



Georgia Department of Human Services

FY 2015 State Audit Results

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Stronger Families for a Stronger Georgia

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FY 2015 State Audit Results

Glossary of Acronyms and Terms Used

- **Generally Accepted Accounting Principles - (GAAP)**

The generally accepted accounting principles adopted by the U.S. Securities and Exchange Commission (SEC).

- **Single Audit Act of 1996**

The Single Audit Act established requirements for audits of State governments that administer Federal financial assistance programs. Each non-Federal entity that expends a total amount of Federal awards equal to or in excess of \$500,000 in any fiscal year of such non-Federal entity shall have either a single audit or a program-specific audit

- **OMB (Office of Management and Budget) Circular 133**

Identifies existing important compliance requirements the Federal Government expects to be considered as part of an audit required by the Single Audit Act of 1996.

- **CFDA – *Catalog of Federal Domestic Assistance***

Provides a full listing of all Federal programs available to State and local governments

- **Sub-Recipient**

A non-Federal entity that receives Federal awards through another non-Federal entity to carry out a Federal program. Delegation of applicant eligibility for Federal programs is a key component in the Sub-Recipient

- **LEIE - *List of Excluded Individuals and Entities***

Federal regulations prohibit states for paying for an item or service furnished, ordered or prescribed by an excluded individual or entity. (42 Code of Federal Regulations (CFR) Section 10001.19081(b))

- **CE - *Consultative Examinations***

Medical examinations ordered by the Georgia Vocational Rehabilitation Agency's (GVRA) Disabilities Adjudication Services. The purpose of these examinations is to determine if applicants are eligible for disability payments from the Social Security Insurance (SSI) program.



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Audit Objectives as presented by the State Auditor

To express opinions on whether financial statements are fairly presented.

- **In accordance with Generally Accepted Accounting Principles**

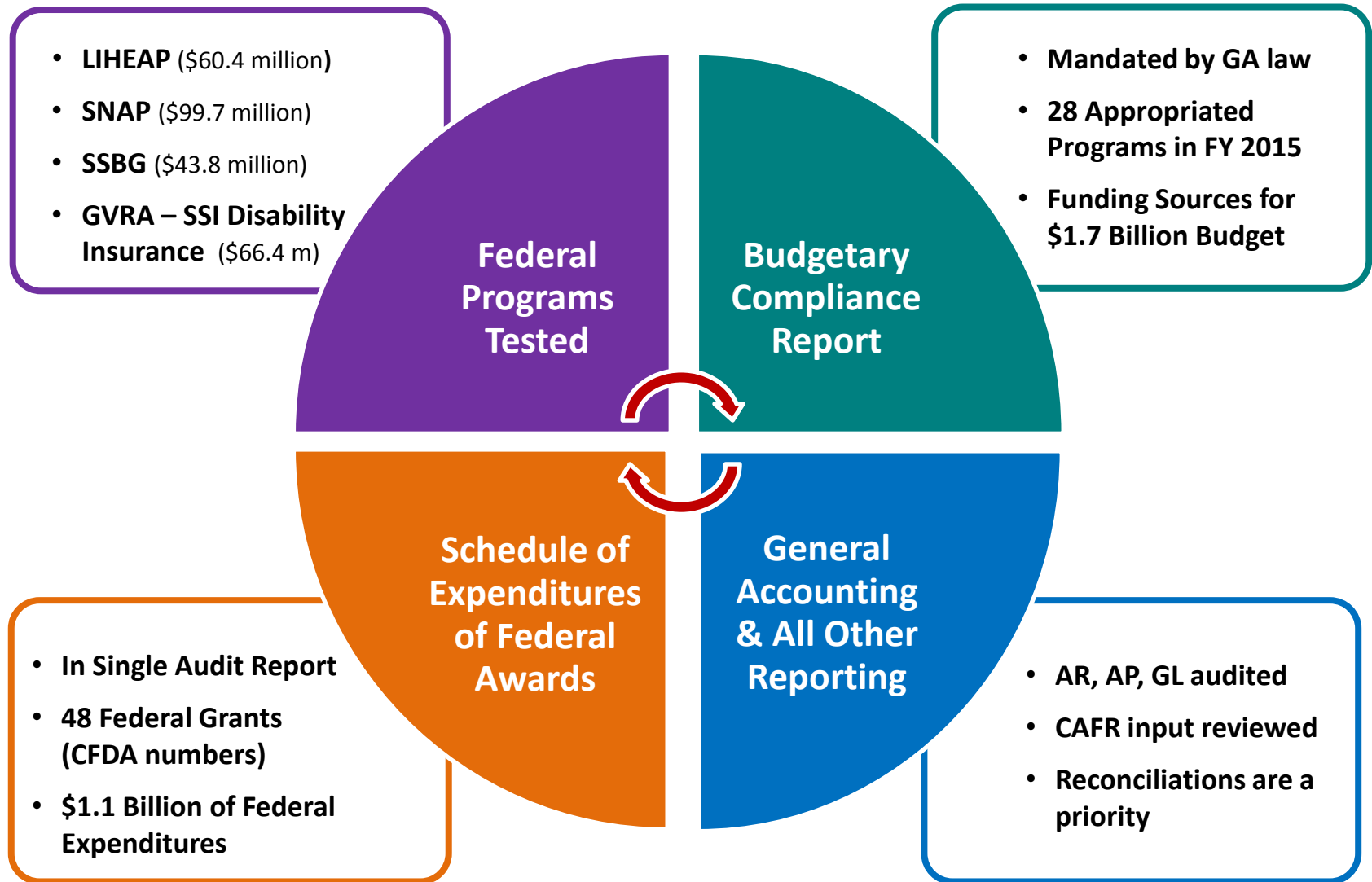
Review major programs and provide opinions on internal controls and compliance with laws, regulations and the provisions of contracts and grant agreements.

