treatment and Adult Developmental Day Treatment providers.

Finding Number:	**2025-031 (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: 6/30/2026

Contact Person:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

Finding Number:	**2025-032**
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):	**05-2405AR5MAP; 05-2505AR5MAP**
Federal Award Year(s):	**2024 and 2025**
Compliance Requirement(s) Affected:	**Special Tests and Provisions – Provider Eligibility (Managed Care Organizations)**
Type of Finding:	**Noncompliance and Significant Deficiency**

Repeat Finding:
A similar issue was reported in prior-year finding **2024-032**.

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 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. 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 selected 40 provider files for review from a population of 5,605. The selected providers participated in the Provider-Led Arkansas Shared Savings Entity, or PASSE, managed care program. ALA review revealed deficiencies with seven of the provider files as follows:

Moderate-risk category:

- Sample item 16: The provider failed to revalidate timely. Revalidation was due by November 5, 2024, but was not completed until December 20, 2024. In addition, a site visit, also due by November 5, 2024, was not performed or verified until December 20, 2024. ***Ineligible costs totaled $1,559.***

Finding Number: **2025-032 (Continued)**

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

Condition and Context (Continued):

Moderate-risk category (Continued):

- Sample item 37: The provider failed to revalidate timely. Revalidation was due by November 21, 2024, but was not completed until December 10, 2024. ***Ineligible costs totaled $1,845.***

Limited-risk category:

- Sample item 3: The provider failed to revalidate timely. Revalidation was due by July 22, 2024, but was not completed until August 5, 2024. ***Ineligible costs totaled $129.***
- Sample item 5: The provider was terminated on October 25, 2024, after failing to revalidate by the due date of September 25, 2016. The provider re-enrolled on March 31, 2025. ***Ineligible costs totaled $182.***
- Sample item 24: The provider failed to revalidate timely. Revalidation was due by November 12, 2023, but was not performed. ***Ineligible costs totaled $272,174.***
- Sample item 30: The provider failed to revalidate timely. Revalidation was due by January 7, 2025, but was not completed until March 24, 2025. ***Ineligible costs totaled $11,356.***
- Sample item 40: The provider failed to revalidate timely. Revalidation was due by April 9, 2025, but was not completed until April 22, 2025. ***Ineligible costs totaled $641,247.***

Ineligible costs identified above totaled $928,492.

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.

Statistically Valid Sample:
Not statistically valid sample

Questioned Costs:
None

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 2025.

In addition, the Agency implemented a system update, effective June 27, 2023, that no longer required revalidation for providers of Early Intervention Day Treatment and Adult Developmental Day Treatment services but was unable to provide any authoritative guidance to support the update. This system update resulted in the deficiency reported for sample item 24 above.

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.

Finding Number:	**2025-032 (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. For Sample Items 3, 5, 30, 37, and 40, DMS is currently developing system upgrades that will establish a revalidation date that is 60 days prior to the revalidation expiration date and auto-terminate providers at the time of their revalidation expiration date if they have not successfully completed the revalidation process.

For Sample Item 24, DMS is currently developing a system change to reinstitute revalidation requirements for Early Intervention Day Treatment and Adult Developmental Day Treatment providers.

Anticipated Completion Date: 6/30/2026

Contact Person:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding Number:	**2025-033**
State/Educational Agency(s):	**Arkansas Department of Public Safety – Division of Emergency Management**
Pass-Through Entity:	**Not Applicable**
AL Number(s) and Program Title(s):	**97.036 – Disaster Grants (Public Assistance)**
Federal Awarding Agency:	**U.S. Department of Homeland Security – Federal Emergency Management Agency**
Federal Award Number(s):	**Various**
Federal Award Year(s):	**2025**
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 subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System.

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

Condition and Context:
ALA staff searched information on the USAspending.gov website to determine whether the Agency is reporting subawards as required and discovered no subaward/contractor information is reported for Disaster Grants (Public Assistance) by the Arkansas Division of Emergency Management (ADEM). ADEM staff confirmed that no awards had been reported to FFATA system.

Statistically Valid Sample:
Not applicable

Questioned Costs:
None

Cause:
The Agency did not follow internal policies and procedures to ensure that first-tier subawards of $30,000 or more are reported to the FSRS or the System for Award Management (SAM).

Effect:
The Agency is not in compliance with Appendix A of 2 CFR § 170 and did not report first-tier subawards. Failure to file Federal Funding Accountability and Transparency Act (FFATA) subaward reports could result in the reduction or termination of future funding.

Recommendation:
ALA staff recommend the Agency strengthen controls by providing training on FFATA reporting requirements to ensure first-tier subawards are reported as required.

Finding Number: **2025-033 (Continued)**
AL Number(s) and Program Title(s): **97.036 – Disaster Grants (Public Assistance)**

Views of Responsible Officials and Planned Corrective Action:
Arkansas Division of Emergency Management (ADEM) Public Assistance (PA) staff will receive training on FFATA reporting requirements and will follow established Department of Public Safety guidelines to ensure first-tier subawards are reported as required. ADEM PA staff will also establish internal Standard Operating Procedures to ensure that consistent FFATA reporting is accomplished as required.

Anticipated Completion Date: 4/30/26

Contact Person:
Jodi Lee
Deputy Director, Recovery and Mitigation
Arkansas Division of Emergency Management
Building 9501 Camp Joseph T Robinson
North Little Rock, AR 72199
(501) 683-6700
Jodi.Lee@adem.arkansas.gov

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

State of Arkansas
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2025

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		$ 512,281,501	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		48,323,152	$ 1,291,936
US Department of Agriculture Total			**560,604,653**	**1,291,936**
SNAP Cluster Total			**560,604,653**	**1,291,936**
Child Nutrition Cluster				
US Department of Agriculture				
School Breakfast Program	10.553		68,000,569	67,333,889
National School Lunch Program	10.555		171,613,835	169,266,425
Summer Food Service Program for Children	10.559		1,118,607	
Fresh Fruit and Vegetable Program	10.582		2,869,976	2,867,060
US Department of Agriculture Total			**243,602,987**	**239,467,374**
Child Nutrition Cluster Total			**243,602,987**	**239,467,374**
Food Distribution Cluster				
US Department of Agriculture				
Commodity Supplemental Food Program	10.565		998,413	
Emergency Food Assistance Program (Administrative Costs)	10.568		1,193,807	
COVID19: Emergency Food Assistance Program (Administrative Costs)	10.568		206,442	
Program Total			**1,400,249**	
Emergency Food Assistance Program (Food Commodities)	10.569		10,064,600	
US Department of Agriculture Total			**12,463,262**	
Food Distribution Cluster Total			**12,463,262**	
Forest Service Schools and Roads Cluster				
US Department of Agriculture				
Schools and Roads - Grants to States	10.665		1,771,992	1,771,992
US Department of Agriculture Total			**1,771,992**	**1,771,992**
Forest Service Schools and Roads Cluster Total			**1,771,992**	**1,771,992**

State of Arkansas
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2025

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		$ 2,516,802	
COVID19: Economic Adjustment Assistance	11.307		338,589	
US Department of Commerce Total			**2,855,391**	
Economic Development Cluster Total			**2,855,391**	
Fish and Wildlife Cluster				
US Department of the Interior				
Sport Fish Restoration	15.605		5,617,706	
Wildlife Restoration and Basic Hunter Education and Safety	15.611		14,875,894	$ 290,287
US Department of the Interior Total			**20,493,600**	**290,287**
Fish and Wildlife Cluster Total			**20,493,600**	**290,287**
Employment Service Cluster				
US Department of Labor				
Employment Service/Wagner-Peyser Funded Activities	17.207		6,744,802	
Jobs for Veterans State Grants	17.801		1,525,359	
US Department of Labor Total			**8,270,161**	
Employment Service Cluster Total			**8,270,161**	
WIOA Cluster				
US Department of Labor				
WIOA Adult Program	17.258		5,349,765	4,583,496
WIOA Youth Activities	17.259		5,548,419	4,927,243
WIOA Dislocated Worker Formula Grants	17.278		4,669,010	2,553,575
US Department of Labor Total			**15,567,194**	**12,064,314**
WIOA Cluster Total			**15,567,194**	**12,064,314**
FMCSA Cluster				
US Department of Transportation				
Motor Carrier Safety Assistance	20.218		5,401,938	
US Department of Transportation Total			**5,401,938**	
FMCSA Cluster Total			**5,401,938**	

State of Arkansas
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2025

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		$ 729,987	
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		230,172	$ 230,172
US Department of Transportation Total			**960,159**	**230,172**
Federal Transit Cluster Total			**960,159**	**230,172**
Highway Safety Cluster				
US Department of Transportation				
State and Community Highway Safety	20.600		5,432,898	2,321,122
National Priority Safety Programs	20.616		5,444,180	1,434,956
US Department of Transportation Total			**10,877,078**	**3,756,078**
Highway Safety Cluster Total			**10,877,078**	**3,756,078**
Special Education Cluster (IDEA)				
US Department of Education				
Special Education Grants to States	84.027		147,664,563	144,536,452
COVID19: Special Education Grants to States	84.027		(6,812)	(6,812)
Program Total			**147,657,751**	**144,529,640**
Special Education Preschool Grants	84.173		6,110,594	6,109,859
COVID19: Special Education Preschool Grants	84.173		(3,509)	(3,509)
Program Total			**6,107,085**	**6,106,350**
US Department of Education Total			**153,764,836**	**150,635,990**
Special Education Cluster (IDEA) Total			**153,764,836**	**150,635,990**
TRIO Cluster				
US Department of Education				
TRIO Student Support Services	84.042		8,930,730	
TRIO Student Support Services	84.042A		406,115	
TRIO Talent Search	84.044		4,125,983	
TRIO Talent Search	84.044A		829,160	

State of Arkansas
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2025

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
TRIO Cluster (Continued)				
US Department of Education (Continued)				
TRIO Upward Bound	84.047		$ 7,200,978	
TRIO Upward Bound	84.047A		832,903	
TRIO Educational Opportunity Centers	84.066		2,671,683	
TRIO McNair Post-Baccalaureate Achievement	84.217		454,717	
US Department of Education Total			**25,452,269**	
TRIO Cluster Total			**25,452,269**	
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		5,033,700	$ 4,584,420
COVID19: Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044		37,409	37,409
Program Total			**5,071,109**	**4,621,829**
Special Programs for the Aging Title III, Part C Nutrition Services	93.045		8,392,915	8,102,145
COVID19: Special Programs for the Aging Title III, Part C Nutrition Services	93.045		15,245	15,245
Program Total			**8,408,160**	**8,117,390**
Nutrition Services Incentive Program	93.053		1,436,628	1,426,587
US Department of Health and Human Services Total			**14,915,897**	**14,165,806**
Aging Cluster Total			**14,915,897**	**14,165,806**
CCDF Cluster				
US Department of Health and Human Services				
Child Care and Development Block Grant	93.575		155,618,551	
COVID19: Child Care and Development Block Grant	93.575		14,175,264	
Program Total			**169,793,815**	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		35,630,680	
US Department of Health and Human Services Total			**205,424,495**	
CCDF Cluster Total			**205,424,495**	

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
Head Start Cluster				
US Department of Health and Human Services				
Head Start	93.600		$ 13,688,977	
US Department of Health and Human Services Total			**13,688,977**	
Head Start Cluster Total			**13,688,977**	
Medicaid Cluster				
US Department of Health and Human Services				
State Medicaid Fraud Control Units	93.775		2,851,921	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		6,596,242	
Medical Assistance Program	93.778		6,683,444,171	
US Department of Health and Human Services Total			**6,692,892,334**	
Medicaid Cluster Total			**6,692,892,334**	
Disability Insurance/SSI Cluster				
Social Security Administration				
Social Security Disability Insurance	96.001		760,065	
Social Security Administration Total			**760,065**	
Disability Insurance/SSI Cluster Total			**760,065**	
Research and Development Cluster				
US Department of Agriculture				
Agricultural Research Basic and Applied Research	10.001		3,194,331	$ 446,727
Pass-through from Agricultural Research	10.001	5860264003	3,543	
Pass-through from Agricultural Research Service (USDA ARS)	10.001	59-5070-5-004	6,282	
Program Total			**3,204,156**	**446,727**
Plant and Animal Disease, Pest Control, and Animal Care	10.025		578,852	
Pass-through from Kansas State University	10.025	A24-0473-S001	43,911	
Program Total			**622,763**	
Wildlife Services	10.028		(9,415)	
Conservation Reserve Program				
Pass-through from Board of Trustees of Michigan State University	10.069	FBC21CPT0011802	7,312	
Wetlands Reserve Program	10.072		786,575	457,133

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Research and Development Cluster (Continued)				
US Department of Agriculture (Continued)				
Farm Service Agency Taxpayer Outreach Education and Technical Assistance (American Rescue Plan Assistance)				
Pass-through from Utah State University	10.146	FSA21CPT0012032	$ 388,316	$ 268,883
Inspection Grading and Standardization	10.162		1,470	
Wholesale Farmers and Alternative Market Development				
Pass-through from Board of Trustees of Michigan State University	10.164	23-TMLRF-MI-0023	84,652	
Pass-through from Intertribal Agriculture Council	10.164	23-TMLRF-MT-0004	497,575	
Program Total			**582,227**	
Specialty Crop Block Grant Program - Farm Bill	10.170		45,847	
Farmers Market and Local Food Promotion Program	10.175		135,786	
Regional Food System Partnership	10.177		5,941	
Meat and Poultry Inspection Readiness Grants - Supplemental Funding	10.180		(3,545)	
Grants for Agricultural Research, Special Research Grants				
Pass-through from University of Florida	10.200	P13332.22-ARP03	(1,257)	
Pass-through from University of Florida	10.200	PR# P11128	4,848	
Program Total			**3,591**	
Cooperative Forestry Research	10.202		1,241,612	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		4,556,476	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		816,511	
Animal Health and Disease Research	10.207		63,037	
Higher Education National Needs Graduate Fellowship Grants	10.210		42,505	
Small Business Innovation Research (SBIR) Program / Small Business Technology Transfer (STTR) Program				
Pass-through from Micro-Tracers	10.212	2023-70439-39189	114,949	
Sustainable Agriculture Research and Education				
Pass-through from Kansas State University	10.215	20227000000000	9,975	
Pass-through from Mississippi State University	10.215	011100.327951.01	1,599	
Pass-through from Red Wiggler	10.215	2022-38640-37489	6,458	
Pass-through from University of Georgia	10.215	2021-38640-34724	137	
Pass-through from University of Georgia	10.215	2023-38640-39572	20,024	

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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 Agriculture (Continued)				
Sustainable Agriculture Research and Education (Continued)				
Pass-through from University of Georgia	10.215	SUB00003117	$ 13,048	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	20223900000000	16,735	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	20233900000000	65,784	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	SUB00003522	3,080	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	2024-38640-42988	40	
Program Total			**136,880**	
1890 Institution Capacity Building Grants	10.216		862,847	
Pass-through from University of Maryland Eastern Shore	10.216	2023-38821-39583	36,651	
Program Total			**899,498**	
Higher Education - Institution Challenge Grants Program	10.217		60,647	$ 53,224
Pass-through from Purdue University	10.217	17001064-025	16,602	
Program Total			**77,249**	**53,224**
Secondary Education, Two-Year Postsecondary Education, and Agriculture in the K-12 Classroom	10.226		17,141	10,351
Extension Collaborative on Immunization Teaching & Engagement				
Pass-through from Extension Foundation	10.229	2021-77041-34831	16,552	
Pass-through from Extension Foundation	10.229	2024-77041-42129	38,819	
Program Total			**55,371**	
From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals				
Pass-through from North Carolina A&T State University	10.237	2023-70440-40153	29,441	
Pass-through from University of Connecticut	10.237	2023-70440-40144	34,939	
Program Total			**64,380**	
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250		5,158	

