

**Georgia Department of Human Services**

# **State Fiscal Year 2018 Audit Results**

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# stronger families

FOR A STRONGER GEORGIA



# **SFY 2018 Audit Results**

## ***Audit Objectives as expressed by the State Auditor***

To express opinions on:

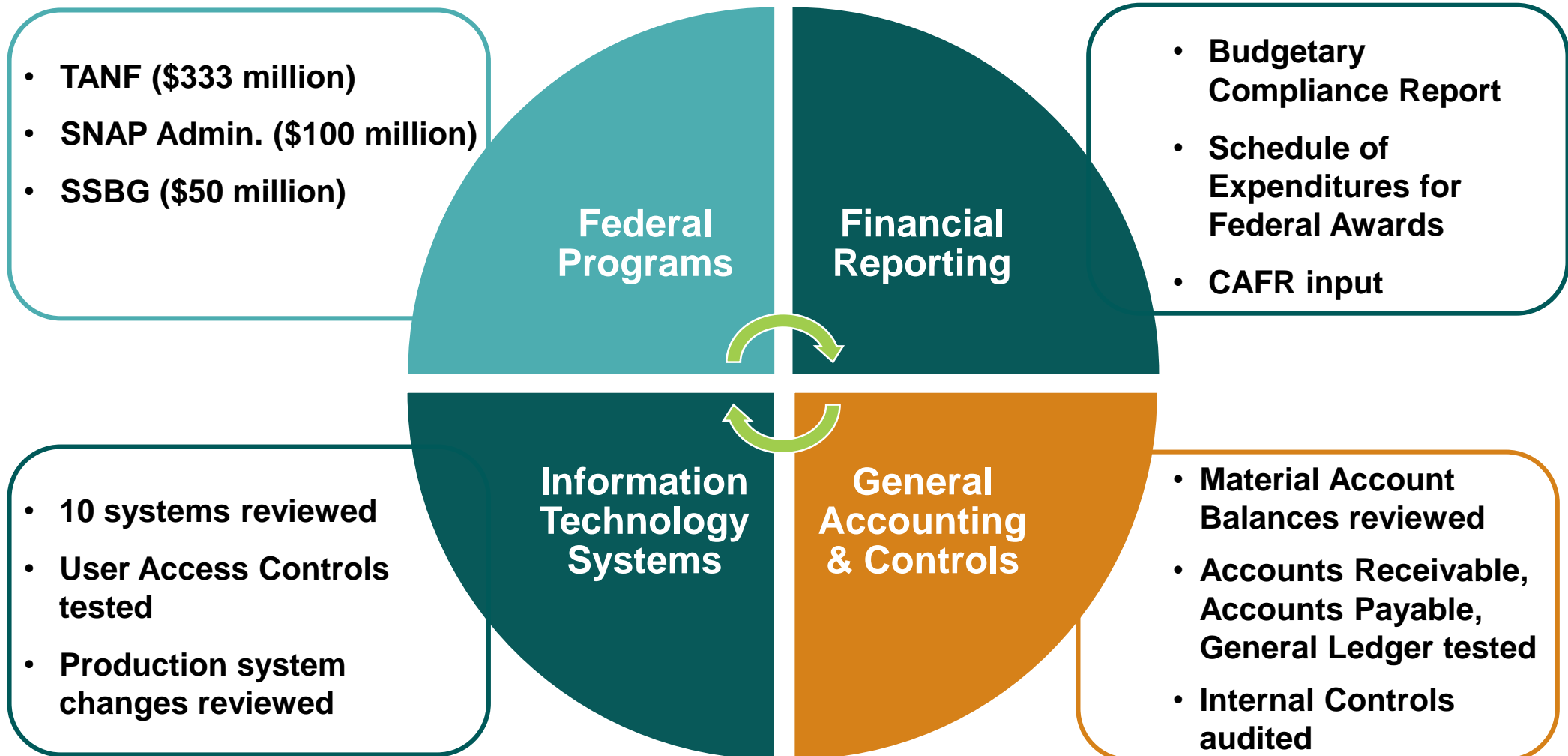
1. Fair presentation of the State's financial statements as presented in the State of Georgia *Comprehensive Annual Financial Report (CAFR)*.
2. Adequate control by the management with the oversight of those charged with governance.
3. Internal control and compliance as required by:
  - The Single Audit Act Amendments of 1996
  - Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*