- **In accordance with the Federal Single Audit Act of 1996 and OMB Circular A-133**



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Major Programs and Other Significant Items Reviewed



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5 Published Single Audit Findings

LIHEAP

**Sub-Recipient
Monitoring ****

SNAP

**Sub-Recipient
Monitoring**

SSBG

**Sub-Recipient
Monitoring**

**GVRA – DI (SSA)
Doctor License
Status
Documentation**

**Bank Account
Reconciliations

**** a repeat finding**



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3 Sub-Recipient Monitoring Audit Findings

LIHEAP

Finding

- Inconsistent management reviews of monthly reports.
- Not sufficient monitoring or support for whether costs are allowable.

Corrective Actions

- New monitoring process established in April 2015 is working.
- Now adding reviews for Administrative Expenses.

SNAP

Finding

- Inconsistent and late reports sent by the sub-recipients.
- No documented process to address non-compliance.

Corrective Actions

- Instituting a monthly monitoring process similar to LIHEAP.
- Documenting procedures and monthly reviews.

SSBG

Finding

- 10 of the 12 SSBG sub-recipients submitted audit reports in FY 2015.
- Not sufficient oversight to follow up on missing audit reports.

Corrective Actions

- Internal audit redesigned a tracking database to identify missing reports.
- This finding was resolved in December 2015.



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2 Final Audit Findings

GVRA – DI (SSI) Doctor License Status Documentation

Finding

- Inadequate internal controls over CE provider license renewals.
- Did not ensure the required LEIE verification is performed annually.

Corrective Actions

- Establish CE provider database with license numbers & verification dates.
- Ensure AS400 vendor files used to verify the same information.