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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 Agriculture (Continued)				
Agricultural and Food Policy Research Centers				
Pass-through from Board of Curators of the University of Missouri	10.291	58-0111-21-012	$ (615)	
Pass-through from Board of Curators of the University of Missouri	10.291	58-0111-23-017	19,873	
Pass-through from Board of Curators of the University of Missouri	10.291	C00085047-1	13,654	
Pass-through from Board of Curators of the University of Missouri	10.291	C00090074-1	50,123	
Program Total			**83,035**	
Integrated Programs	10.303		128,304	$ 63,860
Pass-through from Oregon State University	10.303	C0611B-B	50,963	
Program Total			**179,267**	**63,860**
Organic Agriculture Research and Extension Initiative	10.307		116,665	1,000
Pass-through from North Carolina State University	10.307	2019-51300-30247	1,463	
Pass-through from Texas A&M AgriLife Extension Service	10.307	M2203960	93,500	
Pass-through from The University of Tennessee	10.307	A23-0246-S002	50,922	
Pass-through from Winrock International	10.307	10043-24-A-01	49,483	
Pass-through from Winrock International Wallace Center	10.307	7009-21-A-03	32,674	
Program Total			**344,707**	**1,000**
Specialty Crop Research Initiative	10.309		1,220,598	549,544
Pass-through from Mississippi State University	10.309	2022-51181-38329	67,913	
Pass-through from Regents of the University of Minnesota	10.309	A010138709	39,162	
Pass-through from Texas A&M AgriLife Extension Service	10.309	2020-51181-32156	2,310	
Program Total			**1,329,983**	**549,544**
Agriculture and Food Research Initiative (AFRI)	10.310		8,025,111	2,620,958
Pass-through from Board of Trustees of Michigan State University	10.310	2015-68003-23415	24	
Pass-through from Board of Trustees of Michigan State University	10.310	2020-68012-31822	131,449	
Pass-through from Central State University	10.310	8527-05	76,080	
Pass-through from Cornell University	10.310	2022-67024-37043	3,592	
Pass-through from Iowa State University	10.310	2024-68012-41749	153,925	
Pass-through from LSU Agricultural Center	10.310	PO-0000222571	122,782	
Pass-through from Ohio State University	10.310	20226700000000	6,703	
Pass-through from South Dakota State University	10.310	3TC203	29,861	
Pass-through from The Regents of the University of California, Berkeley	10.310	20236700000000	19,504	
Pass-through from The University of Tennessee	10.310	2021-67023-33819	1,321	

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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 Agriculture (Continued)				
Agriculture and Food Research Initiative (AFRI) (Continued)				
Pass-through from University of California Davis	10.310	20226700000000	$ 68,624	
Pass-through from University of Connecticut	10.310	152442207	4,671	
Pass-through from University of Connecticut	10.310	2020-69012-31823	160,423	
Pass-through from University of Delaware	10.310	20236700000000	51,300	
Pass-through from University of Idaho	10.310	AP5903-846202	58,295	
Pass-through from University of Illinois Urbana-Champaign	10.310	2024-67013-42588	15,265	
Pass-through from University of Kentucky Research Foundation	10.310	3200006089-24-210	39,845	
Pass-through from University of Maryland	10.310	128091-Z5409201 PARTNERSHIP Int	53,985	
Pass-through from University of Nebraska Lincoln	10.310	25-6228-0375-002	64,033	
Pass-through from University of Wyoming	10.310	24-0085-A0001-SUB01	29,200	
COVID19: Agriculture and Food Research Initiative (AFRI)	10.310		231,626	$ 79,447
Program Total			**9,347,619**	**2,700,405**
Beginning Farmer and Rancher Development Program				
Pass-through from Appalachian State University	10.311	2020-49400-32401	32,287	
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	10.318		6,554	
Sun Grant Program				
Pass-through from Oklahoma State University	10.320	20203900000000	52,131	
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		120,311	41,512
Food Safety Outreach Program	10.328		313,267	253,199
Pass-through from University of Nebraska Lincoln	10.328	25-6331-0412-002	38,181	
Program Total			**351,448**	**253,199**
Crop Protection and Pest Management Competitive Grants Program	10.329		102,800	
Pass-through from Kansas State University	10.329	A21-0255-S003	3,412	
Pass-through from Kansas State University	10.329	A24-0106-S001	16,018	
Program Total			**122,230**	
Gus Schumacher Nutrition Incentive Program	10.331		85,749	
Cooperative Extension Service	10.500		28,287	
Renewable Resources Extension Act	10.515		10,063	
Equipment Grants Program (EGP)	10.519		196,466	

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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 Agriculture (Continued)				
Agriculture Risk Management Education Partnerships Competitive Grants Program	10.520		$ 56,984	
Pass-through from Washington State University	10.520	2023-48797-41361	151,599	
Program Total			**208,583**	
New Beginning for Tribal Students	10.527		18,024	
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580		437,038	
Forestry Research	10.652		8,940	
Cooperative Forestry Assistance	10.664		30,045	
Pass-through from Louisiana Tech University	10.664	AWD-30000368	13,885	
Program Total			**43,930**	
Wood Utilization Assistance	10.674		5,165	
Forest Health Protection	10.680		8,125	
International Forestry Programs	10.684		104,949	$ 17,049
Partnership Agreements	10.699		9,379	
National Agricultural Library	10.700		989,938	106,938
Research Joint Venture and Cost Reimbursable Agreements	10.707		10,286	
Water and Waste Technical Assistance and Training Grants				
Pass-through from Communities Unlimited Inc.	10.761	UAF01	17,161	
Soil and Water Conservation	10.902		1,343,840	
Environmental Quality Incentives Program	10.912		293,847	123,118
Pass-through from Mississippi State University	10.912	190500.327420.03	93,615	
Pass-through from Mississippi State University	10.912	190500.327420.03B	4,132	
Pass-through from University of Texas - Rio Grande Valley	10.912	NR213A750013G034-01	16,461	
Program Total			**408,055**	**123,118**
Regional Conservation Partnership Program				
Pass-through from American Bird Conservancy	10.932	21055-01	228	

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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 Agriculture (Continued)				
Partnerships for Climate-Smart Communities	10.937		$ 625,002	$ 39,856
Pass-through from AgriCapture, Inc.	10.937	NR233A750004G004	21,798	
Pass-through from The University of Tennessee	10.937	A24-0412-S009	35,526	
Pass-through from USA Rice	10.937	NR233A750004G063	78,147	
Program Total			**760,473**	**39,856**
Technical Agricultural Assistance	10.960		(18)	
Increasing Land, Capital, and Market Access Program				
Pass-through from Intertribal Agriculture Council	10.968	FSA24GRA00	11,411	
US Department of Agriculture Total			**30,537,435**	**5,132,799**
US Department of Commerce				
Statistical, Research, and Methodology Assistance	11.016		110,422	
Sea Grant Support				
Pass-through from Regents of the University of Minnesota	11.417	D007941110	713	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program				
Pass-through from University of Texas at Arlington	11.478	NA23NOS4780280	33,271	
Pass-through from University of Wyoming	11.478	1004495-UA	442	
Program Total			**33,713**	
Congressionally-Identified Projects	11.617		464,148	
Arrangements for Interdisciplinary Research Infrastructure	11.619		100,975	
Pass-through from RAPID Manufacturing Institute	11.619	70NANB22H010	175,783	
Program Total			**276,758**	
US Department of Commerce Total			**885,754**	
US Department of Defense				
Issue of Department of Defense excess equipment				
Pass-through from Missouri State University	12.000	2024-100, Sub 24131-1	10,044	
Pass-through from University of Alabama - Birmingham	12.000	W81XWH1590001	5,499	
Program Total			**15,543**	

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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 Defense (Continued)				
Military Health Services Research (MHSR)				
Pass-through from The Henry M. Jackson Foundation	12.007	HT94022310006	$ 149,757	
Basic and Applied Scientific Research	12.300		4,928,877	$ 965,656
Pass-through from Arizona State University	12.300	N00014-21-1-2121	174,712	
Pass-through from Carnegie Mellon University	12.300	N00014-21-1-2765	24,209	
Pass-through from East Carolina University	12.300	N00014-21-1-2649	9,632	
Pass-through from Florida International University	12.300	N000142412369	59,251	
Pass-through from Johns Hopkins University	12.300	N00014-23-1-2086	3,561	
Program Total			**5,200,242**	**965,656**
Military Medical Research and Development	12.420		4,571,902	839,521
Pass-through from NuShores Biosciences LLC	12.420	HT942524C0082	243,053	
Pass-through from NuShores Biosciences LLC	12.420	HT9425-25-1-0041	50,583	
Pass-through from The University of Texas Southwestern Medical Center - Dallas	12.420	HT94252310924	65,731	
Pass-through from University of California San Diego (UCSD)	12.420	HT94252410143	55,257	
Pass-through from University of Notre Dame	12.420	208264ARK	388,222	
Pass-through from University of Notre Dame	12.420	HT942524C0072	500,877	
Pass-through from University of Pittsburgh	12.420	W81XWH2010745	20,613	
Program Total			**5,896,238**	**839,521**
Basic Scientific Research	12.431		5,544,163	78,230
Pass-through from Civil-Military Innovation Institute, Inc.	12.431	W911NF2120078	242,503	
Pass-through from Creighton University	12.431	FA9550-22-1-0332	85,655	
Pass-through from Ohio State University	12.431	W911NF2220163	166,771	
Pass-through from The Regents of the University of California, Berkeley	12.431	W911NF2120162	69,896	
Pass-through from University of Maryland	12.431	W911NF2210048	71,521	
Program Total			**6,180,509**	**78,230**
Basic, Applied, and Advanced Research in Science and Engineering	12.630		769,503	24,205
Pass-through from Arizona State University	12.630	W912HZ-21-2-0040	232,162	
Pass-through from Ohio State University	12.630	HM157522D0009	490,443	
Program Total			**1,492,108**	**24,205**

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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 Defense (Continued)				
Air Force Defense Research Sciences Program	12.800		$ 3,278,455	$ 837,008
Pass-through from Lehigh University	12.800	FA9550-24-1-0265	8,409	
Pass-through from Montana State University	12.800	FA8750-24-1-1019	995,443	
Pass-through from Ohio State University	12.800	FA8650-20-2-5853	54,554	
Program Total			**4,336,861**	**837,008**
CyberSecurity Core Curriculum	12.905		117,966	
US Department of Defense Total			**23,389,224**	**2,744,620**
US Department of the Interior				
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608		29,730	
Wildlife Restoration and Basic Hunter Education and Safety	15.611		210,570	
Pass-through from Wyoming Game & Fish	15.611	BJ SW0 GA10 520	4,539	
Program Total			**215,109**	
Cooperative Endangered Species Conservation Fund	15.615		30,747	
State Wildlife Grants	15.634		476,326	
Pass-through from University of Illinois Urbana-Champaign	15.634	F21AF03626	5,077	
Program Total			**481,403**	
Migratory Bird Joint Ventures				
Pass-through from American Bird Conservancy	15.637	ABC #18060G	26,397	
National Wildlife Refuge System Enhancements	15.654		22,002	
Candidate Species Conservation	15.660		5,648	
Fish and Wildlife Coordination and Assistance	15.664		2,205	
Youth Engagement, Education, and Employment	15.676		23,781	
Assistance to State Water Resources Research Institutes	15.805		108,405	
U.S. Geological Survey Research and Data Acquisition	15.808		31,738	
Cooperative Research Units	15.812		197,736	
Pass-through from Virginia Polytechnic Institute and State University	15.812	G23AC00325-01	3,045	
Program Total			**200,781**	

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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 the Interior (Continued)				
National Land Remote Sensing Education Outreach and Research				
Pass-through from AmericaView	15.815	G23AP00683	$ 30,321	
National and Regional Climate Adaptation Science Centers				
Pass-through from North Carolina State University	15.820	PAM-P24-000637-SA08	34,133	
Preservation of Japanese American Confinement Sites	15.933		56,294	
Challenge Cost Share	15.943		4,407	
Cooperative Research and Training Programs Resources of the				
National Park System	15.945		69,826	$ 1,925
US Department of the Interior Total			**1,372,927**	**1,925**
US Department of Justice				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		114,343	
National Institute of Justice Research, Evaluation, and				
Development Project Grants	16.560		420,592	147,242
Crime Victim Assistance/Discretionary Grants	16.582		8,376	
Treatment Court Discretionary Grant Program				
Pass-through from American University	16.585	15PBJA-21-GG-04259-DGCT	29,314	
Pass-through from Washington County Veteran's Treatment Court	16.585	2020-VC-BX-0049	(66,781)	
Program Total			**(37,467)**	
Byrne Criminal Justice Innovation Program				
Pass-through from City of Little Rock	16.817	15PBJA-21-GG-04110-BCJ I	79,395	
STOP School Violence	16.839		163,755	60,000
Pass-through from Little Rock School District	16.839	15PJDP-23-GK-04196-STOP	9,148	
Program Total			**172,903**	**60,000**
US Department of JusticeTotal			**758,142**	**207,242**
US Department of State				
Professional and Cultural Exchange Programs - Citizen Exchanges				
Pass-through from Florida International University	19.415	SECAGD21CA3083	10,764	
US Department of State Total			**10,764**	

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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 Transportation				
Highway Research and Development Program	20.200		$ 997,262	
Pass-through from Auburn University	20.200	693JJ31950003	8,070	
Pass-through from National Cooperative Highway Research Program	20.200	693JJ31950003	106,964	$ 3,283
Program Total			**1,112,296**	**3,283**
Railroad Safety	20.301		83,704	62,347
Technical Assistance and Workforce Development				
Pass-through from Community Transportation Association of America (CTAA)	20.531	DC-2023-002-00	72,184	
State and Community Highway Safety	20.600		216,612	
University Transportation Centers Program	20.701		1,374,459	928,003
Pass-through from University of Oklahoma	20.701	69A3552348306	79,704	
Program Total			**1,454,163**	**928,003**
US Department of Transportation Total			**2,938,959**	**993,633**
US Department of the Treasury				
COVID19: Coronavirus State and Local Fiscal Recovery Funds	21.027		18,322	
US Department of the Treasury Total			**18,322**	
National Aeronautics and Space Administration				
Science	43.001		793,653	232,676
Pass-through from Smithsonian Astrophysical Observatory	43.001	GO0-21076A	9,947	
Pass-through from Smithsonian Astrophysical Observatory	43.001	NAS8-03060	156,411	
Pass-through from University of Florida	43.001	80NSSC21K0601	3,728	
Pass-through from University of North Texas	43.001	80NSSC22K0923	7,922	
Program Total			**971,661**	**232,676**
Exploration	43.003		82,204	71,167
Pass-through from Baylor College of Medicine	43.003	NNX16A069A	7,838	
Pass-through from Louisiana State University	43.003	80NSSC21K0544	1,513	
Program Total			**91,555**	**71,167**

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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)				
National Aeronautics and Space Administration (Continued)				
Office of STEM Engagement (OSTEM)	43.008		$ 1,124,718	$ 201,001
Pass-through from College of the Desert	43.008	80NSSC23M0204	41,019	
Program Total			**1,165,737**	**201,001**
Space Technology	43.012		58,612	
Pass-through from University of Cincinnati	43.012	80NSSC23K0233	63,515	
Program Total			**122,127**	
National Aeronautics and Space Administration Total			**2,351,080**	**504,844**
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024		55,767	
Promotion of the Arts Partnership Agreements	45.025		19,110	
National Endowment for the Arts Total			**74,877**	
National Endowment for the Humanities				
Promotion of the Humanities Federal/State Partnership				
Pass-through from Humanities AR	45.129	SL 6071	5,000	
National Endowment for the Humanities Total			**5,000**	
National Science Foundation				
Engineering	47.041		6,536,678	244,402
Pass-through from Ambots	47.041	2112009	8,025	
Pass-through from Battelle Memorial Institute	47.041	851525	(35,284)	
Pass-through from Johns Hopkins University	47.041	1933303	11,836	
Pass-through from University of Houston	47.041	2329739	41,309	
Pass-through from University of Illinois Urbana-Champaign	47.041	1449548	226,981	
Pass-through from University of Illinois Urbana-Champaign	47.041	073708-16496	1,559	
Pass-through from University of Illinois Urbana-Champaign	47.041	073708-16521 REU	9,915	
Pass-through from University of Oklahoma	47.041	2200299	13,539	
Pass-through from University of Texas at Austin	47.041	2321463	8,267	
Pass-through from West Virginia University	47.041	2223793	27,109	
Program Total			**6,849,934**	**244,402**