***The annual state audit does not relieve management or those charged with governance of their responsibilities.***



# SFY 2018 Audit Results

## Scope and Focus of the Audit



# SFY 2018 Audit Results

## 6 Published Single Audit Findings

IT Systems

DCSS - SMART  
System Logical  
Access Controls

*(Repeat)*

Strengthen System  
Logical  
Access Controls

*(Repeat)*

Strengthen System  
Logical  
Access Controls

*(Repeat)*

= Duplicates

Programs

TANF - Strengthen  
Controls Over  
Eligibility  
Documentation

*(Repeat)*

TANF - Improve  
Controls Over CSE  
Noncooperation  
Sanctions

*(Repeat)*

Financial

Improve Controls  
Over SNAP Benefits  
Reporting

*(New)*



# **SFY 2018 Audit Results**

## ***Published Single Audit Findings***

### **Programs - Strengthen Controls Over Eligibility Documentation - TANF**

#### **Repeat Finding**

#### **Finding**

- 2 of 60 files tested did not have one or more forms required to support TANF eligibility determinations per the DFCS TANF Policy manual's guidelines for application processing.
- The total of the benefits paid to these 2 individuals was \$1,267.
- Improvement versus SFY 2017 where 12 of 60 files not complete (\$20,688 of benefits paid).

#### **Corrective Action**

- DFCS is continuing to execute its three part plan to resolve this finding.
  1. Monthly district level Case Accuracy Reviews sampling applications.
  2. Monthly field program level Case Accuracy Reviews (separate from the district level reviews).
  3. Update all eligibility application procedures and train District staff.
- This new monitoring plan was not implemented until February 2018.



# **SFY 2018 Audit Results**

## ***Published Single Audit Findings***

### **Programs – Improve Controls For Child Support Noncooperation Sanctions TANF**

#### **Repeat Finding**

#### **Finding**

- 6 of 51 Child Support Noncooperation notifications tested did not result in a reduction of TANF benefits.
- The total amount of these TANF benefits was \$5,761.

#### **Corrective Action**

- DFCS is continuing to execute its three part plan to resolve this finding.
  1. Review logs of all sanctions monthly to ensure all sanctions have been implemented.  
The logs are to be delivered directly from the Division of Child Support Services.
  2. Document all procedures for executing Child Support sanctions.
  3. Train District staff.
- This new monitoring plan was not implemented until February 2018.



# **SFY 2018 Audit Results**

## ***Published Single Audit Findings***

### **IT Systems - Strengthen System Logical Access Controls – Child Support**

#### **Repeat Finding**

##### **Finding**

- Review of Child Support payment collection system (SMART) revealed the following deficiencies in logical access controls.
  - The division did not receive complete responses to user access recertifications.
  - A user account with inappropriate access was not corrected.

##### **Corrective Action**

- Work with the payment collection vendor, Systems & Methods, Inc. (SMI), to add additional user information to the recertification report to identify user access requirements.
- Ensure the review process includes verification of user provisioning, de-provisioning and recertification by local offices.
- The Corrective Action Plan target completion date is June 30, 2019.





# **SFY 2018 Audit Results**

## ***Published Single Audit Findings***

### **IT Systems - Continue to Strengthen System Logical Access Controls**

#### **Repeat Finding**

#### **Finding**

- Review of the STAR\$ and Electronic Benefits Transfers (EBT) eligibility and payment applications revealed the following deficiencies in logical access controls.
  - 6 users had inappropriate access to databases for supporting the applications.
  - The user access monitoring process did not include the databases supporting the applications.

#### **Corrective Action**

- Establish a process to review user access to databases with job role appropriateness.
- Monitor user access monthly.
- The Corrective Action Plan target completion date is May 31, 2019.



