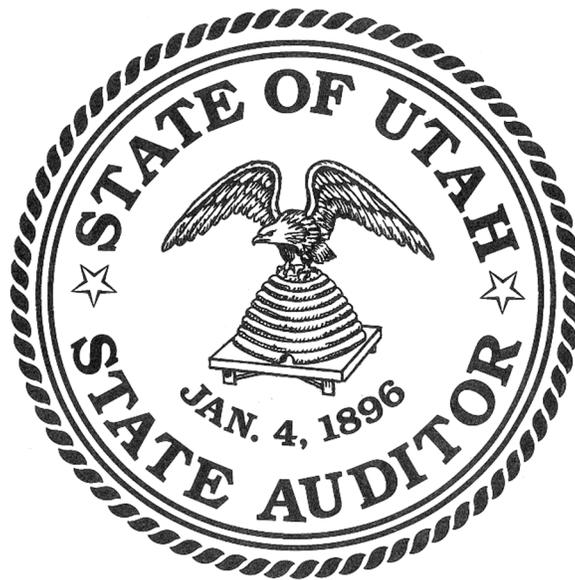


DEPARTMENT OF HUMAN SERVICES

Single Audit Management Letter
For the Year Ended June 30, 2019

Report No. 19-08



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Ryan Roberts, CPA, Audit Supervisor
Chantel Wixon, Audit Senior

DEPARTMENT OF HUMAN SERVICES

Single Audit Management Letter FOR THE YEAR ENDED JUNE 30, 2019

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Finding Type:

SD Significant Deficiency of Internal Control
RN Reportable Noncompliance or Illegal Acts

Applicable To:

f Federal Program



OFFICE OF THE
STATE AUDITOR

SINGLE AUDIT MANAGEMENT LETTER NO. 19-08

December 9, 2019

Ann S. Williamson, Executive Director
Department of Human Services
195 North 1950 West
SLC, Utah 84116

Dear Ms. Williamson:

This management letter is issued as a result of the Department of Human Services' (DHS's) portion of the statewide single audit for the year ended June 30, 2019. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is issued under separate cover. We tested the following federal programs at DHS:

- IV-E Foster Care (CFDA #93.658)
- Adoption Assistance (CFDA #93.659)
- Opioid STR (CFDA #93.788)

In planning and performing our statewide compliance audit of the programs listed above, we considered DHS's compliance with the types of compliance requirements subject to audit as described in the *OMB Compliance Supplement* for the year ended June 30, 2019. We also considered DHS's internal control over compliance with the types of requirements described above that could have a direct and material effect on the programs tested in order to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of DHS's internal control over compliance.

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 to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to be reported under Uniform Guidance.

Our consideration of internal control over compliance was for the limited purposes described in the second paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in DHS's internal control over compliance that we consider to be material weaknesses. We did identify a certain deficiency in internal control over compliance (Finding 1) that we consider to be a significant deficiency.

We also identified Finding 1 as an instance of noncompliance which we are required to report under the Uniform Guidance.

In addition, during our audit, we became aware of a deficiency in internal control (Finding 2) that is reported as an opportunity for strengthening internal controls and operating efficiencies.

DHS's written responses to and Corrective Action Plans for the findings identified in our audit were not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on them.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of DHS's internal control over compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

We appreciate the courtesy and assistance extended to us by DHS's personnel during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Ryan Roberts, CPA
Audit Supervisor
801-671-5808
ryanroberts@utah.gov

cc: Mark Brasher, Deputy Director
Lana Stohl, Deputy Director
Jennifer Evans, Director, Office of Fiscal Operations
Doug Thomas, Director, Division of Substance Abuse & Mental Health
Brett Peterson, Director, Division of Juvenile Justice Services
Diane Moore, Director, Division of Child and Family Services
Don Moss, Finance Director

FINDINGS AND RECOMMENDATIONS

1. ERRORS ON PART 4 OF THE CB-496 FINANCIAL REPORT

Federal Agency: **Department of Health and Human Services**
CFDA Number and Title: **93.659 Adoption Assistance**
Federal Award Numbers: **1801UTADPT, 1901UTADPT**
Questioned Costs: **\$0**
Pass-through Entity: N/A
Prior Year Single Audit Report Finding Number: N/A

During our review of Part 4 of the CB-496 financial report submitted by the Department of Human Services (DHS) for the federal fiscal year ended September 30, 2018, we noted the following errors:

- a. DHS submitted Part 4 one week after the required due date of October 30th because the program staff did not realize the report was due until after the due date. Untimely submission of reports results in noncompliance with the program requirements.
- b. DHS incorrectly reported Expenditures of Adoption Savings as follows:
 - Line 10, amount spent on post adoption services, was overreported as \$508,654 instead of \$507,651.
 - Line 11, amount spent on children at risk of foster care, was underreported as \$309,516 instead of \$349,222.

The net effect of these errors was an underreporting of expenditures by \$38,703. These errors occurred because the staff were unaware of hidden restrictors in their query of the state's data warehouse while preparing the line items. Not accurately reporting information results in inaccurate and/or incomplete program information being provided to users of the reports.

Recommendation:

We recommend that DHS establish appropriate internal controls over reporting to ensure that staff responsible for preparing the reports understand the reporting requirements and that supervisors reviewing the reports to ensure they are accurate and submitted timely.

DHS's Response:

We agree the federal Part 4 report should be submitted timely and properly reported.

Corrective Action Plan:

The federal Part 4 report for the September 2019 quarter was submitted timely. The query was adjusted resulting in the error being resolved cumulatively.

*Contact Person: Xochiatl Thomas, Financial Manager, 801-538-4123
Anticipated Completion Date: October 2019*

2. INACCURATE DATA REPORTED ON THE PERFORMANCE PROGRESS REPORT

Federal Agency: **Department of Health and Human Services**
CFDA Number and Title: **93.788 Opioid State Targeted Response (STR)**
Federal Award Number: **TI080274**
Questioned Costs: \$0
Pass-through Entity: N/A
Prior Year Single Audit Report Finding Number: N/A

DHS's semi-annual performance progress report (PPR) submitted for the period ended April 30, 2019, reported 1,518 persons as receiving Opioid Use Disorder (OUD) treatment services when in actuality only 1,497 persons received such treatment. This error was the result of miscalculations by staff preparing the data table. Not accurately reporting information results in inaccurate and/or incomplete program information being provided to users of the reports.

Recommendation:

We recommended DHS implement internal controls over the PPR completion and review process to ensure data reported is accurate.

DHS's Response:

We agree the federal performance progress report should be properly reported.

Corrective Action Plan:

DSAMH will perform additional review to assist proper data reporting.

*Contact Person: Brent Kelsey, Assistant DSAMH Director, 801-538-4305
Anticipated Completion Date: November 2019*