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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)				
National Science Foundation (Continued)				
Mathematical and Physical Sciences	47.049		$ 2,109,492	
Pass-through from Montana State University	47.049	1906383	1,192,363	
Pass-through from Oregon State University	47.049	1844627	9,646	
Program Total			**3,311,501**	
Astronomical, Atmospheric, Earth and Ocean Sciences	47.050		2,007,555	$ 49,709
Pass-through from New Mexico Institute of Mining and Technology	47.050	2239710	6,524	
Pass-through from University of Connecticut	47.050	2108917	46,160	
Program Total			**2,060,239**	**49,709**
Computer and Information Science and Engineering	47.070		835,000	43,180
Pass-through from University of Connecticut	47.070	2302689	8,292	
Pass-through from University of Illinois Urbana-Champaign	47.070	2113819	46,348	
Program Total			**889,640**	**43,180**
Biological Sciences	47.074		5,289,709	1,988,178
Pass-through from Chapman University	47.074	2232190	9,144	
Pass-through from University of Manitoba	47.074	PPE-185821	25,888	
Pass-through from University of Memphis	47.074	A22-0007-S003	2,620	
Program Total			**5,327,361**	**1,988,178**
Social, Behavioral, and Economic Sciences	47.075		982,077	248,406
Pass-through from Jackson State University	47.075	1649960	565	
Program Total			**982,642**	**248,406**
STEM Education (formerly Education and Human Resources)	47.076		3,960,266	26,159
Pass-through from California State University, Fresno	47.076	2322782	5,067	
Pass-through from Chapman University	47.076	2223350	24,762	
Pass-through from University of Illinois Urbana-Champaign	47.076	2150178	13,864	
Program Total			**4,003,959**	**26,159**
Polar Programs	47.078		(1,586)	
Office of International Science and Engineering	47.079		54,954	

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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)				
National Science Foundation (Continued)				
Integrative Activities	47.083		$ 6,456,745	$ 1,037,863
Pass-through from Iowa State University	47.083	2330150	39,522	
Pass-through from Louisiana Tech University	47.083	2217824	107,815	
Pass-through from North Dakota State University	47.083	2119691	323,232	
Pass-through from The University of Iowa	47.083	2420405	88,332	
Pass-through from University of Louisiana at Lafayette	47.083	1920858	2,542	
Pass-through from University of Nebraska	47.083	25-6238-0980-003	84,543	
Pass-through from University of South Alabama	47.083	2218046	174,752	
Pass-through from West Virginia University	47.083	1920920	3,422	
Pass-through from West Virginia University	47.083	19-473-UALR	8,252	
Program Total			**7,289,157**	**1,037,863**
NSF Technology, Innovation and Partnerships	47.084		1,819,199	773,264
Pass-through from CelluDot LLC	47.084	2304528	85,541	
Pass-through from Lumo Imaging, LLC	47.084	2335086	197,609	85,471
Pass-through from SolaRid AR, LLC	47.084	2247237	153,330	
Pass-through from University of Maryland, Baltimore County	47.084	2236058	15,802	
COVID19: NSF Technology, Innovation and Partnerships	47.084		620,552	60,325
Program Total			**2,892,033**	**919,060**
National Science Foundation Total			**33,659,834**	**4,556,957**
Small Business Administration				
Small Business Development Centers	59.037		14,383	
Small Business Administration Total			**14,383**	
Environmental Protection Agency				
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		88,891	
Pass-through from Texas A&M AgriLife Extension Service	66.419	#M2200643	1	
Program Total			**88,892**	
Nonpoint Source Implementation Grants	66.460		533,108	
Pass-through from The Nature conservancy	66.460	2023-A108392-A	589	
Program Total			**533,697**	

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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)				
Environmental Protection Agency (Continued)				
Non-State Member Suppor for the Gulf Hypoxia Action Plan				
Pass-through from University of Wisconsin System	66.487	84067501	$ 607	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies				
Pass-through from Extension Foundation	66.716	PSEFMP-2024-2406	9,583	
Environmental Protection Agency Total			**632,779**	
US Department of Energy				
Miscellaneous US Department of Energy Programs	81.RD	DE-AC05-00OR22725	136,880	
Pass-through from Lawrence Berkeley National Laboratory (LBNL)	81.RD	DEAC0205CH11231	141,322	
Program Total			**278,202**	
Cybersecurity, Energy Security & Emergency Response (CESER)	81.008		2,286,033	$ 941,435
Pass-through from The Board of Trustees of the University of Illinois	81.008	DE-CR0000019	67,413	
Program Total			**2,353,446**	**941,435**
Office of Science Financial Assistance Program	81.049		3,573,024	1,173,222
Pass-through from University of California, Irvine	81.049	4600051753	30,691	
Pass-through from University of Maine	81.049	DE-SC0021981	37,578	
Pass-through from University of New Mexico	81.049	DE-SC0024636	179,962	
Program Total			**3,821,255**	**1,173,222**
Conservation Research and Development	81.086		4,159	4,159
Pass-through from Deere & Company World Headquarters	81.086	DE-EE0009874	113,450	
Program Total			**117,609**	**4,159**
Renewable Energy Research and Development	81.087		307,564	
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program				
Pass-through from National Science Foundation (NSF)	81.123	DE-NA0004114	161,832	
Advanced Research and Projects Agency - Energy	81.135		928,548	514,907
Pass-through from University of Illinois Urbana-Champaign	81.135	DE-AR0001761	111,193	
Pass-through from University of Maryland	81.135	DE-AR0001755	145,923	
Program Total			**1,185,664**	**514,907**
US Department of Energy Total			**8,225,572**	**2,633,723**

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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 Education				
Special Education Grants to States	84.027		$ 506,408	
Higher Education Institution Aid	84.031		270,394	
TRIO Upward Bound	84.047		(13,498)	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		198,311	
Rehabilitation Long-Term Training	84.129		159,209	
Education Research, Development and Dissemination				
Pass-through from American Institutes for Research	84.305C	R305C240007	74,120	
Pass-through from University of Alabama Tuscaloosa	84.305	R305A210428	37,778	
Program Total			**111,898**	
Special Education - State Personnel Development	84.323		98,984	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities				
Pass-through from Pennsylvania State University	84.325	H325R230043	144,212	
English Language Acquisition State Grants	84.365		721,124	
US Department of Education Total			**2,197,042**	
US Department of Health and Human Services				
Miscellaneous US Department of Health and Human Services Programs				
Pass-through from Chicago Association for Research and Education in Science (CARES)	93.RD	A2408-075-036-067098.0	35,276	
Pass-through from Leidos Biomedical Research, Inc.	93.RD	75N91019D00024	1,871,076	$ 19,822
Program Total			**1,906,352**	**19,822**
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048		3,294	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		830,725	54,827
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		153,435	
Food and Drug Administration Research	93.103		280,768	69,781
Pass-through from University of Pennsylvania	93.103	R01FD007632	5,401	
Program Total			**286,169**	**69,781**
Maternal and Child Health Federal Consolidated Programs	93.110		55,990	
Environmental Health	93.113		912,151	

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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 Health and Human Services (Continued)				
Oral Diseases and Disorders Research	93.121		$ 285,813	$ 25,248
Pass-through from University of Florida	93.121	UG3DE032004	78,096	
Program Total			**363,909**	**25,248**
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135		568,087	2,751
Injury Prevention and Control Research and State and Community Based Programs	93.136		(71)	
NIEHS Superfund Hazardous Substances Basic Research and Education				
Pass-through from University of New Mexico	93.143	P42ES025589	25,392	
Rural Health Research Centers	93.155		1,356,352	32,983
Research Related to Deafness and Communication Disorders	93.173		1,305,317	244,012
Rural Telemedicine Grants				
Pass-through from Tulane University	93.211	U6631459	28,389	
Pass-through from University of Mississippi Medical Center	93.211	U6631459	188,565	
Pass-through from University of Mississippi Medical Center	93.211	U66RH314959	170,971	
Program Total			**387,925**	
Research and Training in Complementary and Integrative Health	93.213		83,811	
Research on Healthcare Costs, Quality and Outcomes	93.226		229,598	
Pass-through from Board of Curators of the University of Missouri	93.226	R01HS029673	23,643	
Pass-through from Kaiser Permanente Washington Health Research Institute	93.226	R01HS027790	50,546	
Program Total			**303,787**	
National Center on Sleep Disorders Research	93.233		908	
Pass-through from Stanford University	93.233	R01HL166253	36,432	
Program Total			**37,340**	
Traumatic Brain Injury State Demonstration Grant Program				
Pass-through from West Virginia University Research Corp.	93.234	90TBSG0069-03-00	11,818	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Mental Health Research Grants	93.242		$ 673,070	$ 124,736
Pass-through from Emory University	93.242	R01MH123352	34,037	
Pass-through from University of Rochester	93.242	R01MH119264	53,641	
Pass-through from University of Washington	93.242	UF1MH121942	2,499	
Program Total			**763,247**	**124,736**
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		603,222	183,001
Pass-through from Sebastian County Adult Drug Treatment Court	93.243	TAA2108138	52,833	7,411
Program Total			**656,055**	**190,412**
Occupational Safety and Health Program				
Pass-through from The University of Texas Health Science Center at Tyler	93.262	U54OH007541	(1,107)	
Alcohol Research Programs	93.273		931,199	203,133
Pass-through from University of Massachusetts Medical School	93.273	R01AA028240	18,063	
Program Total			**949,262**	**203,133**
Drug-Free Communities Support Program Grants	93.276		369,689	
Drug Use and Addiction Research Programs	93.279		2,275,162	182,927
Pass-through from Arkansas Children's Research Institute (ACRI)	93.279	U01DA055352	499,387	
Pass-through from Charles R. Drew University of Medicine and Science	93.279	5R25DA050723	13,622	
Pass-through from Duke University	93.279	R61DA060583	73,101	
Pass-through from Intervexion Therapeutics, LLC	93.279	U01DA056240	186,226	
Pass-through from New York University	93.279	UG1DA013035 | ADVANCE	430,768	
Pass-through from New York University	93.279	UH3CA261067	5,795	
Pass-through from The University of Texas Southwestern Medical Center - Dallas	93.279	UG1DA020024	523,505	
Pass-through from University of California - Los Angeles	93.279	R01DA047386	5,302	
Pass-through from University of Cincinnati	93.279	UG1DA013732	143,631	
Pass-through from University of Massachusetts Medical School	93.279	U2CDA050097	75	
Pass-through from Yale University	93.279	RM1DA055310	59,170	
Program Total			**4,215,744**	**182,927**

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		$ 1,298,455	$ 225,707
Pass-through from University of Toledo Health Science Campus	93.286	R15EB034552	14,998	
Program Total			**1,313,453**	**225,707**
Loan Repayment for Health Disparities Research	93.307		8,378,261	1,949,657
Pass-through from Charles R. Drew University of Medicine and Science	93.307	R25MD007610	56,757	
Pass-through from University of New Mexico	93.307	P50MD015706	16,087	
Pass-through from University of North Carolina	93.307	R01MD016992	108,121	
Pass-through from Virginia Commonwealth University	93.307	5P50MD017319	34,668	
Pass-through from Virginia Commonwealth University	93.307	P50MD017319	69,040	
Program Total			**8,662,934**	**1,949,657**
Trans-NIH Research Support	93.310		8,667,702	1,819,932
Pass-through from Duke University	93.310	U2COD023375	314,864	
Pass-through from University of Alabama - Birmingham	93.310	OT2OD038381	174,648	
Pass-through from University of Chicago	93.310	U01MD017414	7,531	
Pass-through from Washington State University	93.310	R01MD016526	113,879	
Program Total			**9,278,624**	**1,819,932**
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		2,442	
National Center for Advancing Translational Sciences	93.350		4,836,991	229,113
Pass-through from Tulane University	93.350	K12TR004769	27,967	
Pass-through from Vanderbilt University Medical Center	93.350	U24TR004437	155,083	
Program Total			**5,020,041**	**229,113**
Research Infrastructure Programs	93.351		750,000	
Construction Support	93.352		2,078,867	
21st Century Cures Act - Beau Biden Cancer Moonshot				
Pass-through from The University of Texas MD Anderson Cancer Center	93.353	U01CA294459	32,300	
Nursing Research	93.361		762,482	37,048
Pass-through from FaceView Mask, LLC	93.361	R42NR017124	740	
Pass-through from Southcentral Foundation	93.361	R01NR020491	64,352	
Program Total			**827,574**	**37,048**

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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 Health and Human Services (Continued)				
Activities to Support State, Tribal, Local and Territorial (STLT)				
Health Department Response to Public Health or Healthcare Crises	93.391		$ 473,543	
Cancer Cause and Prevention Research	93.393		524,573	$ 50,938
Pass-through from Lawrence Berkeley National Laboratory (LBNL)	93.393	P01CA092584	64,521	
Pass-through from Regents of the University of Minnesota	93.393	P01CA138338	21,363	
Pass-through from University of Houston	93.393	R01CA277739	42,702	
Program Total			**653,159**	**50,938**
Cancer Detection and Diagnosis Research	93.394		1,697,719	482,365
Pass-through from The University of Kansas	93.394	R01CA243445	59,968	
Pass-through from Cytoastra, LLC	93.394	R41CA247027	91	
Program Total			**1,757,778**	**482,365**
Cancer Treatment Research	93.395		2,845,975	85,711
Pass-through from NRG Oncology Foundation	93.395	U10CA180868	47,805	
Pass-through from Southwest Oncology Group	93.395	U10CA180888	9,800	
Pass-through from University of California - Los Angeles	93.395	R01CA282198	156,585	
Pass-through from University of New Mexico	93.395	R01CA276837	59,191	
Program Total			**3,119,356**	**85,711**
Cancer Biology Research	93.396		1,794,584	1,105
Pass-through from Indiana University	93.396	R01CA241677	20,996	
Program Total			**1,815,580**	**1,105**
Cancer Research Manpower	93.398		183,587	
Cancer Control				
Pass-through from Baylor College of Medicine	93.399	U54CA272691	432,300	
Pass-through from ECOG-ACRIN Cancer Research Group	93.399	UG1CA189828	36,750	
Program Total			**469,050**	
Strengthening Public Health Systems and Services through				
National Partnerships to Improve and Protect the Nation's Health	93.421		5,524	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
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	$ 25,725	
Pass-through from Pennsylvania State University	93.433	90REGE0014-01-00	17,773	
Program Total			**43,498**	
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		45,784	
Child Care and Development Block Grant				
Pass-through from SRI International	93.575	90YE0289	22,597	
Foster Care Title IV-E	93.658		167	
Mental and Behavioral Health Education and Training Grants	93.732		444,431	
COVID19: Medical Assistance Program	93.778		7,468,520	$ 4,600,000
Opioid STR				
Pass-through from University of Texas, Austin	93.788	1H79TI080203 Sub UTA17-000811	20,290	
Cardiovascular Diseases Research	93.837		1,960,081	
Pass-through from Massachusetts General Hospital	93.837	R01HL173930	14,811	
Pass-through from Medical University of South Carolina	93.837	R01HL131546	56,843	
Pass-through from Rutgers University	93.837	R01HL127661	1,720	
Program Total			**2,033,455**	
Lung Diseases Research	93.838		443,870	99,799
Pass-through from Duke University	93.838	OT2HL156812	48,679	
Pass-through from Duke University	93.838	R33HL147833	9,777	
Pass-through from Westat, Inc.	93.838	OT2HL158287	1,454,841	400,011
Program Total			**1,957,167**	**499,810**
Blood Diseases and Resources Research	93.839		670,301	10,196
Pass-through from University of Kentucky Research Foundation	93.839	R35HL150818	26,970	
Pass-through from University of Pennsylvania	93.839	P01HL146373	40,080	
Pass-through from University of Pennsylvania	93.839	R01HL141408	3,346	
Program Total			**740,697**	**10,196**

