

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PART III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

2017-011. **INADEQUATE INTERNAL CONTROLS OVER ELIGIBILITY**
(Utah Department of Health)

CFDA Number and Title: **93.917 HIV Care Formula Grants
(Ryan White HIV/AIDS Program)**

Federal Award Number: **6X07HA00032-26-00**

Questioned Costs: **\$22,248**

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: **2016-023**

We noted internal control design and implementation weaknesses and noncompliance related to the client eligibility determinations for 5 (5.43%) of the 92 Ryan White HIV/AIDS Program (Program) expenditures reviewed at the Department of Health (DOH). The sampled expenditures totaled \$76,360 and were taken from a total population of \$10,233,219 (federal expenditures and expenditures from rebates). The weaknesses noted are described below:

Insurance Status Requirements

- a. We identified one sampled client whose insurance status self-attestations obtained during the year under audit were inconsistent. Our investigation of this sampled item further highlighted that, as of July 1, 2016, the DOH removed requirements to obtain insurance status documentation from its eligibility policy and accepted self-attestation for both eligibility certifications performed during the year. Although federal guidelines allow for self-attestation of insurance status once during the year, verification and appropriate documentation of insurance status is required for changes in status and at least once per year (HRSA PCN 13-02).

Federal guidelines also indicate that “the recertification process includes checking for the availability of all other third party payers” (HRSA PCN 13-02) and require DOH to “vigorously pursue enrollment into health care coverage for which their clients may be eligible” (2016 ADAP Manual §III.3.C) to ensure the Program is the payer of last resort.

Failure to establish appropriate policies and procedures and obtain appropriate documentation in accordance with federal guidelines could jeopardize the Program’s “payer of last resort” status and subject federal funds to fraud and abuse. Due to the deficient policy and because DOH did not obtain appropriate documentation of insurance status, we have questioned the \$3,233 related to this sample item and the additional costs paid on behalf of this client during the fiscal year, totaling \$6,465.

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Income and Asset Requirements

- b. For three cases, our income calculations projected annual income higher than the allowed 250% federal poverty level. DOH, as authorized by federal regulations, established income calculation methodologies in its policy manuals; however, the eligibility reviewers did not follow the established methodologies, which resulted in artificially low income calculations. Because we were unable to otherwise determine that these clients were eligible, we have questioned the \$890 related to these sample items and the additional costs paid on behalf of these clients during the fiscal year, totaling \$14,193.
- c. For one case, the client submitted only two of three available pay stubs for income verification; however, DOH policy at the time required three pay stubs. Failure to obtain the required documentation could result in incorrect eligibility determination. (This case was also included in b. above; therefore, no further questioned costs have been reported.)
- d. For one case, the client self-attested on the application to owning no assets; however, the case file contained pay stubs with evidence of a 401(k) asset. Prior to November 30, 2016, Utah Administrative Rule R388-805-6(1)(a) included an asset test which stipulated that beyond one home and one registered vehicle, Program clients “may not have any other assets over \$5,000.” (The asset test was removed from Utah Rule as of November 30, 2016.) However, the case worker and eligibility reviewer failed to detect and consider the asset value and its effect on the eligibility determination for this case, which occurred prior to the rule change. We were unable to determine the actual asset value; therefore, we have questioned the \$66 related to this sample item and the additional costs paid on behalf of this client during the fiscal year, totaling \$1,590.

Level of Service Eligibility

- e. For one case, DOH approved the client for non-insurance based services only, but the sample item was a payment for insurance based services. Although DOH may determine that Program clients are eligible for different levels of service, Program eligibility requirements and DOH policy stipulate that clients must be determined eligible for the services they receive. Inaccurate documentation and inadequate training caused this error to occur. (This case was also included in d. above; therefore, no further questioned costs have been reported.)

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Recommendation:

We recommend DOH design and implement policies and internal controls over Program eligibility determinations that comply with federal requirements and ensure eligibility is properly determined and documented.

DOH's Response:

We agree with the finding.

State of Utah Single Audit
Corrective Action Plan
 For the Year Ended June 30, 2017

<u>FINDING NUMBER</u>	<u>TITLE</u>	<u>FEDERAL PROGRAM</u>	<u>STATE AGENCY</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
2017-011.	Inadequate Internal Controls Over Eligibility	HIV Care Formula Grants	Department of Health

To address the specific issues addressed in the finding the Program has implemented or plans to implement the following policies and procedures:

1. Obtain proof of insurance denial for clients working 30 hours or more per week. (Implemented June 1, 2017)
2. Provide regular training to staff and case managers on eligibility criteria, the recertification process, required documentation, and income calculation methodologies. The training dates for state FY2018 are 10/17/17, 1/17/18 and 4/17/18.
3. The asset test was removed from Utah Rule 388-805 as of November 30, 2016.

In addition to the corrective actions listed above, the Program has and continues to implement procedures to strengthen internal controls; these efforts include:

- Simplified the application process by creating a single application form. (Implemented July 1, 2016)
- Implemented monthly Quality Assurance (QA) of all eligibility determinations; 10% of each type of eligibility determinations are reviewed.
- Transitioned from a bi-annual re-certification to a variable month re-certification. By doing so clients still re-certify every six months; however the Program has reduced the number of re-certifications requiring review from nearly 900 (twice a year) to roughly 150 per month, resulting in a more manageable workload for eligibility specialists. (Implemented April 1, 2017)
- Development of an online client portal which will be used for re-certification. The portal will allow the electronic submission of re-certification along with initial eligibility determination. The RFP for this project is anticipated by the end of 2017.
- Evaluation of Program staffing structure to ensure greater attention towards eligibility policy issues, including policy development, implementation, enforcement, and monitoring.

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 Anticipated Correction Date: December 31, 2017