

Georgia Department of Human Services

SFY 2017 DHS Audit Results

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Director, Office of Financial Services



stronger families

FOR A STRONGER GEORGIA



SFY 2017 Audit Results

Audit Objectives as expressed by the State Auditor

To express opinions on:

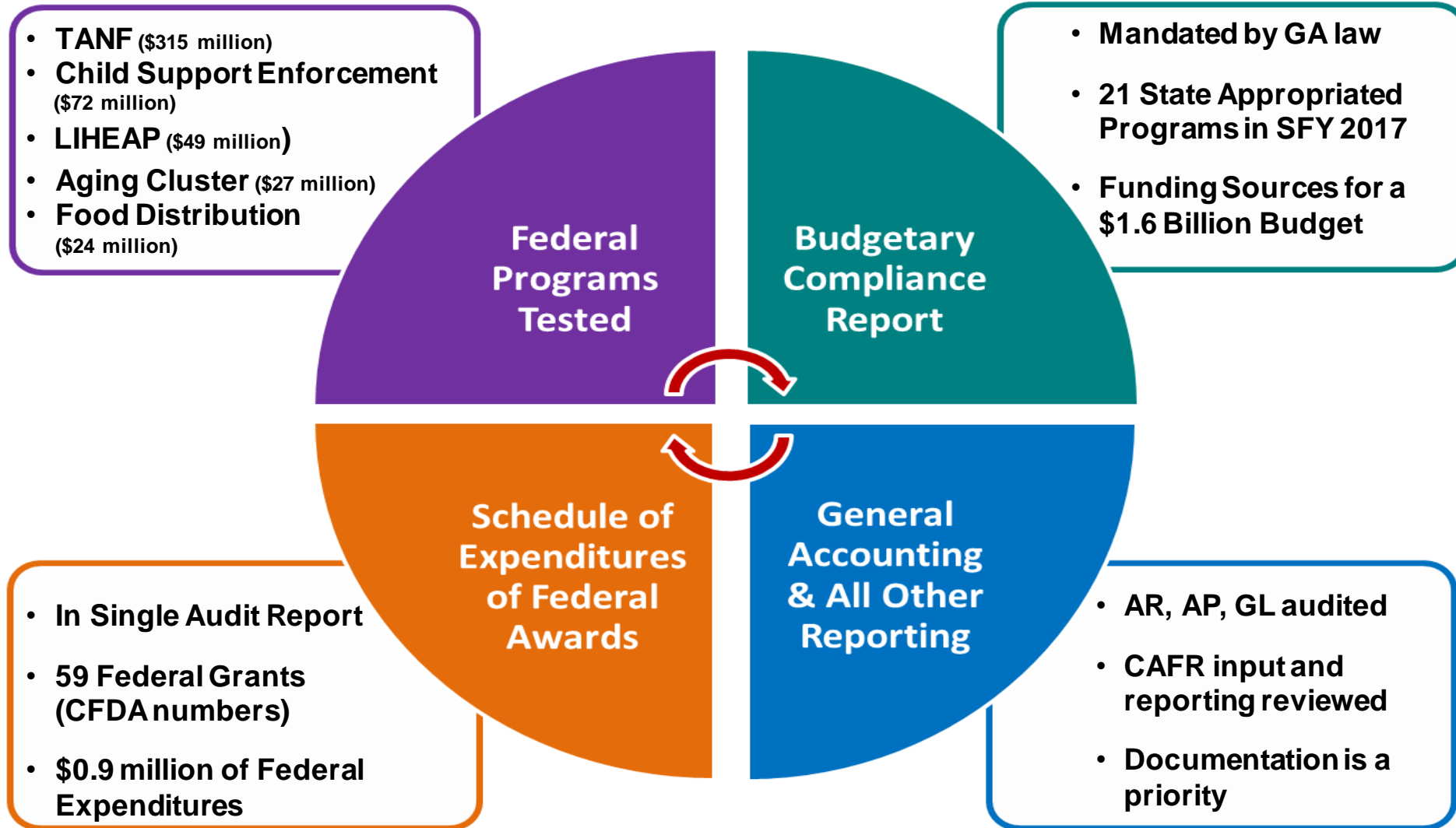
1. Fair presentation of the State's financial statements as presented in the State of Georgia *Comprehensive Annual Financial Report (CAFR)*.
2. Adequate control by the management with the oversight of those charged with governance.
3. Internal control and compliance as required by:
 - The Single Audit 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.