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders				
Pass-through from Johns Hopkins University	93.840	R01HL146785	$ 49,198	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		1,832,812	$ 23,127
Pass-through from Indiana University	93.846	R01AR080116	17,639	
Pass-through from Northeastern University	93.846	R01AR075121	89,139	
Program Total			**1,939,590**	**23,127**
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		3,191,849	107,390
Pass-through from Acetaminophen Toxicity Diagnostics, LLC	93.847	SB1DK079387	111,201	
Pass-through from Medical College of Wisconsin	93.847	R01DK133197	9,136	
Pass-through from Medical University of South Carolina	93.847	1R01DK136658-01A1	10,232	
Pass-through from Nephsmart, LLC	93.847	R41DK138646	66,386	
Pass-through from Oregon Health & Science University	93.847	U01DK116743	2,639	
Pass-through from Texas A&M University	93.847	R21DK134921	30,781	
Pass-through from University of Alabama - Birmingham	93.847	U01DK115997	5,389	
Program Total			**3,427,613**	**107,390**
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		976,500	53,727
Pass-through from Emory University	93.853	R01NS088748	22,829	
Pass-through from Indiana University	93.853	F01NS139192	27,908	
Pass-through from Regents of the University of Minnesota	93.853	R25NS132346	10,800	
Program Total			**1,038,037**	**53,727**
Allergy and Infectious Diseases Research	93.855		5,778,279	601,325
Pass-through from Arkansas Children's Research Institute (ACRI)	93.855	R21AI176759	72,681	
Pass-through from Columbia University	93.855	U19AI067773	(556)	
Pass-through from East Carolina University	93.855	R01AI146930	9,291	
Pass-through from East Carolina University	93.855	R01AI153252	129,528	
Pass-through from Indiana University	93.855	R01AI110637	27,748	
Pass-through from Johns Hopkins University	93.855	U01AI138897	2,500	
Pass-through from Kansas State University	93.855	R01AI146930	20,413	
Pass-through from Miriam Hospital	93.855	3P30AI042853	63,412	
Pass-through from North Arizona University	93.855	R21AI166614	22,683	

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Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Allergy and Infectious Diseases Research (Continued)				
Pass-through from Regents of the University of Minnesota	93.855	U19AI171954	$ (16,233)	
Pass-through from The University of Texas Health Science Center at Tyler	93.855	R01AI181600	46,379	
Pass-through from University of California San Diego (UCSD)	93.855	1R01AI176401-01	52,626	
Pass-through from University of California San Diego (UCSD)	93.855	R01AI174964	91,896	
Pass-through from University of California San Diego (UCSD)	93.855	R56AI161826	7,922	
Pass-through from University of Vermont & State Agricultural College	93.855	R01AI158372	116,390	
Program Total			**6,424,959**	$ **601,325**
Pharmacology, Physiology	93.859		23,495,101	1,156,157
Pass-through from Arkansas Children's Research Institute (ACRI)	93.859	P20GM109096	251,374	
Pass-through from Arkansas Children's Research Institute (ACRI)	93.859	P20GM121293	266,063	
Pass-through from Clemson University	93.859	P20GM139769	160,552	
Pass-through from Lehigh University	93.859	R01GM157589	58,867	
Pass-through from Oklahoma Medical Research Foundation	93.859	R01GM141040	374,019	
Pass-through from The Washington University	93.859	R01GM140635	67,223	
Pass-through from University of Alaska	93.859	P20GM130443	2,284	
Program Total			**24,675,483**	**1,156,157**
Child Health and Human Development Extramural Research	93.865		983,358	163,796
Pass-through from Health Research, Inc. (HRI)	93.865	R01HD090180	3,233	
Pass-through from Regents of the University of Minnesota	93.865	R01HD103634	35,927	
Pass-through from RTI International	93.865	U24HD107621	8,939	
Pass-through from The Children's Hospital of Philadelphia	93.865	R01HD106996	24,841	
Pass-through from Tulane University	93.865	U54HD113159	89,981	
Program Total			**1,146,279**	**163,796**
Aging Research	93.866		2,288,283	14,526
Pass-through from Duke University	93.866	5U19AG063744-05	9,565	
Pass-through from Duke University	93.866	U19AG065188	10,456	
Pass-through from Neurotrack Technologies, Inc.	93.866	R44AG063672	363	
Pass-through from The Washington University	93.866	R61AG087037	15,307	
Pass-through from University of North Carolina	93.866	R01AG076678	63,219	

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
Research and Development Cluster (Continued)				
US Department of Health and Human Services (Continued)				
Aging Research (Continued)				
Pass-through from University of Toledo Health Science Campus	93.866	R01AG071332	$ (147)	
Pass-through from Wake Forest University	93.866	R01AG071807	4,950	
Program Total			**2,391,996**	$ **14,526**
Vision Research	93.867		369,790	
Medical Library Assistance	93.879		50,083	
Primary Care Training and Enhancement				
Pass-through from Charles R. Drew University of Medicine and Science	93.884	TA248938	34,058	
Minority HIV/AIDS Fund (MHAF)				
Pass-through from Cherokee Nation	93.899	H1H9IHS0012	87,499	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		272,041	
Healthy Start Initiative				
Pass-through from ARHealth Ventures, Inc.	93.926	H4952995	714,732	
HIV Prevention Activities Health Department Based	93.940		1,532	
US Department of Health and Human Services Total			**107,387,981**	**13,262,262**
Department of Homeland Security				
Centers for Homeland Security				
Pass-through from University of Nebraska at Omaha	97.061	20STTPC00001	50,954	
Public Safety and Violence Prevention Research, Evaluation, and Implementation				
Pass-through from University of South Carolina	97.108	23STFRG00026	56,886	
Department of Homeland Security Total			**107,840**	
Research and Development Cluster Total			**214,567,915**	**30,038,005**
Student Financial Assistance Cluster				
US Department of Education				
Federal Supplemental Educational Opportunity Grants	84.007		5,376,873	
Federal Work-Study Program	84.033		5,255,748	
Federal Perkins Loan Program Federal Capital Contributions	84.038		391,084	

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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 (Continued)				
US Department of Education (Continued)				
Federal Pell Grant Program	84.063		$ 295,782,371	
Federal Direct Student Loans	84.268		508,537,279	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		214,925	
US Department of Education Total			**815,558,280**	
US Department of Health and Human Services				
Nurse Faculty Loan Program (NFLP)	93.264		108,678	
Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students	93.342		9,361,502	
Nursing Student Loans	93.364		542,623	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		555,000	
US Department of Health and Human Services Total			**10,567,803**	
Student Financial Assistance Cluster Total			**826,126,083**	
US Department of Agriculture				
Miscellaneous US Department of Agriculture Programs	10.U01	NR233A750004G102	277,800	$ 277,800
Agricultural Research Basic and Applied Research	10.001		86,499	
Plant and Animal Disease, Pest Control, and Animal Care	10.025		1,598,072	
Wildlife Services	10.028		443,835	
Tribal Agriculture Technical Assistance	10.048		10,201	
Conservation Reserve Program	10.069		9,847	
Voluntary Public Access and Habitat Incentive Program	10.093		254,068	
Farm Service Agency Taxpayer Outreach Education and Technical Assistance (American Rescue Plan Assistance)	10.146		1,611,140	672,250
Outreach Education and Technical Assistance Pass-through from Alcorn University	10.147	FSASSCPT0012737	89,424	1,250
Market Protection and Promotion	10.163		68,754	
Specialty Crop Block Grant Program - Farm Bill	10.170		429,967	
Farmers Market and Local Food Promotion Program Pass-through from University of Kentucky Research Foundation	10.175	21FMPPKY1080	15,000	
Regional Food System Partnership	10.177		85,813	5,130
COVID19: Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes and Local Governments	10.182		3,621,835	
Local Food for Schools Cooperative Agreement Program	10.185		177,794	

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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 Agriculture (Continued)				
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187		$ 871,809	
Resilient Food System Infrastructure Program	10.190		271,501	$ 156,091
Grants for Agricultural Research, Special Research Grants				
Pass-through from University of Florida	10.200	2019-34383-29883	27,060	
Higher Education National Needs Graduate Fellowship Grants	10.210		25,786	
Sustainable Agriculture Research and Education				
Pass-through from University of Georgia	10.215	2020-38640-31521	552	
Pass-through from University of Georgia	10.215	2021-38640-34724	80	
Pass-through from University of Georgia Research Foundation, Inc.	10.215	2022-38640-37488	28,327	
Program Total			**28,959**	
1890 Institution Capacity Building Grants	10.216		81,501	
Higher Education - Institution Challenge Grants Program	10.217		933	
Hispanic Serving Institutions Education Grants	10.223		48,058	
Extension Collaborative on Immunization Teaching & Engagement				
Pass-through from Extension Foundation	10.229	2021-77041-34831	68,500	
Pass-through from Extension Foundation	10.229	2024-48802-43830	4,151	
Program Total			**72,651**	
Agricultural Market and Economic Research	10.290		21,270	
Agricultural and Food Policy Research Centers				
Pass-through from Board of Curators of the University of Missouri	10.291	58-0111-21-009	17,896	
Food and Agriculture Defense Initiative (FADI)				
Pass-through from University of Florida	10.304	2022-37621-38263	25,169	
Agriculture and Food Research Initiative (AFRI)	10.310		328,407	
Pass-through from University of Wisconsin System	10.310	2021-68012-35917	6,191	
Program Total			**334,598**	
Beginning Farmer and Rancher Development Program	10.311		48,153	
Food Safety Outreach Program				
Pass-through from University of Florida	10.328	2024-70020-42861	1,581	

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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 Agriculture (Continued)				
Crop Protection and Pest Management Competitive Grants Program	10.329		$ 273,882	
Pass-through from Louisiana State University	10.329	2021-70006-35320	(504)	
Pass-through from Louisiana State University	10.329	2022-70006-37985	34,266	
Program Total			**307,644**	
Gus Schumacher Nutrition Incentive Program				
Pass-through from Arkansas Hunger Relief Alliance Inc.	10.331	2022-70422-37759	3,627	
Rural Rental Housing Loans	10.415		3,101,980	
State Mediation Grants	10.435		62,215	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443		451,473	$ 50,700
Risk Management Education Partnerships	10.460		781,312	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		2,683	
Cooperative Extension Service	10.500		2,720,744	491,746
Smith-Lever Extension Funding	10.511		6,200,185	
Extension Services at 1890 Colleges and Tuskegee University, West Virginia State College, and Central State University	10.512		1,223,602	
Expanded Food and Nutrition Education Program	10.514		912,854	
Renewable Resources Extension Act	10.515		72,646	
Rural Health and Safety Education Competitive Grants Program	10.516		99,800	
Agriculture Risk Management Education Partnerships Competitive Grants Program	10.520		957,707	729,656
Centers of Excellence at 1890 Institutions	10.523		21,052	
Pass-through from 1890 Universities Foundation	10.523	FY21-CSFRPES-UAPB-Thrust1	32,362	
Pass-through from North Carolina A&T State University	10.523	2021-38427-34837	34,091	
Pass-through from University of Maryland Eastern Shore	10.523	2020-38427-31514	5,000	
Program Total			**92,505**	
Scholarships for Students at 1890 Institutions	10.524		232,219	
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525		19,305	
Pass-through from The University of Tennessee	10.525	2020-70028-32730	24,325	
Program Total			**43,630**	

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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 Agriculture (Continued)				
New Beginning for Tribal Students	10.527		$ 128,350	
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537		22,964	
Child Nutrition-Technology Innovation Grant	10.541		677,910	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		90,242,903	
Pass-through from Food Research & Action Center, Inc.	10.557	SL 5654	121,519	
Program Total			**90,364,422**	
Child and Adult Care Food Program	10.558		70,598,196	
State Administrative Expenses for Child Nutrition	10.560		5,453,144	
WIC Farmers' Market Nutrition Program (FMNP)	10.572		66,470	
Senior Farmers Market Nutrition Program	10.576		59,749	$ 54,621
Child Nutrition Discretionary Grants Limited Availability	10.579		174,257	174,257
Food Distribution Program on Indian Reservations Nutrition Education Grants	10.594		111,260	
Farm to School State Formula Grant	10.645		147,619	82,700
Summer Electronic Benefit Transfer Program for Children	10.646		76,952,339	
Forestry Research	10.652		723,872	
Cooperative Forestry Assistance	10.664		2,207,546	151,148
Wood Utilization Assistance	10.674		33,422	
Forest Legacy Program	10.676		(2,152)	
Forest Stewardship Program	10.678		300,545	
Forest Health Protection	10.680		245,425	87,651
Good Neighbor Authority	10.691		65,504	
State & Private Forestry Hazardous Fuel Reduction Program	10.697		14,121	
State & Private Forestry Cooperative Fire Assistance	10.698		712,800	
Infrastructure Investment and Jobs Act Community Wildfire Defense Grants	10.720		139,147	
Inflation Reduction Act Urban & Community Forestry Program	10.727		69,569	1,050
Inflation Reduction Act - National Forest System				
Pass-through from National Fish & Wildlife Foundation	10.729	GLADE AND WOODLAND RESTORATION (ATBC) 80290	6,192	
Inflation Reduction Act Landscape Scale Restoration	10.731		26,273	
Inflation Reduction Act - Forestry Legacy Program	10.734		4,171,167	2,810,000
Bipartisan Infrastructure Act Nursery Vegetation	10.736		51,846	

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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 Agriculture (Continued)				
Water and Waste Technical Assistance and Training Grants				
Pass-through from Communities Unlimited Inc.	10.761	000C24003G183071	$ 9,195	
Distance Learning and Telemedicine Loans and Grants	10.855		256,713	
Delta Health Care Services Grant Program	10.874		593,103	$ 9,000
Soil and Water Conservation	10.902		2,772,236	726,029
Pass-through from American Forrest Foundation(AFF)	10.902	NR223A750003C120	7,600	
Pass-through from National Audubon Society, Inc.	10.902	NR217103XXXXC030	4,890	
Program Total			**2,784,726**	**726,029**
Environmental Quality Incentives Program	10.912		37,973	
Conservation Stewardship Program	10.924		9,847	
Agricultural Conservation Easement Program	10.931		9,847	
Regional Conservation Partnership Program				
Pass-through from The Nature conservancy	10.932	1859-A-0185	4,661	
Feral Swine Eradication and Control Pilot Program	10.934		736,114	727,603
Partnerships for Climate-Smart Communities				
Pass-through from ECOM USA, LLC	10.937	NR233A750004G043	281,286	
Pass-through from Mississippi State University	10.937	NR233A750004G041	235,252	
Program Total			**516,538**	
US Department of Agriculture Total			**286,404,474**	**7,208,682**
US Department of Commerce				
Cluster Grants	11.020		739	
Science, Technology, Engineering, and Mathematics (STEM)				
Talent Challenge Program	11.023		113,775	
Build to Scale	11.024		361,420	22,500
State Digital Equity Planning and Capacity Grant	11.032		(73,584)	
2023 MBDA Capital Readiness Program	11.034		397,032	153,646
Broadband Equity, Access, and Deployment Program	11.035		9,346,883	
Economic Development Technical Assistance	11.303		218,953	22,654
Manufacturing Extension Partnership	11.611		1,727,758	202
Congressionally-Identified Projects	11.617		940,835	
US Department of Commerce Total			**13,033,811**	**199,002**