# **SFY 2018 Audit Results**

## ***Published Single Audit Findings***

### **Financial - Implement Controls Over SNAP Benefits Reporting**

#### **New Finding**

#### **Finding**

- The SNAP Benefits reporting process did not have controls to detect errors in the reports summarizing the monthly federal reports. The monthly Food and Nutrition Services (FNS) 46 reports were correct.
- The Summary report is used to complete the annual Schedule of Expenditures for Federal Awards (SEFA).
- The SEFA was overstated by 9% or \$21 million on total SNAP benefits of \$2.4 Billion.

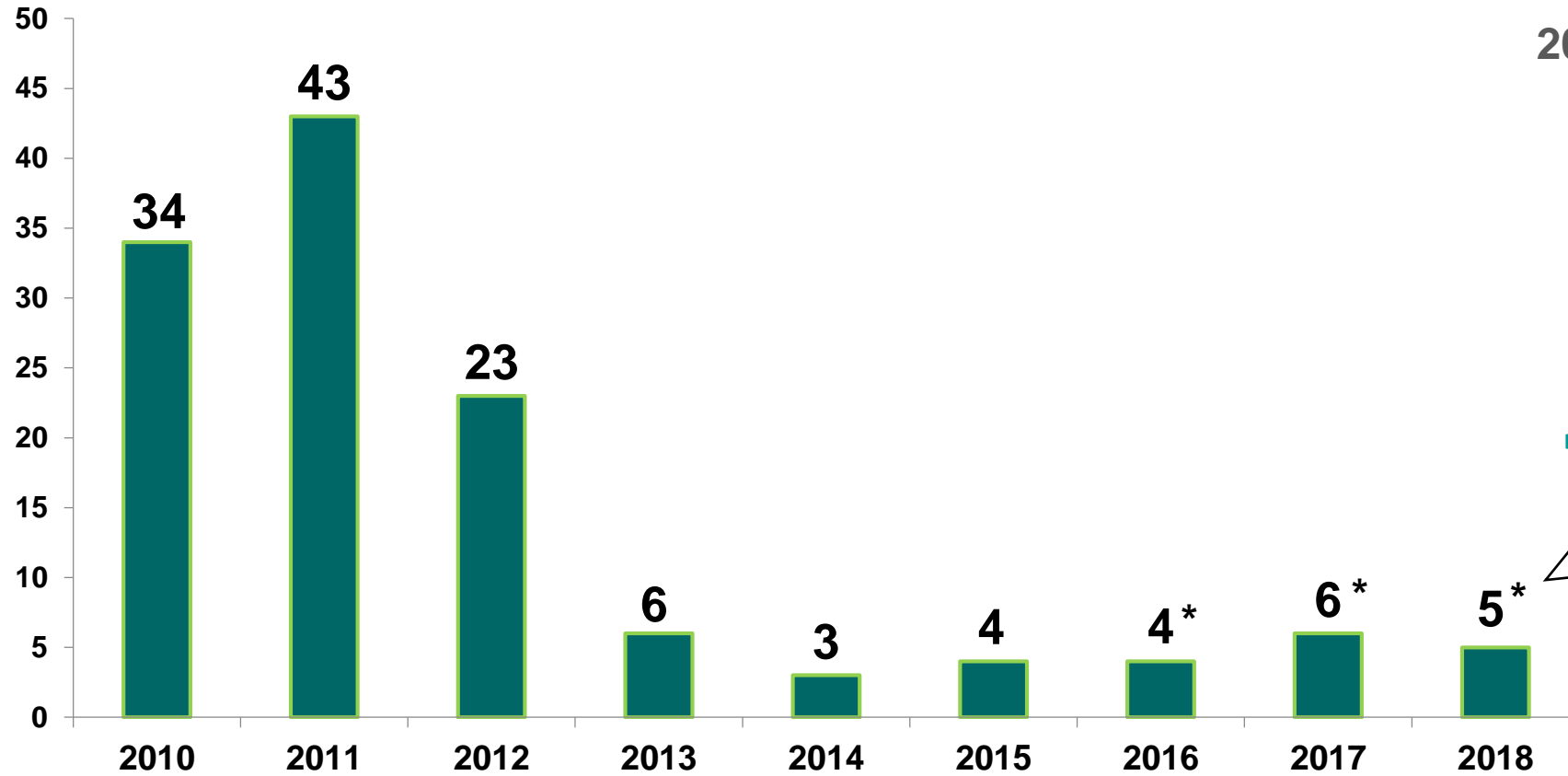
#### **Corrective Action**

- The Summary Report will be built monthly along with FNS 46 reports.
- Both reports will be reviewed and reconciled monthly by the Electronic Benefit Transfer (EBT) team and the Office of Financial Services (OFS) team.
- All differences will be corrected before the final submission of the annual SEFA.
- This Corrective Action Plan was put into place in January 2019.

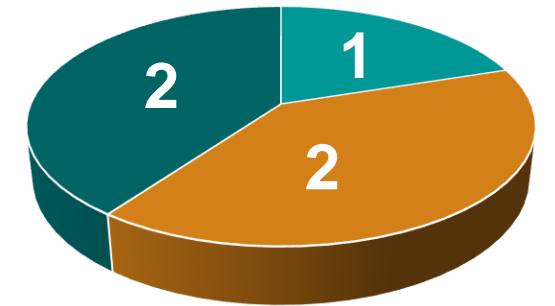


# SFY 2018 Audit Results

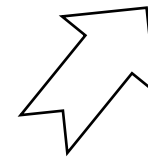
## *Published Single Audit Findings*



2018 Findings Breakdown



■ Financial ■ Program ■ IT



\* *excludes duplicated Information Technology findings*



# Office of Financial Services

## Available References and Resources

- **Budgetary Compliance Report (BCR)**  
[www.audits.ga.gov/SGD/bcr.html](http://www.audits.ga.gov/SGD/bcr.html)
- **Comprehensive Annual Financial Report (CAFR)**  
[www.audits.ga.gov/SGD/cafr.html](http://www.audits.ga.gov/SGD/cafr.html)
- **Annual Single Audit Reports**  
[www.audits.ga.gov/SGD/single\\_audit.html](http://www.audits.ga.gov/SGD/single_audit.html)
- **Schedule of Expenditures for Federal Awards (SEFA)**  