Bank Account Reconciliations

Finding

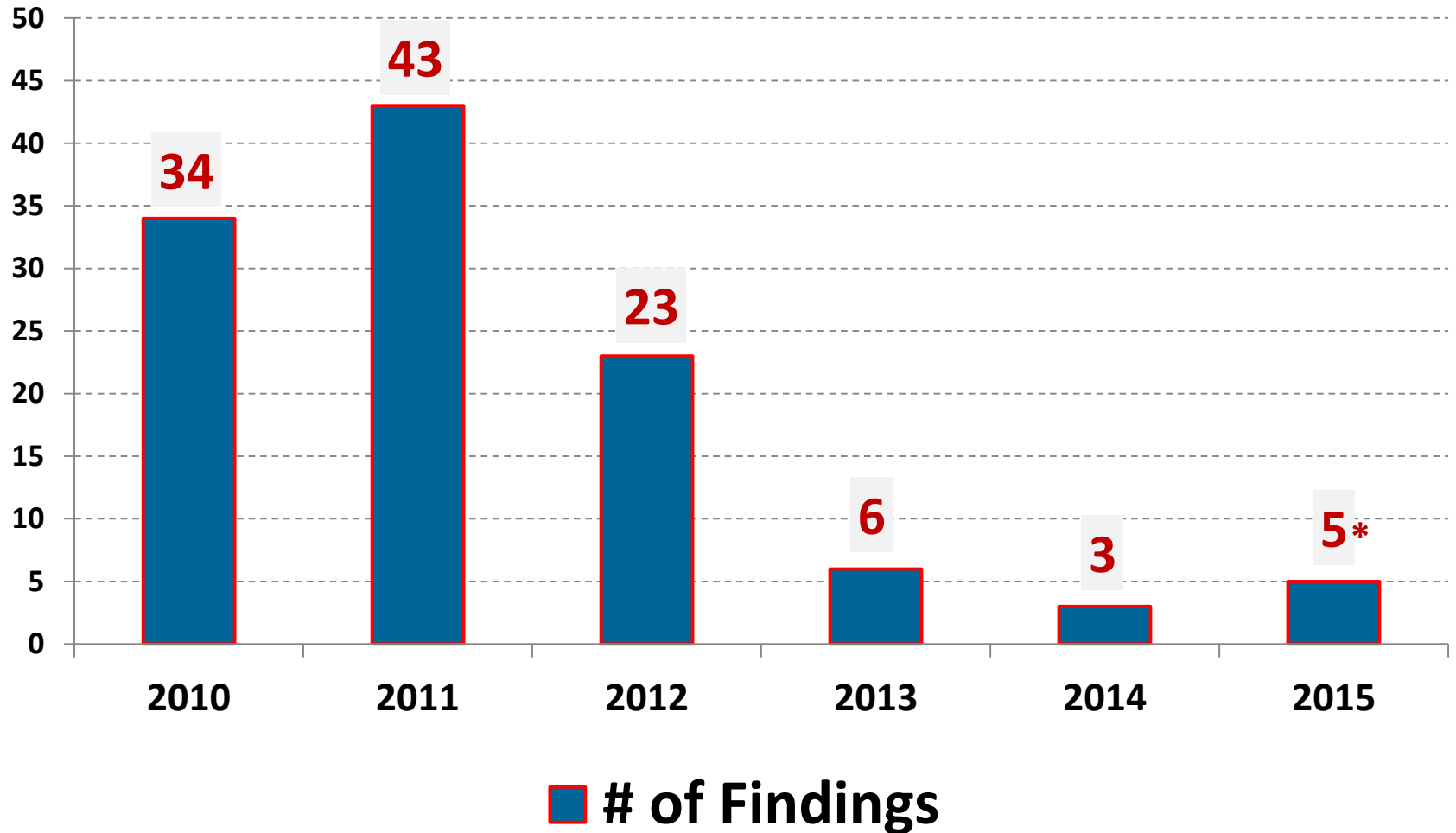
- DHS did not ensure timely resolution of book reconciling items.
- GVRA did not perform and review monthly bank reconciliations.

Corrective Actions

- DHS has established a process to address current reconciling items.
- GVRA has established a process to complete and review monthly bank reconciliations timely.

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Single Audit Findings Performance



* includes 1 GVRA finding



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Management Letter (ML) Comments

ML Comments are not published, but are tracked for resolution with Corrective Action Plans.

Inadequate Cash Management Procedures

- Did not consistently maintain documentation to support adjustments to daily federal cash draws from July through December of 2014. From January through June 2015, the documentation was improved and sufficient.

Internal Control Framework **

- Develop a formal internal control framework to provide assurance DHS will achieve its objectives in complying with operational, financial reporting and compliance requirements.

*** Issued to all State Agencies*



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On Line Financial Reports

**Comprehensive Annual Financial
Report (CAFR)**

<http://sao.georgia.gov/comprehensive-annual-financial-reports>

Budgetary Compliance Reports

<http://sao.georgia.gov/budgetary-compliance-report>

<http://sao.georgia.gov/single-audit-reports>

Single Audit Reports

<http://sao.georgia.gov/single-audit-reports>
(included in the Single Audit report)

**Schedule of Expenditures
For Federal Awards (SEFA)**