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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 Defense				
Procurement Technical Assistance For Business Firms	12.002		$ 527,553	
Payments to States in Lieu of Real Estate Taxes	12.112		1,844,353	$ 1,844,353
Military Construction, National Guard	12.400		1,743,075	
National Guard Military Operations and Maintenance (O&M) Projects	12.401		64,486,156	
National Guard Challenge Program	12.404		991,993	
Basic Scientific Research	12.431		20,881	
Community Investment	12.600		324,644	
Basic, Applied, and Advanced Research in Science and Engineering	12.630		148,147	
Information Security Grant Program	12.902		31,618	
GenCyber Grants Program	12.903		39,358	20,733
CyberSecurity Core Curriculum	12.905		632,328	349,172
US Department of Defense Total			**70,790,106**	**2,214,258**
US Department of Housing and Urban Development				
Manufactured Housing	14.171		91,621	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		23,544,182	23,097,751
Pass-through from Sevier County Arkansas	14.228	B-20-DW-05-0001	43,574	
COVID19: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		1,767,728	1,762,905
Program Total			**25,355,484**	**24,860,656**
Emergency Solutions Grant Program	14.231		750,267	631,469
Home Investment Partnerships Program	14.239		10,738,701	17,493
COVID19: Home Investment Partnerships Program	14.239		3,397,223	3,027,751
Program Total			**14,135,924**	**3,045,244**
Housing Opportunities for Persons with AIDS	14.241		1,307,914	1,277,358
Housing Trust Fund	14.275		4,153,721	
Fair Housing Assistance Program	14.401		405,105	
US Department of Housing and Urban Development Total			**46,200,036**	**29,814,727**

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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 the Interior				
Supporting the Lower Mississippi Delta Initiative				
Pass-through from Jefferson National Parks Association	15.014	P21AC11809	$ 13,051	
Energy Community Revitalization Program (ECRP)	15.018		2,187,027	
Zoonotic Disease Initiative	15.069		172,662	$ 50,631
Earth Mapping Resources Initiative	15.073		78,644	
Indian Education Higher Education Grant	15.114		2,500	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		46,812	
Abandoned Mine Land Reclamation (AMLR) Program	15.252		1,109,900	
Flood Control Act Lands	15.433		61,161	61,161
Minerals Leasing Act	15.437		293,818	154,273
National Forest Acquired Lands	15.438		243,917	243,917
Fish and Aquatic Conservation - Aquatic Invasive Species	15.608		4,690,840	
Cooperative Endangered Species Conservation Fund	15.615		2,227,548	2,181,996
Clean Vessel Act.	15.616		454,807	364,845
Sportfishing and Boating Safety Act	15.622		191,830	191,830
State Wildlife Grants	15.634		263,596	213,087
National Outreach and Communication				
Pass-through from Recreational Boating & Fishing Foundation	15.653	F23AC00806 (RBFF)	14,315	
National Wildlife Refuge System Enhancements	15.654		750,000	
Fish and Wildlife Coordination and Assistance	15.664		72,420	
Cooperative Landscape Conservation				
Pass-through from National Fish & Wildlife Foundation	15.669	GLADE AND WOODLAND RESTORATION (ATBC) 80290	466	
Pass-through from National Fish & Wildlife Foundation	15.669	WAR EAGLE CREEK (ATBC) 80304	2,303,702	38,711
Program Total			**2,304,168**	**38,711**
White-nose Syndrome National Response Implementation	15.684		43,000	
U.S. Geological Survey Research and Data Acquisition	15.808		10,840	
Pass-through from Geological Survey of Alabama	15.808	C23035001	5,162	
Program Total			**16,002**	

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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 the Interior (Continued)				
National Cooperative Geologic Mapping	15.810		$ 64,733	
National Geological and Geophysical Data Preservation	15.814		38,428	
Historic Preservation Fund Grants-In-Aid	15.904		1,034,275	$ 249,720
Outdoor Recreation Acquisition, Development and Planning	15.916		1,732,355	
Native American Graves Protection and Repatriation Act	15.922		8,047	
Natural Resource Stewardship	15.944		2,102	
US Department of the Interior Total			**18,117,958**	**3,750,171**
US Department of Justice				
Sexual Assault Services Formula Program	16.017		600,874	600,874
Comprehensive Forensic DNA Analysis Grant Program	16.036		378,964	
Veterans Treatment Court Discretionary Grant Program	16.043		434,304	
Services for Trafficking Victims	16.320		123,787	89,170
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		299,668	262,580
Missing Children's Assistance	16.543		466,287	
National Criminal History Improvement Program (NCHIP)	16.554		1,484,622	
Crime Victim Assistance	16.575		11,973,645	10,923,910
Crime Victim Compensation	16.576		1,121,194	
Crime Victim Assistance/Discretionary Grants	16.582		40,904	
Treatment Court Discretionary Grant Program	16.585		402,693	
Pass-through from American University	16.585	15PBJA-21-GG-04227-VTCX	32,338	
Program Total			**435,031**	
Violence Against Women Formula Grants	16.588		1,528,586	1,420,219
Residential Substance Abuse Treatment for State Prisoners	16.593		566,573	332,430
Project Safe Neighborhoods	16.609		316,052	301,751
Public Safety Partnership and Community Policing Grants	16.710		77,680	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,809,886	2,429,120
Pass-through from Craighead County Arkansas	16.738	15PBJA-21-GG-04304-NTCP	27,011	
Program Total			**2,836,897**	**2,429,120**
DNA Backlog Reduction Program	16.741		1,245,462	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		270,535	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		46,624	2,250
Support for Adam Walsh Act Implementation Grant Program	16.750		57,214	

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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)				
Harold Rogers Prescription Drug Monitoring Program	16.754		$ 660,691	
Second Chance Act Reentry Initiative	16.812		277,509	
John R. Justice Prosecutors and Defenders Incentive Act	16.816		65,083	
Justice Reinvestment Initiative	16.827		162,687	
National Sexual Assault Kit Initiative	16.833		474,781	
Comprehensive Opioid, Stimulant, and Other Substance Use Program	16.838		512,932	$ 437,181
STOP School Violence	16.839		925,313	
Equitable Sharing Program	16.922		24,276	
US Department of Justice Total			**27,408,175**	**16,799,485**
US Department of Labor				
Labor Force Statistics	17.002		995,931	
Compensation and Working Conditions	17.005		95,141	
Unemployment Insurance	17.225		91,488,308	
COVID19: Unemployment Insurance	17.225		(271,921)	
Program Total			**91,216,387**	
Senior Community Service Employment Program	17.235		1,341,978	1,327,124
Trade Adjustment Assistance	17.245		157,857	
Workforce Data Quality Initiative (WDQI)	17.261		1,074,029	8,462
Work Opportunity Tax Credit Program (WOTC)	17.271		199,311	
Temporary Labor Certification for Foreign Workers	17.273		383,900	
YouthBuild	17.274		441,435	
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280		574,115	
Pass-through from Council for Adult and Experiential Learning	17.280	MI-399001-22-60-A018	168,547	
Program Total			**742,662**	
Registered Apprenticeship	17.285		215,374	141,240
Occupational Safety and Health Susan Harwood Training Grants	17.502		132,206	
Consultation Agreements	17.504		893,932	
Mine Health and Safety Grants	17.600		126,507	
US Department of Labor Total			**98,016,650**	**1,476,826**

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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 State				
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415		$ 375,000	
US Department of State Total			**375,000**	
US Department of Transportation				
Highway Planning and Construction	20.205		970,844,195	$ 28,761,362
Highway Training and Education	20.215		483,322	
Recreational Trails Program	20.219		2,372,180	136,100
Federal Lands Access Program	20.224		7,883,592	741,381
Commercial Driver's License Program Implementation Grant	20.232		375,763	
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		30,249	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		2,044,179	2,044,179
Formula Grants for Rural Areas and Tribal Transit Program	20.509		18,894,018	18,894,018
COVID19: Formula Grants for Rural Areas and Tribal Transit Program	20.509		588,030	588,030
Program Total			**19,482,048**	**19,482,048**
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528		193,204	193,204
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		132,290	
Pipeline Safety Program State Base Grant	20.700		604,660	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		453,826	32,000
Reconnecting Communities Pilot (RCP) Discretionary Grant Program	20.940		94,484	
US Department of Transportation Total			**1,004,993,992**	**51,390,274**
US Department of the Treasury				
Low Income Taxpayer Clinics	21.008		100,030	
COVID19: Homeowner Assistance Fund	21.026		86,670	
COVID19: Coronavirus State and Local Fiscal Recovery Funds	21.027		272,334,438	125,797,940
COVID19: Coronavirus Capital Projects Fund	21.029		43,174,176	41,724,609
State Small Business Credit Initiative Technical Assistance Grant Program	21.031		346,495	
US Department of the Treasury Total			**316,041,809**	**167,522,549**

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Federal Communications Commission				
Affordable Connectivity Outreach Grant Program	32.011		$ (414)	
Federal Communications Commission Total			**(414)**	
Federal Financial Institutions Examination Council Appraisal Subcommittee				
State Appraiser Agency Support Grants	38.006		43,662	
Federal Financial Institutions Examination Council Appraisal Subcommittee Total			**43,662**	
General Services Administration				
Donation of Federal Surplus Personal Property	39.003		5,959,627	
General Services Administration Total			**5,959,627**	
Library of Congress				
Teaching with Primary Sources				
Pass-through from Harding University	42.010	GA24C0049	3,260	
Library of Congress Total			**3,260**	
National Aeronautics and Space Administration				
Science	43.001		7,022	
Office of STEM Engagement (OSTEM)	43.008		12,112	
National Aeronautics and Space Administration Total			**19,134**	
Institute of Museum and Library Services				
Grants to States	45.310		2,087,292	
Institute of Museum and Library Services Total			**2,087,292**	
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024		24,148	
Promotion of the Arts Partnership Agreements	45.025		1,152,092	$ 1,003,986
National Endowment for the Arts Total			**1,176,240**	**1,003,986**
National Endowment for the Humanities				
Promotion of the Humanities Federal/State Partnership	45.129		33,353	
Pass-through from Arkansas Humanities Council	45.129	AHC-23-02	2,327	
Pass-through from Arkansas Humanities Council	45.129	SO-268655-20	(88)	

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
National Endowment for the Humanities (Continued)				
Promotion of the Humanities Federal/State Partnership (Continued)				
Pass-through from Humanities AR	45.129	268655-20	$ 6,866	
Pass-through from Humanities AR	45.129	ACH-24-03	3,568	
Program Total			**46,026**	
Promotion of the Humanities Challenge Grants	45.130		294	
Promotion of the Humanities Division of Preservation and Access	45.149		134,651	
Promotion of the Humanities Fellowships and Stipends	45.160		6,000	
Promotion of the Humanities Research	45.161		78,457	$ 13,920
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162		18,264	
National Endowment for the Humanities Total			**283,692**	**13,920**
National Science Foundation				
STEM Education (formerly Education and Human Resources)	47.076		1,691,876	66,251
Pass-through from American Association of Community Colleges	47.076	2332393	15,000	
Program Total			**1,706,876**	**66,251**
Integrative Activities	47.083		125,083	
COVID19: Integrative Activities	47.083		(573)	
Program Total			**124,510**	
NSF Technology, Innovation and Partnerships	47.084		26,547	
National Science Foundation Total			**1,857,933**	**66,251**
Small Business Administration				
Small Business Development Centers	59.037		1,788,649	
Federal and State Technology Partnership Program	59.058		210,947	
State Trade Expansion	59.061		335,884	
Growth Accelerator Fund Competition	59.065		65,606	
COVID19: Community Navigator Pilot Program	59.077		180,748	30,904
Small Business Administration Total			**2,581,834**	**30,904**
US Department of Veterans Affairs				
Miscellaneous US Department of Veterans Affairs Programs	64.U01	N/A	59,098	
Veterans State Nursing Home Care	64.015		19,550,524	
Post-9/11 Veterans Educational Assistance	64.028		24,031	

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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 Veterans Affairs (Continued)				
Burial Expenses Allowance for Veterans	64.101		$ 453,379	
Veteran Readiness and Employment	64.116		14,759	
All-Volunteer Force Educational Assistance	64.124		340,557	
Veterans Cemetery Grants Program	64.203		1,869,308	
US Department of Veterans Affairs Total			**22,311,656**	
Environmental Protection Agency				
Air Pollution Control Program Support	66.001		791,471	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		866,340	
COVID19: Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		1,170	
Program Total			**867,510**	
Diesel Emissions Reduction Act (DERA) State Grants	66.040		764,816	$ 700,086
Climate Pollution Reduction Grants	66.046		110,798	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419		2,146,663	
State Public Water System Supervision	66.432		1,001,418	
State Underground Water Source Protection	66.433		107,776	
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	11,712	
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442		491,274	
Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	66.444		28,397	
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447		29,000	29,000
Water Quality Management Planning	66.454		199,692	
Clean Water State Revolving Fund	66.458		4,929,042	4,047,264
Nonpoint Source Implementation Grants	66.460		2,195,908	1,892,588
Pass-through from National Audubon Society, Inc	66.460	C9-9966103-29	35,000	
Program Total			**2,230,908**	**1,892,588**

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Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Environmental Protection Agency (Continued)				
Drinking Water State Revolving Fund	66.468		$ 19,923,724	$ 13,845,182
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		258,381	
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		578,283	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		277,421	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies				
Pass-through from Extension Foundation	66.716	84066001	10,999	
Hazardous Waste Management State Program Support	66.801		666,024	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		360	
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804		502,530	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		555,237	
State and Tribal Response Program Grants	66.817		836,281	
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		170,254	
State Programs for Control of Coal Combustion Residuals	66.820		251,532	
Solid Waste Infrastructure for Recycling Infrastructure Grants	66.920		123,821	
Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	66.961		140,598	
Environmental Protection Agency Total			**38,005,922**	**20,514,120**
US Department of Energy				
Office of Technology Transitions (OTT) - Technology Deployment, Demonstration and Commercialization				
Pass-through from Defensewerx, Inc dba Energywerx	81.010	DEEE0011129	25,751	
State Energy Program	81.041		1,922,546	
Weatherization Assistance for Low-Income Persons	81.042		5,478,417	6,079,551
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		57,514	57,514
US Department of Energy Total			**7,484,228**	**6,137,065**
US Department of Education				
Miscellaneous US Department of Education Programs	84.U01	N/A	95,725	
Adult Education - Basic Grants to States	84.002		5,739,374	2,235,384
Title I Grants to Local Educational Agencies	84.010		190,450,309	189,585,351

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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 Education (Continued)				
Migrant Education State Grant Program	84.011		$ 6,387,050	$ 6,028,060
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		780,507	67,837
Strengthening Institutions Program	84.031A		724,158	
Higher Education Institution Aid	84.031		6,944,044	
Program Total			**7,668,202**	
Career and Technical Education -- Basic Grants to States	84.048		15,496,134	10,891,579
Pass-through from Jonesboro Public School	84.048	V048A240004	113,920	
Program Total			**15,610,054**	**10,891,579**
Career and Technical Education -- National Programs	84.051		243,686	
Indian Education Grants to Local Educational Agencies	84.060		7,700	
Fund for the Improvement of Postsecondary Education	84.116		218,990	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		55,154,782	
Rehabilitation Counseling	84.129		149,653	
Migrant Education Coordination Program	84.144		69,362	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		220,236	
Special Education-Grants for Infants and Families	84.181		6,248,067	
COVID19: Special Education-Grants for Infants and Families	84.181		(125)	
Program Total			**6,247,942**	
School Safety National Activities	84.184		532,837	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		132,789	
Education for Homeless Children and Youth	84.196		1,383,169	1,312,624
Javits Gifted and Talented Students Education	84.206		241,564	
Twenty-First Century Community Learning Centers	84.287		15,029,110	14,124,427
Ready-To-Learn Television - Programming Projects				
Pass-through from Corporation for Public Broadcasting	84.295A	S295A200004	51,859	

