



# Legislative Post Audit Compliance Audit Report Highlights

Statewide Single Audit  
State of Kansas  
Fiscal Year 2016

## Report Highlights

March 2017 • R-17-003

### **Background Information**

*The federal government requires organizations that receive a significant amount of federal funding to undergo a “single audit” in accordance with the Uniform Grant Guidance. This new guidance replaces OMB Circular A-133 which previously governed the Single Audit.*

*The Single Audit combines the audit of the state’s financial statements with an organization-wide audit of compliance with federal regulations and award agreements. The Single Audit is presented in two parts. The first part was the audit of the state’s basic financial statements for fiscal year 2016 (R-16-016 released in December 2016). This second part is the report on state agencies’ compliance with federal awards requirements.*

*CliftonLarsonAllen, a CPA firm under contract with the Legislative Division of Post Audit, conducted the Single Audit.*

**AUDIT OBJECTIVES:** The federal Single Audit has three major objectives: (1) evaluate state agencies’ compliance with federal laws, regulations, contracts, and other requirements; (2) evaluate agencies’ internal controls over compliance; and (3) identify any questioned costs associated with non-compliance.

- **The auditors reported that the state was in material compliance with the applicable requirements for all federal programs audited.**
- **The auditors reported a total of 15 problem findings related to the federal awards including two material weaknesses** (the most significant type of problem finding). The material weaknesses were for the Medicaid program, where there was a significant backlog of Medicaid applications as of June 30, 2016 (Finding 2016-018, p 56), and for the Foster Care program, where incorrect mileage rates were used in 20% of the files tested (Finding 2016-015, p 52).
- **The auditors estimated \$500 in questioned costs as a result of some of the findings.** Although the auditors initially identify the questioned costs, the applicable federal agency ultimately decides if the state will have to reimburse the federal government and how much. The questioned costs are listed in the separate document, Summary of Problem Findings from the FY 2016 Statewide Single Audit.

### **SUMMARY OF RECOMMENDATIONS:**

- The auditors made recommendations to address the problem findings identified.

### **AGENCY RESPONSE:**

- Each agency responded to its respective findings with a corrective action plan.

### HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

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**Summary of Problem Findings  
from the  
Statewide Single Audit  
Year Ended June 30, 2016**

## DEPARTMENT FOR AGING AND DISABILITY SERVICES

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Aging Cluster)</b>				
No documentation of providing the award identification information to the subrecipient for either of the two subrecipients tested.	Significant Deficiency	-	2016	Develop a more robust control over program documentation provided to subrecipients at the time of subaward.
No documentation of subrecipient risk assessments.	Significant Deficiency	-	2016	Include subrecipient risk assessment in policy.
Total Questioned Costs		\$ -		

## DEPARTMENT FOR CHILDREN AND FAMILIES

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Foster Care, Supplemental Nutrition Assistance Program, Low-Income Home Energy Assistance)</b>				
No evidence of review for one of 60 expenditures tested.	Significant Deficiency	-	2016	Evaluate the design of internal controls.
<b>US Department of Health and Human Services (Low-Income Home Energy Assistance)</b>				
Overpayment in one of 40 cases tested.	Significant Deficiency	5	2015	Design additional controls to monitor the workflow of LIHEAP cases and maintain appropriate documentation. Provide further training.
<b>US Department of Health and Human Services (Child Care Development Fund Cluster)</b>				
Family Share Deduction incorrectly calculated or applied in three of 60 cases tested.	Significant Deficiency	-	2013	Develop a more robust control over review of beneficiary status changes.
<b>US Department of Health and Human Services (Foster Care)</b>				
No documentation of providing the award identification information to the subrecipient for two of the subrecipients tested.	Significant Deficiency	-	2014	Develop a more robust control over program documentation provided to subrecipients at the time of subaward.
No documentation of subrecipient risk assessments.	Significant Deficiency	-	2016	Document subrecipient monitoring procedures.
State Plan does not include review of payment rates for maintenance and administrative payments.	Significant Deficiency	-	2016	Document maintenance and administrative payment review procedures within the State Plan.
Subrecipients used incorrect mileage rates in 12 of 60 cases tested.	Material Weakness	-	2015	Emphasize documentation requirements and internal review process to the subrecipients.
Total Questioned Costs		\$ 5		

## DEPARTMENT OF HEALTH AND ENVIRONMENT

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Medicaid Cluster)</b>				
One of two reports tested were not submitted timely.	Significant Deficiency	\$ -	2016	Continue to cross-train employees.
Significant backlog of Medicaid applications as of June 30, 2016.	Material Weakness	-	2016	Continue to monitor the backlogged applications and process oldest as a priority.
Incomplete documentation provided for 29 of 60 existing Medicaid recipient cases tested.	Significant Deficiency	-	2016	Continue to collect paper files and store in an electronic database.
Total Questioned Costs		\$ -		

## DEPARTMENT OF LABOR

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Labor (Unemployment Insurance)</b>				
Did not complete Benefits Accuracy Measurement Reviews timely.	Significant Deficiency	\$ -	2014	Establish a plan to complete the backlog while meeting the timeframe requirements for current cases.
One of 40 claims tested did not have documentation for involuntary separation.	Significant Deficiency	474	2016	Establish a plan to ensure proper documentation.
Manual adjustments were required to correct data generated from the system before the information was entered on a State Workforce Agency report. This was due to a programming error.	Significant Deficiency	-	2014	Develop consideration of system generated information.
Total Questioned Costs		\$ 474		