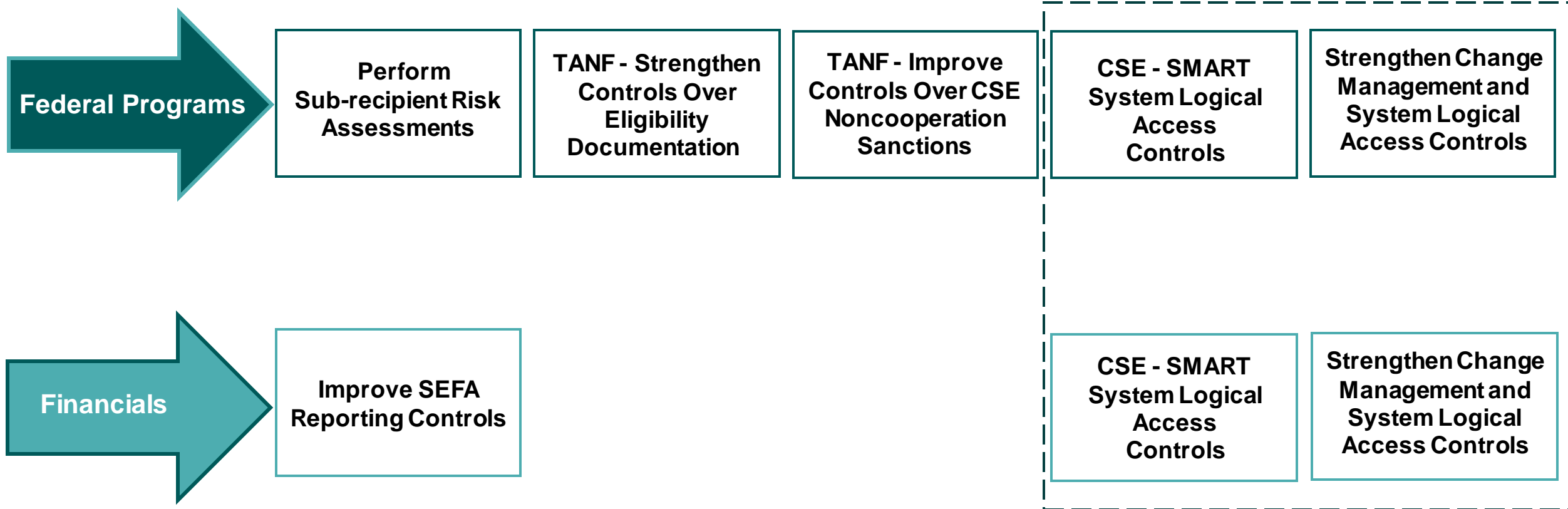
SFY 2017 Audit Results

Major Programs and Other Significant Items Reviewed



SFY 2017 Audit Results

8 Published Single Audit Findings



SFY 2017 Audit Results

Published Single Audit Findings

Perform Sub-Recipient Risk Assessments

Repeat Finding

Finding

- As a pass-through entity, DHS is responsible for determining appropriate monitoring activities for sub-recipients of federal awards.
- The monitoring procedures in place during the year did not require program personnel to perform risk assessments to determine each sub-recipient's risk of noncompliance.

Corrective Action

- DHS has implemented a mandatory pre-award risk assessment process for its programs to evaluate sub-recipients prior to issuing renewal and new contracts effective for SFY 2018.
- This finding should be eliminated during the SFY 2018 audit.



SFY 2017 Audit Results

Published Single Audit Findings

TANF - Strengthen Controls Over Eligibility Documentation

Finding

- 12 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 12 individuals was \$20,688.

Corrective Action

- DFCS is executing a 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.
- The target completion date is September 30, 2018.



SFY 2017 Audit Results

Published Single Audit Findings

TANF – Improve Controls For Child Support Noncooperation Sanctions

Finding

- 5 of 60 Child Support Noncooperation notifications tested did not result in a reduction of TANF benefits.
- The total amount of these TANF benefits was \$3,675.

Corrective Action

- DFCS is executing a 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.
- The target completion date is September 30, 2018.



SFY 2017 Audit Results

Published Single Audit Findings

Strengthen Change Management and System Logical Access Controls

Repeat Finding

Finding

- Review of DHS' information system general controls associated with an eligibility and payment applications revealed deficiencies related to:
 - *Change Management*
DHS did not adhere to its established policies and procedures.
 - *Logical Access*
DHS did not perform periodic reviews of user access to determine whether the access was appropriate for the individual's role and responsibilities.

Corrective Action

- *Change Management*
 - Continuous monitoring is being performed on agency systems. The monitoring compares current configurations before and after changes to verify no unauthorized changes have been made to the production systems.
- *Logical Access*
 - Reports are now generated to identify new users, current user roles, and termination dates; these reports are validated against user access request/approval forms.



SFY 2017 Audit Results

Published Single Audit Findings

Strengthen Federal Award Expenditure Reporting Controls

Finding

- Did not have adequate controls over reporting of transactions between state agencies for the Schedule of Expenditures of Federal Awards (SEFA).
- Involved Medicaid funds provided to DHS by Department of Community Health and Social Services Block Grant (SSBG) funds provided by DHS to Department to Behavioral Health and Developmental Disabilities (DBHDD).

Corrective Action

- The discrepancies between state agencies reports were all a function of timing of transactions.
- In the future, all federal funds passed to or from state agencies are to be reconciled, balanced and reported.
- All subsequent adjustments to the reported SEFA must be communicated by the responsible agency to the impacted state agency and the State Accounting Office.