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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 Education (Continued)				
Special Education - State Personnel Development	84.323		$ 913,410	$ 907,063
Pass-through from Great Rivers Education Service Cooperative	84.323	H323A200017	(2,019)	
Program Total			**911,391**	**907,063**
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		1,295,829	322,003
Pass-through from University of Oklahoma	84.325	H325H240014	40,541	
Program Total			**1,336,370**	**322,003**
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326		181,182	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		3,751,906	
Child Care Access Means Parents in School	84.335		745,603	
Teacher Quality Partnership Program	84.336		66,553	
Rural Education	84.358		4,280,979	4,163,094
English Language Acquisition State Grants	84.365		4,417,677	4,409,191
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		24,904,912	24,836,312
Competitive Grants for State Assessments	84.368		282,908	183,399
Grants for State Assessments and Related Activities	84.369		9,174,488	
Comprehensive Literacy Development	84.371		8,573,646	8,178,713
Statewide Longitudinal Data Systems	84.372		1,655,767	1,082,442
Strengthening Minority-Serving Institutions	84.382		1,902,620	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		(900)	(900)
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)				
Pass-through from National Writing Project	84.411	97-AR03-2023AIR	1,309	
Disability Innovation Fund (DIF) Pathways to Partnerships Innovative Model Demonstration Project	84.421		661,081	115,005
Student Support and Academic Enrichment Program	84.424		16,200,998	16,194,353

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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 Education (Continued)				
COVID19: Governor's Emergency Education Relief (GEER) Fund	84.425C		$ 23,715	
COVID19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		1,069,584	$ 1,069,584
COVID19: Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E		4,137,622	
COVID19: HEERF Institutional Portion	84.425F		2,288,143	
COVID19: Discretionary Grants: Reimagining Workforce Preparation Grants	84.425G		641,351	522,031
COVID19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		126,586,157	113,109,294
Pass-through from Arkansas Out of School Network	84.425U	S425U210039	11,954	
COVID19: American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	84.425V		13,753,002	7,440,181
COVID19: American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W		1,727,379	1,727,379
Program Total			**150,238,907**	**123,868,469**
American Printing House for the Blind	84.906		79,007	
US Department of Education Total			**535,781,304**	**408,504,406**
Delta Regional Authority				
Delta Regional Authority	90.200		634,850	
Delta Regional Authority Total			**634,850**	
US Election Assistance Commission				
HAVA Election Security Grants	90.404		1,848,083	
US Election Assistance Commission Total			**1,848,083**	
US Department of Health and Human Services				
Miscellaneous US Department of Health and Human Services Programs	93.U01	75N91019D00024	32,633	
Miscellaneous US Department of Health and Human Services Programs	93.U02	Better Beginnings	420	
Program Total			**33,053**	
Medical Reserve Corps Small Grant Program	93.008		211,741	79,871
Special Programs for the Aging Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		19,972	

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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 2 Long Term Care Ombudsman Services for Older Individuals	93.042		$ 323,675	$ 149,665
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043		278,587	278,587
COVID19: Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043		4,785	4,785
Program Total			**283,372**	**283,372**
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048		287,409	5,000
National Family Caregiver Support, Title III, Part E	93.052		2,024,489	2,019,322
COVID19: National Family Caregiver Support, Title III, Part E	93.052		111,297	111,297
Program Total			**2,135,786**	**2,130,619**
Public Health Emergency Preparedness	93.069		6,937,155	
Medicare Enrollment Assistance Program	93.071		661,100	
Lifespan Respite Care Program	93.072		48,999	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		51,615	38,388
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		1,076,618	
Guardianship Assistance	93.090		2,793,831	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		268,766	198,929
Food and Drug Administration Research	93.103		1,259,791	46,580
Area Health Education Centers	93.107		1,604,697	77,139
Maternal and Child Health Federal Consolidated Programs	93.110		4,820,906	243,552
Pass-through from University of Oklahoma Health Science Center	93.110	UH735353	139,102	
Program Total			**4,960,008**	**243,552**
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		608,669	
Nurse Anesthetist Traineeship	93.124		24,000	
Emergency Medical Services for Children	93.127		160,044	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		133,215	

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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)				
Injury Prevention and Control Research and State and Community Based Programs	93.136		$ 2,021,161	$ 71,691
Community Programs to Improve Minority Health	93.137		450,425	139,128
Pass-through from Benton County Government	93.137	CPIMP211231	13,539	
Pass-through from Oklahoma State University	93.137	CPIMP231366	67,875	
Program Total			**531,839**	**139,128**
Projects for Assistance in Transition from Homelessness (PATH)	93.150		306,673	306,673
Rural Health Research Centers	93.155		126,830	
Graduate Psychology Education	93.191		481,910	
Rural Telemedicine Grants	93.211		351,357	
Family Planning Services	93.217		3,809,015	
Traumatic Brain Injury State Demonstration Grant Program	93.234		225,573	
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		478,457	230,942
State Capacity Building	93.240		205,295	
State Rural Health Flexibility Program	93.241		462,664	287,281
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		7,662,288	4,654,059
Pass-through from American Academy of Addiction Psychiatry	93.243	H79TI081358	87,651	
Pass-through from Benton County Government	93.243	H79TI085923	127,762	
Pass-through from Positive Energy Affecting Recovering Lives, Inc.	93.243	H79TI085575	47,279	
Pass-through from Washington/Madison County Adult Drug Court	93.243	H79TI082976	87,989	
Program Total			**8,012,969**	**4,654,059**
Advanced Education Nursing Grant Program	93.247		1,460,932	
Universal Newborn Hearing and Screening	93.251		247,690	40,802
Poison Control Stabilization and Enhancement Grants	93.253		213,136	
Immunization Cooperative Agreements	93.268		62,232,797	744,332
COVID19: Immunization Cooperative Agreements	93.268		2,083,906	
Program Total			**64,316,703**	**744,332**
Viral Hepatitis Prevention and Control	93.270		265,260	35,681

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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		$ 66,819	
Pass-through from Crossridge Community Hospital	93.276	N/A	6,545	
Program Total			**73,364**	
Small Rural Hospital Improvement Grant Program	93.301		363,473	$ 311,516
Racial and Ethnic Approaches to Community Health	93.304		1,177,834	
Trans-NIH Research Support	93.310		197,445	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		180,880	
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319		754,053	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		11,020,279	4,478
COVID19: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		7,591,764	
Program Total			**18,612,043**	**4,478**
State Health Insurance Assistance Program	93.324		712,731	
COVID19: State Health Insurance Assistance Program	93.324		1,416	
Program Total			**714,147**	
Behavioral Risk Factor Surveillance System	93.336		538,943	
National Center for Advancing Translational Sciences				
Pass-through from Duke University	93.350	U24TR001608	(659)	
COVID19: Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		644,156	
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366		64,671	300
ACL Independent Living State Grants	93.369		362,308	
National and State Tobacco Control Program	93.387		1,349,503	
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		3,091,965	1,432,286
Cancer Biology Research	93.396		39,206	
The State Flexibility to Stabilize the Market Grant Program	93.413		181,529	
The National Cardiovascular Health Program	93.426		691,752	110,401
Every Student Succeeds Act/Preschool Development Grants	93.434		14,632,307	

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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)				
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		$ 500,016	
State Physical Activity and Nutrition (SPAN)	93.439		(24)	
ACL Assistive Technology	93.464		853,756	
Alzheimer's Disease Program Initiative (ADPI)	93.470		133,676	
Title IV-E Prevention Program	93.472		3,810,334	
Congressional Directives	93.493		11,695,758	
Community Health Workers for Public Health Response and Resilience				
Pass-through from Benton County Government	93.495	NU58DP007044	842,917	
COVID19: Low income Household Water Assistance Program	93.499		4,449	$ 64,939
Public Health Training Centers Program	93.516		843,463	
Teaching Health Center Graduate Medical Education Payment	93.530		629,101	
MaryLee Allen Promoting Safe and Stable Families Program	93.556		6,963,727	
Temporary Assistance for Needy Families	93.558		76,833,413	30,312,423
Pass-through from Restore Hope, Inc.	93.558	2001ARTANF / #2024-rh015	140,659	
COVID19: Temporary Assistance for Needy Families	93.558		(120,600)	
Program Total			**76,853,472**	**30,312,423**
Child Support Services	93.563		36,924,604	
Refugee and Entrant Assistance State Administered Programs	93.566		128,907	24,386
Low-Income Home Energy Assistance	93.568		36,571,791	35,046,813
Community Services Block Grant	93.569		10,363,208	9,792,901
State Court Improvement Program	93.586		446,090	
Community-Based Child Abuse Prevention Grants	93.590		451,547	10,000
COVID19: Community-Based Child Abuse Prevention Grants	93.590		793,301	
Program Total			**1,244,848**	**10,000**
Grants to States for Access and Visitation Programs	93.597		94,895	
Chafee Education and Training Vouchers Program (ETV)	93.599		123,898	
Adoption and Legal Guardianship Incentive Payments Program	93.603		983,752	241,942
Developmental Disabilities Basic Support and Advocacy Grants	93.630		684,161	171,804
University Centers for Excellence in Developmental Disabilities Education, Research and Service	93.632		553,225	
Children's Justice Grants to States	93.643		216,472	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		9,908,106	

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US Department of Health and Human Services (Continued)				
Foster Care Title IV-E	93.658		$ 39,995,982	$ 771,369
Adoption Assistance	93.659		43,566,589	
Social Services Block Grant	93.667		13,306,011	57,439
Child Abuse and Neglect State Grants	93.669		2,129,844	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		1,472,595	1,406,972
COVID19: Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		737,682	731,859
Program Total			**2,210,277**	**2,138,831**
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		2,139,602	
Medical Student Education	93.680		4,368,202	
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Programs Parts A and B	93.686		1,469,424	604,200
Elder Justice Act - Adult Protective Services	93.698		22,984	
Mental and Behavioral Health Education and Training Grants Pass-through from Health Resources and Service Administration (DHHS HRSA)	93.732	MC142108	490,773	
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738		(630)	
Elder Abuse Prevention Interventions Program	93.747		29	
COVID19: Elder Abuse Prevention Interventions Program	93.747		388,755	
Program Total			**388,784**	
Children's Health Insurance Program	93.767		204,934,306	
Opioid STR	93.788		11,071,268	4,054,622
Money Follows the Person Rebalancing Demonstration	93.791		1,821,745	
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		3,633,142	
Expanding Access to Women's Health Grant	93.797		546	
Organized Approaches to Increase Colorectal Cancer Screening	93.800		525,334	
Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion	93.810		588,027	81,423
Health Careers Opportunity Program (HCOP)	93.822		535,869	

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US Department of Health and Human Services (Continued)				
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870		$ 7,427,792	
Pass-through from Arkansas Children's Hospital	93.870	U4G45637	239,669	
Pass-through from Arkansas Children's Hospital	93.870	X1050288	277,791	
COVID19: Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870		1,924,533	
Program Total			**9,869,785**	
Primary Care Training and Enhancement	93.884		553,902	
National Bioterrorism Hospital Preparedness Program	93.889		1,966,485	$ 1,664,837
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		3,305,022	199,229
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		200,350	
Grants to States for Operation of Offices of Rural Health	93.913		215,412	
HIV Care Formula Grants	93.917		16,866,154	2,255,083
Healthy Start Initiative	93.926		1,145,237	22,955
HIV Prevention Activities Health Department Based	93.940		3,281,439	816,987
Assistance Programs for Chronic Disease Prevention and Control				
Pass-through from University of Oklahoma Health Science Center	93.945	NU58DP007727	56,431	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		903,277	
Block Grants for Community Mental Health Services	93.958		8,530,041	
COVID19: Block Grants for Community Mental Health Services	93.958		2,879,285	
Program Total			**11,409,326**	
Block Grants for Prevention and Treatment of Substance Abuse	93.959		14,982,480	2,073,282
COVID19: Block Grants for Prevention and Treatment of Substance Abuse	93.959		643,391	211,058
Program Total			**15,625,871**	**2,284,340**
Center for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		3,081,905	
COVID19: Center for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		5,869,923	
Program Total			**8,951,828**	
PPHF Geriatric Education Centers	93.969		788,917	2,000

State of Arkansas
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2025

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)				
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		$ 799,284	
COVID19: Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		1,024,924	$ 713,011
Program Total			**1,824,208**	**713,011**
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		424,683	73,373
Cooperative Agreements for Diabetes Control Programs	93.988		741,149	31,041
Pass-through from ARHealth Ventures, Inc.	93.988	NU58DP007377	865,342	
Program Total			**1,606,491**	**31,041**
Preventive Health and Health Services Block Grant	93.991		1,169,994	84,272
Maternal and Child Health Services Block Grant to the States	93.994		6,971,877	
Autism and Other Developmental Disabilities, Surveillance, Research, and Prevention	93.998		519,656	
US Department of Health and Human Services Total			**773,298,926**	**103,142,905**
Corporation for National and Community Service				
AmeriCorps State Commissions Support Grant	94.003		198,047	
COVID19: AmeriCorps State Commissions Support Grant	94.003		64,003	59,295
Program Total			**262,050**	**59,295**
AmeriCorps State and National 94.006	94.006		1,845,261	1,435,573
Pass-through from Jumpstart for Young Children	94.006	2350250	12,084	
Pass-through from Jumpstart for Young Children	94.006	JS-SITE #235	5,260	
Program Total			**1,862,605**	**1,435,573**
AmeriCorps Commission Investment Fund 94.008	94.008		150,780	2,000
AmeriCorps Volunteers in Service to America 94.013	94.013		156,367	
Corporation for National and Community Service Total			**2,431,802**	**1,496,868**

State of Arkansas
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2025

Cluster Name/Federal Grantor/ Program Name/Pass-Through Entity	ALN	Pass-through/Other Identifying Number	Expenditures	Amount Provided to Subrecipients
Executive Office of the President				
High Intensity Drug Trafficking Program	95.001		$ 205,172	
Congressional Directives	95.010		3,218,960	
Pass-through from University of Mississippi	95.010	CDS9924G0017	69,286	
Program Total			**3,288,246**	
Executive Office of the President Total			**3,493,418**	
Department of Homeland Security				
State and Local Homeland Security National Training Program	97.005		6,467,313	$ 4,223,856
Non-Profit Security Program	97.008		1,372,540	1,300,041
Boating Safety Financial Assistance	97.012		1,810,930	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		12,823	
Flood Mitigation Assistance	97.029		69,715	69,715
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		46,340,537	44,874,179
Hazard Mitigation Grant	97.039		1,159,208	430,274
National Dam Safety Program	97.041		19,038	
Emergency Management Performance Grants	97.042		3,795,054	1,287,004
COVID19: Emergency Management Performance Grants	97.042		433,542	
Program Total			**4,228,596**	**1,287,004**
State Fire Training Systems Grants	97.043		26,655	
Cooperating Technical Partners	97.045		221,993	
BRIC: Building Resilient Infrastructure and Communities	97.047		1,530,940	1,466,652
Homeland Security Grant Program	97.067		6,259,422	4,550,893
Earthquake State Assistance	97.082		39,585	16,176
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137		767,379	
Department of Homeland Security Total			**70,326,674**	**58,218,790**
Total Expenditures of Federal Awards			$ **12,381,472,420**	$ **1,333,217,143**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

State of Arkansas
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2025

(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	$ 14,135,924
State of Arkansas Construction Assistance Revolving Loan Fund:		
Clean Water State Revolving Fund	66.458	4,911,374
State of Arkansas Safe Drinking Water Revolving Loan Fund:		
Drinking Water State Revolving Fund	66.468	19,923,725
Univeristy of Arkansas for Medical Sciences		
Research and Development Cluster	Various	91,368,915

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, 2025, for these loans are as follows:

Assistance Listing Number	Program Name	Amount
84.038	Federal Perkins Loan Program Federal Capital Contributions	$ 78,902
93.264	Nurse Faculty Loan Program (NFLP)	441,182
93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students	6,020,588
93.364	Nursing Student Loans	407,313
	Total	$ 6,947,985

(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, 2025, Direct Loans totaling $508,537,279 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, 2025, was $0.