[www.audits.ga.gov/SGD/single\\_audit.html](http://www.audits.ga.gov/SGD/single_audit.html)  
(Section C-1)



# SFY 2019 Audit

- The SFY 2019 Audit has commenced.
  1. Information Technology (IT) Audit
    - The IT Opening Conference was held April 8<sup>th</sup>.
    - The initial client information requirements have been issued.
    - An accelerated timetable to complete the IT audit by June.
  2. Program and Financial Audit
    - Expect an Opening Conference within the next 30 days.
    - An initial program risk assessment has been completed for planning purposes.
- The DHS Board Members:
  1. Will be receiving the SFY 2019 Audit Engagement Letter soon.
  2. May be contacted for Fraud Awareness interviews.



# The Audit Process

- **Annual Fiscal State Year Audit**
  - Conducted under the direction of the State of Georgia Auditor
  - The state auditor is appointed by the Georgia Legislature by a majority vote of both houses
  - The state auditor oversees the Georgia Department of Audits and Accounts (DOAA), which performs compliance, financial and performance audits of state agencies.
- **The Georgia Department of Audits and Accounts (DOAA)**
  - DOAA audits state government entities which produce financial reports including the Comprehensive Annual Financial Report (CAFR), the Single Audit Report, and the Budgetary Compliance Report (BCR).
  - Assesses Information Technology (IT) risk and the effectiveness of the information technology control environment for the state.
- **Single Audit (Federal)**
  - Is a financial statement and federal awards' audit of a non-federal entity expending \$750,000 or more in federal funds in one year.
  - It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place, and is generally in compliance with program requirements.



# Questions?

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