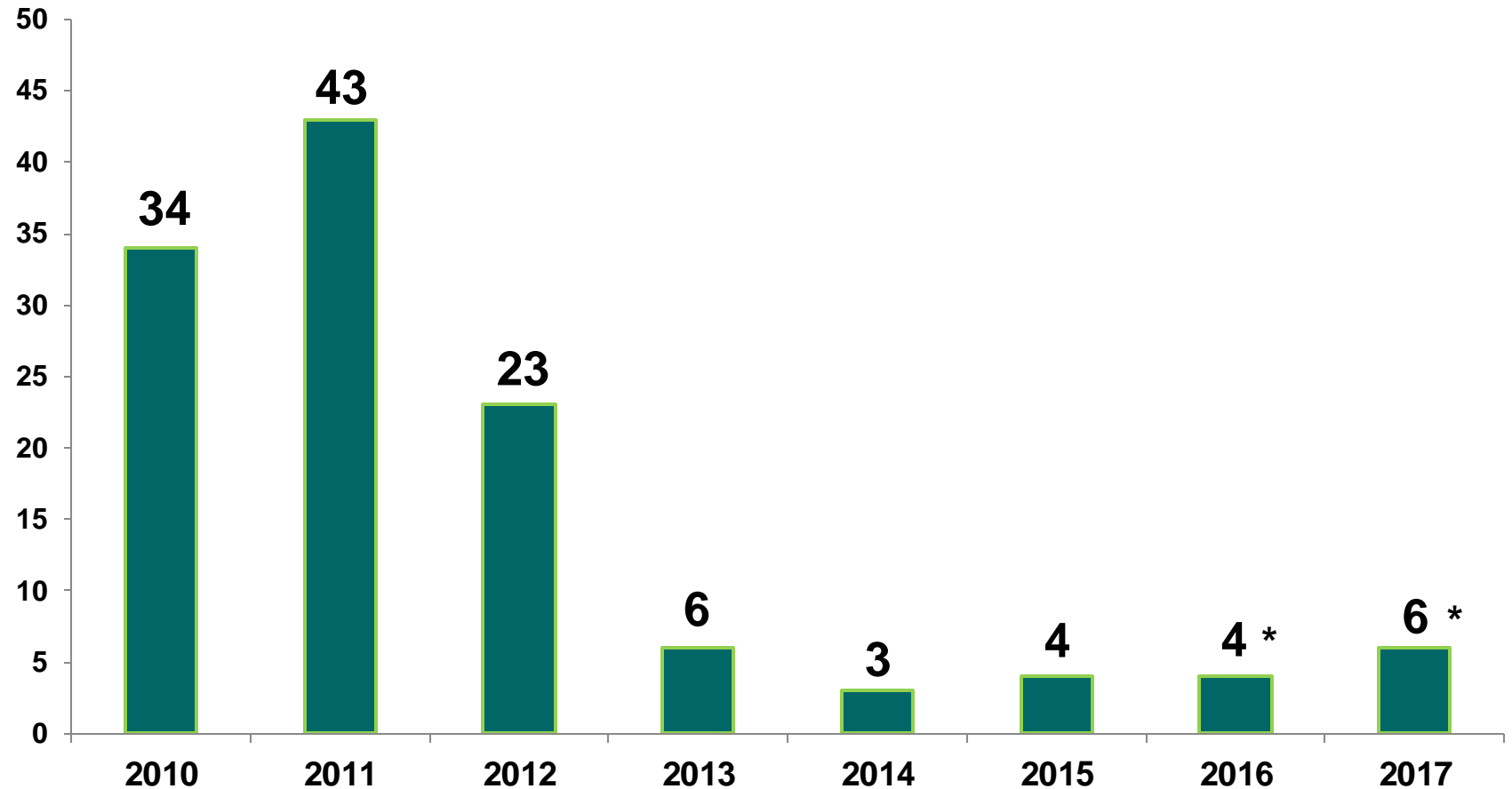


SFY 2017 Audit Results

Published Single Audit Findings

DHS audit findings have dramatically decreased since 2011.

New federal regulations present a challenge.



* *excludes duplicated Information Technology findings*



SFY 2017 Audit Results

Unpublished Management Letter Comment

Internal Control Framework

Repeat Comment

Recommendation

- A formal internal control framework is necessary to allow Management to gain reasonable assurance DHS will achieve its objectives in complying with operational, financial reporting, and compliance requirements.

Response

- The Department of Human Services (DHS) is in the process of implementing the internal control framework standards presented in the U.S. Government Accountability Office's (GAO) Green Book.
- DHS will continue to comply with the guidance and timeline set forth by the State Accounting Office (SAO).
- DHS will continue to formally document its internal control structure for financial reporting, risk assessments and internal control evaluations.



Office of Financial Services

Available References and Resources

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



SFY 2018 Audit

- The SFY 2018 Audit will be commencing soon with an Entrance Conference
- The SFY 2018 Audit is expected to review and test two new Information Technology Systems
 - Georgia Gateway
 - Harmony for Aging
- The DHS Board Members:
 - Will be receiving the SFY 2018 Audit Engagement Letter
 - May be contacted for Fraud Awareness interviews



Questions?

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