Expenditures reflected in FAL 10.415, Preservation Revolving Loan Fund, include loans to contractors for the development of multi-family housing. The funding sources for these loans are two $2,125,000 promissory notes executed between the Authority and the U.S. Department of Agriculture Rural Development during fiscal year 2013 and fiscal year 2016. When received, the funds were used to make new loans for program activities. The outstanding loan receivable balance was $3,089,688 for the year ended June 30, 2025. There were no disbursements for loans made during the year ended June 30, 2025, 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 the 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 $138,155,098 for the year ended June 30, 2025. Total disbursements of federal funds for repayable loans totaled $9,709,756 during the year ended June 30, 2025 . [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 $18,109,135 for the year ended June 30, 2025. Total disbursements for repayable loans made were $3,923,754 during the year ended June 30, 2025. [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 State of Arkansas Construction Assistance Revolving Loan Fund Program's outstanding loan receivable balance from subrecipients from all funding sources was $516.0 million for the year ended June 30, 2025. During fiscal year 2025, approximately $4.1 million of loans were forgiven. Total federal disbursements totaled approximately $4.1 million during fiscal year 2025, 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 State of Arkansas Safe Drinking Water Revolving Loan Fund Program's outstanding loan receivable balance from subrecipients from all funding sources was $292.8 million for the year ended June 30, 2025. There were no federal loan disbursements for repayable loans during fiscal year 2025. Total loans forgiven totaled $13.8 million during fiscal year 2025. For the year ended June 30, 2025, the State of Arkansas Safe Drinking Water Revolving Loan Fund Program received $3.8 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; renewable energy projects in the State; and to support the creation of additional employment opportunities and other economic development benefits. Of the total amount of program funds expended and reported on the accompanying SEFA for fiscal year 2011 and 2012, $11,370,000 was transferred to the revolving loan fund and made available for future loans. There were no program funds transferred to the revolving loan fund for fiscal year 2025. The outstanding loan receivable balance from subrecipients for the year ended June 30, 2025, totaled $1,684,809. Total disbursements for new loans made during fiscal year 2025 totaled $223,000.

(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
10.551	Supplemental Nutrition Assistance Program	$ 512,281,501
10.568	Emergency Food Assistance Program (Administrative Costs)	484,747
10.569	Emergency Food Assistance Program (Food Commodities)	10,064,600
39.003	Donation of Federal Surplus Personal Property	5,959,628
84.906	American Printing House for the Blind	79,007
93.268	COVID19: Immunizations Cooperative Agreements	2,080,606
93.268	Immunizations Cooperative Agreements	61,321,945
	Total	$ 592,272,034

(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, 2025. 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, 2023 through September 30, 2024. The audit for the period ended September 30, 2025, for DDSSA will be performed by an external auditor.

(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 $91,216,387 of expenditures reported on the Schedule is comprised of $21,602,239 of federal funds and $69,614,148 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, 2025, consists of: [1]

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2025
10.415	Preservation Revolving Loan Fund	$ 2,960,316

(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 $405.1 million for SLFRF funds unexpended as of June 30, 2025. In the period from July 1, 2025 through December 31, 2025, the State of Arkansas expended $141.3 million of SLFRF funding resulting in a remaining liability of $263.8 million.

(9) 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, 2025, the State reported activity as follows:

Institution of Higher Education	Loan Receivable June 30, 2025	Year Liquidated
Henderson State University		2019
Southern Arkansas University		2025
Arkansas State University - Jonesboro		2025
Arkansas Tech University		2020
University of Arkansas - Fayetteville	$ 2,396,293	
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, 2025

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

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, 2025 begins on **page 145** and includes all findings from the prior audit (June 30, 2024) and certain findings from previous audits, including the years ended June 30, 2023, 2022, 2021, and 2020.

Financial Statement Findings	Page Number(s)
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Federal Program Name	Page Number(s)
Child and Adult Care Food Program	149 - 152
COVID 19: Coronavirus State and Local Fiscal Recovery Funds	153 - 164
Rehabilitation Services Vocational Rehabilitation Grants to States	165 - 168
Temporary Assistance for Needy Families	169 - 171
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Foster Care Title IV-E	178 - 179
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Children's Health Insurance Program	187 - 191; 213 - 217; 220
Medicaid Cluster	187 - 188; 192 - 207; 213 - 220
Student Financial Assistance Cluster	208; 227 - 228
COVID 19: Education Stabilization Fund	209 - 211
Child Support Enforcement	212
COVID-19: Coronavirus Relief Fund	221 - 226

STATE OF ARKANSAS
Department of Finance and Administration

OFFICE OF THE SECRETARY
1509 West Seventh Street, Suite 401
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-2242
Fax: (501) 682-1029
www.arkansas.gov/dfa

July 21, 2025

Kevin White, JD, CPA
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, 2025, which was prepared in accordance with Uniform Guidance, based on the responses provided by the State/Educational Agency indicated within each finding.

Sincerely,

James L. Hudson
Secretary

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2024 Prior Year REPORT FINDING: **2024-001**

Auditee reported status as of June 30, 2025: Corrective action taken.
Corrective action completed on February 27, 2025.

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

Contact Person:
Andy Babbitt
DFA Deputy Director and State Controller
Department of Finance & Administration
1509 W. 7th St.
Little Rock, AR 72203
501-682-1515
Andy.Babbitt@dfa.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2024 Prior Year REPORT FINDING: **2024-002**

Auditee reported status as of June 30, 2025: Partially corrected:

DFA has implemented the corrective plan of action as reported previously to Legislative Audit:

1. Upgrading our fraud mitigation programs - DFA has taken steps in the past several months to improve our fraud detection capabilities. We have purchased a service called Fast Identity Verification Services (FIVS) that includes a fraud analytic tool to target state-specific fraud issues. The program is currently being implemented in order to prevent future fraudulent refunds. In addition, we are in the process of augmenting our fraud prevention resources to assist in our mission to protect public funds.
2. Recovery effort – In our previous report, we reported recovery collections of $339,839 and as of this update we have recovered $438,995 (increase of $99,156). As of July 1, 2025, outstanding warrants totaling $72,776 were outlawed and sent to the Arkansas Claims Commission. We are currently working with the Commission to deny these claims should they be presented. We will continue the recovery efforts as discussed previously through State agency offsets.

Anticipated Completion Date: December 31, 2025

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

Contact Person:

Judy Bowers
Income Tax Administrator
Department of Finance & Administration
1816 W. 7th St.
Little Rock, AR 72203
501-682-1129
Judy.Bowers@dfa.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2024 Prior Year REPORT FINDING: **2024-003**

Auditee reported status as of June 30, 2025: Partially corrected:
DFA has implemented the corrective plan of action as reported previously to Legislative Audit:
Recovery effort – In our previous report, we reported recovery collections of $319,113 and as of this update we have recovered $312,937 (increase of $2,824). As of July 1, 2025, outstanding warrants totaling $25,172 were outlawed and sent to the Arkansas Claims Commission. We are currently working with the Commission to deny these claims should they be presented. We will continue our efforts to recover those funds through State agency offsets.
Anticipated Completion Date: December 31, 2025

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

Contact Person:
Judy Bowers
Income Tax Administrator
Department of Finance & Administration
1816 W. 7th St.
Little Rock, AR 72203
501-682-1129
Judy.Bowers@dfa.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially corrected:
Additional training is scheduled on July 11 for the staff.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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

Contact Person:

Sheila Chastain
Associate Director
Arkansas Department of Education, DESE, Nutrition Services
#4 Capitol Mall, Box #12
Little Rock, AR 72201
(501) 324-9502
Sheila.Chastain@ade.arkansas.gov

Pamela Burton
Director
Arkansas Department of Education, DESE, Nutrition Services
#4 Capitol Mall, Box #19
Little Rock, AR 72201
(501) 320-8978
Pamela.Burton@ade.arkansas.gov

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Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially Corrected:
Additional training is scheduled on July 14 for the staff.

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

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***2024 Prior Year 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

Contact Person:

Sheila Chastain
Associate Director
Arkansas Department of Education, DESE, Nutrition Services
#4 Capitol Mall, Box #12
Little Rock, AR 72201
(501) 324-9502
Sheila.Chastain@ade.arkansas.gov

Pamela Burton
Director
Arkansas Department of Education, DESE, Nutrition Services
#4 Capitol Mall, Box #19
Little Rock, AR 72201
(501) 320-8978
Pamela.Burton@ade.arkansas.gov

State of Arkansas
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially corrected:
We met with our 3rd party provider concerning documentation review. We are currently working to confirm a 2 CFR 200 training course for our office, vendors, and our ISPs.

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

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***2024 Prior Year 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

Contact Person:
Glen Howie, Jr.
Director, Ark State Broadband Office
Department of Commerce
1 Commerce Way
Little Rock, AR 72202
(501) 682-1123
Glen.Howie@Arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action taken.
Update as of 6/25/2025: A list of invoices is now included with each reimbursement request and how much is reimbursed for each invoice. In addition, if there is non-ARPA funding on the same reimbursement request the project administrator will provide an approval letter stating how much of each invoice is paid with ARPA funds and how much for other funding.

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.

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***2024 Prior Year 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

Contact Person:

Debby Dickson
Water Development Division Manager
Arkansas Department of Agriculture-Natural Resources Division
1 Natural Resources Drive
Little Rock, AR 72205
(501) 225-1598
Debra.Dickson@agriculture.arkansas.gov

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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action taken.

Update as of 6/25/2025: Fiscal is randomly checking for active registration; Water Development Section staff are using the EnABLE compliance system to verify a registration is renewed and maintained active.

Water Development section staff have been trained on the requirement for an active UEI registration.

1. Project Administrator - Prior to first disbursement verify receipt of proof of active registration
2. Project Administrator - Ensure the registration does not expire prior to the grant closing date and/or first disbursement
3. Administrative Assistant - Add compliance notification to EnABLE system to remind borrowers to renew and submit proof of active registration. Upon receipt, staff will review and approve or reject the submission.
4. Administrative Assistant – Monthly review of compliance notifications. Contact past due to request documentation when not submitted in EnABLE.

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.

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***2024 Prior Year Finding Number*:** **2024-008 (Continued)**

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

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.

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

Contact Person:
Debby Dickson
Water Development Division Manager
Arkansas Department of Agriculture-Natural Resources Division
1 Natural Resources Drive
Little Rock, AR 72205
(501) 225-1598
Debra.Dickson@agriculture.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially corrected:
We have sent requests to this internet service provider, however, there has not been a response to date. We will continue to request this document.

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.

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***2024 Prior Year 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

Contact Person:
Glen Howie, Jr.
Director, Ark State Broadband Office
Department of Commerce
1 Commerce Way
Little Rock, AR 72202
(501) 682-1123
Glen.Howie@Arkansas.gov

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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action taken.
Update as of 6/25/2025: Corrective action has been taken but awaiting acknowledgement from all sub-grantees. This is needed to document the subrecipient requirements as part of the corrective action. An update to the existing contract "attachment B" along with an acknowledgement form was prepared. These have all been mailed, waiting for signed acknowledgement forms to be returned.

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.

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***2024 Prior Year Finding Number*:** **2024-010 (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:
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

Contact Person:
Debby Dickson
Water Development Division Manager
Arkansas Department of Agriculture-Natural Resources Division
1 Natural Resources Drive
Little Rock, AR 72205
(501) 225-1598
Debra.Dickson@agriculture.arkansas.gov

State of Arkansas
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially corrected:
Risk ratings and monitoring standards have been established. There have been no new SLFRF awards to date. We are working to establish a training date for 2 CFR 200 to be provided to our staff, vendors, and internet service providers.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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:

Glen Howie, Jr.
Director, Ark State Broadband Office
Department of Commerce
1 Commerce Way
Little Rock, AR 72202
(501) 682-1123
Glen.Howie@Arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action taken.

Repeat Finding:
Not applicable

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

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year Finding Number*:** **2024-012 (Continued)**

ALN Number(s) and Program Title(s): **84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States**

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

Contact Person:

April Cooper
Deputy Director of Finance
Arkansas Department of Commerce
1 Commerce Way
Little Rock, AR 72202
(501) 682-4771
April.Cooper@Arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action taken.

Repeat Finding:
Not Applicable

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

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year Finding Number*:** **2024-013 (Continued)**

ALN Number(s) and Program Title(s): **84.126 – Rehabilitation Services Vocational Rehabilitation Grants to States**

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

Contact Person:

Robert Trevino
Associate Commissioner of PPD&E
Arkansas Rehabilitation Services
1 Commerce Way
Little Rock, AR 72202
(501) 296-1604
Robert.Trevino@Arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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

Contact Person:
Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 682-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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

Contact Person:
Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 682-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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

Contact Person:
Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially Corrected:
A comprehensive schedule of reports has been developed and incorporated into the revised Program Operations Manual. An internal electronic calendar with reminders has been established, and a staff member has been assigned to oversee data collection efforts. The revised manual is scheduled for issuance this fall, marking the beginning of the next program year. Additionally, enhanced training on the importance of timely and accurate reporting has been developed and will be delivered during the annual training session, also scheduled for this fall. This issue will be fully resolved once the revised manual has been issued and the fall training has been completed.

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.

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***2024 Prior Year 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

Contact Person:

Iris Pennington
Home Utilities Assistance Manager
Arkansas Department of Energy and Environment
5301 Northshore Drive
North Little Rock, AR 72118
(501) 682-0842
Iris.Pennington@arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:

Kay Joiner
Senior Programs Manager
Arkansas Department of Energy and Environment
5301 Northshore Drive
North Little Rock, AR 72118
(501) 682-7390
Kay.Joiner@arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: **Corrective action was taken.**

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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:

Tim Scott
Senior Operations Manager
Arkansas Department of Energy and Environment
5301 Northshore Drive
North Little Rock, AR 72118
(501) 682-2433
Tim.W.Scott@arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially Corrected:
Documented procedures for quarterly financial reporting have been updated to include more specific instructions for reporting expenditures and additional levels of review prior to admission. Training on completion of quarterly financial reporting for DCFS and Managerial Accounting staff will be completed by July 31, 2025.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:
Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.Wright@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

***2024 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:

Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 682-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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

Contact Person:
Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.wright@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially Corrected:
Documented procedures for quarterly financial reporting have been updated to include more specific instructions for reporting expenditures and additional levels of review prior to admission. Training on completion of quarterly financial reporting for DCFS and Managerial Accounting staff will be completed by July 31, 2025.

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.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:
Tiffany Wright
Director, Division of Children and Family Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 396-6477
Tiffany.Wright@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

Repeat Finding:
Not applicable.

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

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***2024 Prior Year 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

Contact Person:
Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
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***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:

Renee Ikard
Chief Financial Officer
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 682-8985
Renee.Ikard@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:
Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.)

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:
Mary Franklin
Director, Division of County Operations
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 681-8377
Mary.Franklin@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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

Contact Person:
Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

State of Arkansas
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***2024 Prior Year 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

Contact Person:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially corrected:
DMS is developing a system update that will obtain information provided on W-9's by utilizing an electronic process through the provider portal during enrollment. This update will be completed by August 26, 2025.

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).*

***2024 Prior Year 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.

State of Arkansas
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***2024 Prior Year 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

Contact Person:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

***2024 Prior Year 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**

Auditee reported status as of June 30, 2025: Partially corrected:
DMS is developing a system update that will obtain information provided on W-9's by utilizing an electronic process through the provider portal during enrollment. This update will be completed by August 26, 2025.

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.*

***2024 Prior Year 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.

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***2024 Prior Year 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:

Elizabeth Pitman
Director, Division of Medical Services
Department of Human Services
700 Main Street
Little Rock, AR 72201
(501) 244-3944
Elizabeth.Pitman@dhs.arkansas.gov

State of Arkansas
Summary Schedule of Prior Audit Findings
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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, 2025: Corrective action was taken.

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

State of Arkansas
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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, 2025: Corrective action was taken.

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

State of Arkansas
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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, 2025: Corrective action was taken.

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.)

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2023 Prior Year Finding Number:	**2023-012 (Continued)**
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)**

Statistically Valid Sample:
Not a statistically valid sample

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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

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**
ALN Number(s) and Program Title(s):	**93.563 – Child Support Enforcement**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**2201ARCSES**
Federal Award Year(s):	**2022**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking**
Type of Finding:	**Noncompliance and Significant Deficiency**

Auditee reported status as of June 30, 2025: Corrective action was taken.
All actions required by the grantor have been completely resolved and all actions proposed by the auditee have been completed as well. There are no additional actions or documentation required to be completed or submitted by the auditee.

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

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2023 Prior Year Finding Number:	**2023-019**
State/Educational Agency(s):	**Arkansas Department of Human Services**
Pass-Through Entity:	**Not Applicable**
ALN Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**
Federal Awarding Agency:	**U.S. Department of Health and Human Services**
Federal Award Number(s):	**05-2205AR5021; 05-2305AR3002 (Children's Health Insurance Program)** **05-2205AR5MAP; 05-2305AR5MAP (Medicaid Cluster)**
Federal Award Year(s):	**2022 and 2023**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles - Managed Care Medical Loss Ratio (PASSE and Dental)**
Type of Finding:	**Material Noncompliance and Material Weakness**

Auditee reported status as of June 30, 2025: Corrective action was taken.

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.

2023 Prior Year Finding Number:	**2023-019 (Continued)**
ALN Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
	93.778 – Medical Assistance Program (Medicaid Cluster)

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.

  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.

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2023 Prior Year Finding Number:	**2023-019 (Continued)**
ALN Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program** **93.778 – Medical Assistance Program (Medicaid Cluster)**

Statistically Valid Sample:
Not a statistically valid sample

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

State of Arkansas
Summary Schedule of Prior Audit Findings
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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, 2025: Corrective action was taken.

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.

2023 Prior Year Finding Number:	**2023-022 (Continued)**
AL Number(s) and Program Title(s):	**93.767 – Children's Health Insurance Program**
	93.778 – Medical Assistance Program (Medicaid Cluster)

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

State of Arkansas
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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, 2025: Corrective action was taken.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2023 Prior Year Finding Number:	**2023-028 (Continued)**
AL Number(s) and Program Title(s):	**93.778 – Medical Assistance Program (Medicaid Cluster)**

Condition and Context (Continued):
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.
- 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

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

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, 2025: Corrective action was taken.

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, 2025

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, 2025: Partially corrected:
On April 17, 2025, the court entered an order granting Carla Turner-Hahn's motion seeking attorney's fees and costs and directing the State to pay $35,468.74 to Ms. Turner-Hahn. That amount was paid, and Ms. Turner-Hahn's attorney filed a Satisfaction of Order Awarding Attorneys Fees on June 2, 2025. This effectively ended Ms. Turner-Hahn's involvement in the matter because she had previously been discharged from any further liability after she deposited the $5,040,000.00 in disputed funds held in her escrow account into the registry of the court.

On June 11, 2025, the Attorney General's office filed the State's Motion for Relief Against Defendants Med-Care Healthlink, LLC (Med-Care) and Ajili Hodari and Incorporated Brief in Support (Motion). The Motion seeks additional relief against Med-Care and Mr. Hodari, including an award of restitution, civil penalties, and injunctive relief. The State previously obtained default judgments against Med-Care and Hodari; however, because those defendants never appeared in the court action and have thus far not been located, the chances of recovery against those defendants are uncertain, even if the court grants the State's motion for relief.

The Motion also contends that Med-Care and Mr. Hodari have disclaimed any interest in the $5,040,000.00 deposited by Ms. Turner-Hahn into the registry of the court. The Motion asks the court to direct the clerk to disburse the $5,040,000.00 and any interest earned on those funds to the State. The Motion remains pending before the court.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2021 Prior Year Finding Number: **2021-012 (Continued)**
AL Number(s) and Program Title(s): **21.019 – COVID-19: Coronavirus Relief Fund**

Auditee reported status as of June 30, 2023 (Continued):
No funds have been paid into the registry of the Court by Carla Turner-Hahn.

As of July 19, 2023 - A Motion for Contempt and Order to Show Cause Against Separate Defendant Carla Turner-Hahn was filed on April 18, 2023, and that motion remains pending before the Court.

-Carla Turner-Hahn filed a Motion to Enforce Settlement Agreement on May 1, 2023, and the State responded in opposition. That motion also remains pending.

-A hearing was held on the pending motions on June 27, 2023. The Court still has those motions under consideration and has not yet issued any rulings.

Auditee reported status as of June 30, 2022: Partially corrected:
The parties are in the process of conducting discovery. There is not an anticipated resolution date as of August 22, 2022.

Repeat Finding:
Not applicable

Criteria:
In accordance with 2 CFR § 200.516(a), auditors must report as an audit finding any known or likely fraud affecting a federal award.

Condition and Context:
During fiscal year 2020, the Arkansas Department of Finance and Administration and the University of Arkansas for Medical Services jointly paid $10,940,000 for the purchase of gowns, face shields, and ventilators from a particular vendor. Of this amount, $8,600,000 was paid using Coronavirus Relief Fund monies. On October 27, 2021, the Arkansas Attorney General, acting on behalf of the State of Arkansas, filed a civil complaint in the Pulaski County Circuit Court of Arkansas alleging actual or constructive fraud. As of the end of December 2021, the vendor had not delivered the goods or returned the funds to the State of Arkansas, and the litigation is still pending.

Statistically Valid Sample:
Not a statistically valid sample

Questioned Costs:
$8,600,000

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

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, 2025: Not Valid:
AEDC served as the paying agent for the Business Interruption Grant Program (BIG). Payment amounts were determined by Arkansas Department of Parks, Heritage and Tourism (ADPHT). 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 was ever received from the recipients. ADPHT hired a new CFO in March of 2023 and as of June 30, 2024, there has been no further response received regarding the replacement documentation from the three remaining recipients. According to the CFO of Parks and Tourism, as of May 19, 2025, there has been no further response from the three remaining recipients regarding the replacement documentation and more than two years have passed since the audit report in which this finding occurred and was submitted to the FAC.

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, 2025

2021 Prior Year Finding Number:	**2021-020 (Continued)**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Business Interruption Grants Program)**

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, 2025

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, 2025: Not Valid:
AEDC contacted identified businesses to request replacement documentation or repayment of benefits if documentation was not available. As of June 30, 2023, all but $9.497.42 had been corrected. The remainder of questionable costs were with four grant recipients (RBGP 07591, RBGP 5840, RBGP 5556 and RBGP 3479). These four recipients were contacted in October of 2022 and did not respond back to these inquiries or to earlier inquiries to either provide additional requested documentation or provide reimbursement for questionable costs. In July 2024, AEDC General Counsel sent demand letters to the four recipients requesting replacement documentation for questionable costs but failed to receive a response from the indebted parties. More than two years have passed since the audit report in which the finding occurred, and the agency doesn't feel that it would be cost effective to hire a third-party collection agency for the remaining costs totaling $9,497.42.

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.

2021 Prior Year Finding Number:	**2021-021 (Continued)**
AL Number(s) and Program Title(s):	**21.019 – COVID-19: Coronavirus Relief Fund (Ready for Business Grant Program)**

Criteria (Continued):
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.

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

Auditee reported status as of June 30, 2025: Partially corrected:
We spent $1,500,000 purchasing Jenzabar One software (A new SIS system) that will be compatible with EdExpress and Common Origination and Disbursement (COD). This will assist us significantly in being able to process in a timely manner. Our SIS was no longer supported and has not been able to communicate with our system eliminating any batch processing. We have added two positions with significant experience in this area to assist us. We also have added several current staff who are now credentialed with COD to assist us with catching up on this processing. We have made significant gains in the past six months and will rectify this situation very soon.

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.

State of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2020 Prior Year Finding Number:	**2020-008 (Continued)**
CFDA Number(s) and Program Title(s):	**84.063 – Federal Pell Grant Program**
	84.268 – Federal Direct Student Loans
	(Student Financial Assistance Cluster)

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, 2025

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2025

In accordance with 2 CFR § 200.514(e), the auditor must follow-up on prior audit findings, and perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the auditee. If the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the actual status of any prior audit finding, the auditor must report a current-year finding. The audit status document begins on **page 230**.

Financial Statement Findings	Page Number(s)
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Federal Program Name	Page Number(s)
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COVID 19: Coronavirus State and Local Fiscal Recovery Funds	231 - 232
Rehabilitation Services Vocational Rehabilitation Grants to States	232 - 233
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Medical Assistance Program	235 - 238
Student Financial Assistance Cluster	238

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2025

State/Educational Agency:	Arkansas Treasurer of State
Federal Program Name:	N/A – Financial Statement Finding
Prior Audit Finding Number:	***2024-001***
Page Number (from schedule):	146
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 Finance and Administration
Federal Program Name:	N/A – Financial Statement Finding
Prior Audit Finding Number:	***2024-002***
Page Number (from schedule):	147
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 Finance and Administration
Federal Program Name:	N/A – Financial Statement Finding
Prior Audit Finding Number:	***2024-003***
Page Number (from schedule):	148
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 Education
Federal Program Name:	Child and Adult Care Food Program
Prior Audit Finding Number:	***2024-004***
Page Number (from schedule):	149 - 150
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Questioned Costs:	$10,823
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2025

State/Educational Agency:	Arkansas Department of Education
Federal Program Name:	Child and Adult Care Food Program
Prior Audit Finding Number:	***2024-005***
Page Number (from schedule):	151 - 152
Federal Awarding Agency:	U.S. Department of Agriculture
Compliance Area Affected:	Cash Management
Questioned Costs:	$120,208
Status of Questioned Costs:	An error correction was made totaling $55,035 to transfer funds to the correct federal grant. $65,173 remains outstanding
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:	***2024-006***
Page Number (from schedule):	153 - 154
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Allowable Costs/Cost Principles
Questioned Costs:	$6,810,200
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Agriculture – Natural Resources Division
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Prior Audit Finding Number:	***2024-007***
Page Number (from schedule):	155 - 156
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Allowable Costs/Cost Principles
Questioned Costs:	$26,979
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Agriculture – Natural Resources Division
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Prior Audit Finding Number:	***2024-008***
Page Number (from schedule):	157 - 158
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Procurement and Suspension and Debarment
Questioned Costs:	Unknown
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2025

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:	***2024-009***
Page Number (from schedule):	159 - 160
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	No additional corrective actions needed

State/Educational Agency:	Arkansas Department of Agriculture – Natural Resources Division
Federal Program Name:	COVID 19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Prior Audit Finding Number:	***2024-010***
Page Number (from schedule):	161 - 162
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	N/A
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:	***2024-011***
Page Number (from schedule):	163 - 164
Federal Awarding Agency:	U.S. Department of the Treasury
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	No additional corrective actions needed

State/Educational Agency:	Arkansas Department of Commerce – Arkansas Rehabilitation Services
Federal Program Name:	Rehabilitation Services Vocational Rehabilitation Grants to States
Prior Audit Finding Number:	***2024-012***
Page Number (from schedule):	165 - 166
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

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State/Educational Agency:	Arkansas Department of Commerce – Arkansas Rehabilitation Services
Federal Program Name:	Rehabilitation Services Vocational Rehabilitation Grants to States
Prior Audit Finding Number:	***2024-013***
Page Number (from schedule):	167 - 168
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Temporary Assistance for Needy Families
Prior Audit Finding Number:	***2024-014***
Page Number (from schedule):	169
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Temporary Assistance for Needy Families
Prior Audit Finding Number:	***2024-015***
Page Number (from schedule):	170
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Temporary Assistance for Needy Families
Prior Audit Finding Number:	***2024-016***
Page Number (from schedule):	171
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

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State/Educational Agency:	Arkansas Department of Energy and Environment
Federal Program Name:	Low-Income Home Energy Assistance
Prior Audit Finding Number:	***2024-017***
Page Number (from schedule):	172 - 173
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Energy and Environment
Federal Program Name:	Low-Income Home Energy Assistance
Prior Audit Finding Number:	***2024-018***
Page Number (from schedule):	174 - 175
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Energy and Environment
Federal Program Name:	Low-Income Home Energy Assistance
Prior Audit Finding Number:	***2024-019***
Page Number (from schedule):	176 - 177
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Subrecipient Monitoring
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Foster Care Title IV-E
Prior Audit Finding Number:	***2024-020***
Page Number (from schedule):	178 - 179
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Partially corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2025

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2024-021***
Page Number (from schedule):	180 - 182
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Activities Allowed or Unallowed; Eligibility
Questioned Costs:	$76,284
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2024-022***
Page Number (from schedule):	183 - 184
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$151,567
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Adoption Assistance
Prior Audit Finding Number:	***2024-023***
Page Number (from schedule):	185 - 186
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	N/A
Status of Finding:	Partial corrective action taken

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children’s Health Insurance Program; Medical Assistance Program
Prior Audit Finding Number:	***2024-024***
Page Number (from schedule):	187 - 188
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	Unknown
Status of Questioned Costs:	N/A
Status of Finding:	Corrected

State of Arkansas
Audit Status for Unresolved Prior Audit Findings
For the Year Ended June 30, 2025

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Children's Health Insurance Program
Prior Audit Finding Number:	***2024-025***
Page Number (from schedule):	189 - 191
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:	$40,727 (Federal) $9,604 (State)
Status of Questioned Costs:	Repayment totaling $40,727, was processed
Status of Finding:	Corrective action has not been taken Similar deficiencies are reported in current year finding **2025-026**

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-026***
Page Number (from schedule):	192 - 193
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Allowable Costs/Cost Principles
Questioned Costs:	$62,720 (Federal) $62,720 (State)
Status of Questioned Costs:	Repayment totaling $62,720, was processed
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-027***
Page Number (from schedule):	194 - 195
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$95,404 (Federal) $34,581 (State)
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrective action has not been taken Similar deficiencies are reported in current year finding **2025-028**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-028***
Page Number (from schedule):	196 - 197
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Eligibility
Questioned Costs:	$63 (Federal) $22 (State)
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

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State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-029***
Page Number (from schedule):	198 - 199
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:	N/A
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-030***
Page Number (from schedule):	200 - 201
Federal Awarding Agency:	U.S. Department of Health and Human Services
Compliance Area Affected:	Special Tests and Provisions – Medicaid Fraud control Unit
Questioned Costs:	$142,148 (Federal) $55,279 (State)
Status of Questioned Costs:	Outstanding
Status of Finding:	Corrected

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-031***
Page Number (from schedule):	202 - 204
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:	$143,671 (Federal) $55,380 (State)
Status of Questioned Costs:	Repayment totaling $143,671, was processed
Status of Finding:	Corrective action has not been taken Similar deficiencies are reported in current year finding **2025-031**.

State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2024-032***
Page Number (from schedule):	205 - 207
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:	N/A
Status of Finding:	Corrective action has not been taken Similar deficiencies are reported in current year finding **2025-032**.

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State/Educational Agency:	Arkansas Department of Human Services
Federal Program Name:	Medical Assistance Program
Prior Audit Finding Number:	***2023-028***
Page Number (from schedule):	218 - 219
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,
Status of Finding:	Corrective action has not been taken Similar deficiencies are reported in prior year finding **2024-027** and current year finding **2025-028**.

State/Educational Agency:	Southern Arkansas University
Federal Program Name:	Student Financial Assistance Cluster
Prior Audit Finding Number:	***2020-008***
Page Number (from schedule):	227 - 228
Federal Awarding Agency:	U.S. Department of Education
Compliance Area Affected:	Reporting
Questioned Costs:	None
Status of Questioned Costs:	Not applicable
Status of Finding:	Corrected