

DEPARTMENT OF HUMAN SERVICES

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Finding:

Finding No. 19000200801:

Periodic certifications for employees working on a single federal program were not obtained in accordance with federal regulations.

CFDA Title: Rehabilitation Services-Vocational Rehabilitation Grants to States

CFDA Number: 84.126

Federal Award Number: Various

Federal Award Year: Various

Federal Agency: Department of Education

Type of Finding: Material Weakness

Category of Finding: Allowable Costs/Cost Principles

Analysis:

OMB Circular A-87 – Cost Principles for State and Local Governments (A-87), Attachment B, Number 8, section h states:

...

(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.”

...

Of the 183 employees tested, payroll costs for 115 employees were allocated solely to one federal program and required a certification. One of the 115 employees did not submit a periodic certification stating they worked solely on a federal program. The other 114 employees had certifications completed in April and May of 2008 that covered the eighteen month time period of January 1, 2007 through June 30, 2008. These certifications should have been prepared at least semi-annually. As a result, the department did not comply with OMB Circular A-87 and there existed an increased exposure for ineligible costs to be incurred on federal programs.

RECOMMENDATION:

1. We recommend that periodic certifications for employees working on a single federal program be obtained in accordance with OMB Circular A-87.

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Auditee's Corrective Action Plan:

The DHS has always had procedures in place to ensure compliance with periodic certifications for employees working on a single federal program and historically have not encountered any issues with this requirement. The completion of this task occurred later than we would have preferred.

In response to the finding regarding the Vocational Rehabilitation Services Grant, DHS disagrees that this finding presents a 'material weakness'. During the course of the audit engagement, communication with the auditor indentified why we disagree with the 'materiality' of this finding. The employees working under this grant provide only vocational rehabilitation services and have absolutely no other program to work on or code time to. The payroll distribution rules for these employees are established by DHS Budget and Finance Office. Therefore, all payroll expenses are accurately accounted for and reported on the federal financial status reports and are not affected by signed time certifications.

Although we would agree this is a non-compliance issue, we disagree with your finding of material weakness as the signed certification would not have a material impact or reflection on costs or expenditures reported to this federal award. Our corrective action plan will assure through adherence to established procedures that compliance will be obtained and maintained with the requirement of periodic certifications for employees working on a single federal program.

Finding No. 19000200802:

The Vocational Rehabilitation Program Cost Report (Form RSA-2) contained inaccurate information.

CFDA Title: Rehabilitation Services-Vocational Rehabilitation Grants to States

CFDA Number: 84.126

Federal Award Number: H126A070062D and H126A070084D

Federal Award Year: 2006 and 2007

Federal Agency: Department of Education

Type of Finding: Noncompliance

Category of Finding: Reporting

Analysis:

An annual Vocational Rehabilitation Program Cost Report (Form RSA-2) is required for the Vocational Rehabilitation grant for both the Division of Rehabilitation Services (DRS) and the Division of Service to the Blind and Visually Impaired (SBVI). The report contains statistical and financial data for the federal fiscal year (FFY). Examination of the DRS and SBVI FFY2007 RSA-2 reports identified the following:

- 1) Schedule 2, Line 1, DRS and SBVI reported an erroneous number of individuals that did not receive any purchased services and who also did not receive any of the other services provided directly by the state. This line would include those individuals receiving assessment, counseling, guidance or placement services provided through use of comparable benefits, at no cost to the state. The DRS and SBVI schedules reported 1,689 and 158 and should have reported 2,354 and 140, respectively.

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- 2) Schedule 2, Line 10, DRS and SBVI reported an incorrect number of individuals for an unduplicated count of individuals receiving any Vocational Rehabilitation services. The DRS and SBVI schedules reported 5,409 and 505 and should have reported 5,388 and 504, respectively.
- 3) Schedule 2, Line 12, DRS reported an erroneous amount of Vocational Rehabilitation funds expended for rehabilitation technology services. The schedule reported \$302,982 and should have reported \$52,887.
- 4) Schedule 5, Line 1, DRS and SBVI reported the wrong amount of Section 110 Federal funds allotted for FFY07 to be carried over to the following fiscal year. The DRS and SBVI schedules reported \$0 and should have reported \$37,176 and \$178,306, respectively.
- 5) Schedule 5, Line 3, DRS reported the wrong amount of Title VI-B Federal funds allotted for FFY07 to be carried over to the following fiscal year. The schedule reported \$0 and should have reported \$10,597.
- 6) Schedule 5, Line 5, DRS and SBVI reported the wrong amount of Program Income funds received during FFY07 to be carried over to the following fiscal year. The DRS and SBVI schedules reported \$0 and should have reported \$219,657 and \$101,702, respectively.

As a result, inaccurate statistical and financial information was reported on the FFY07 Rehabilitation Program/Cost Report (Form RSA-2).

RECOMMENDATIONS:

2. We recommend statistical and financial information be properly reported on the Rehabilitation Program Cost Report (Form RSA-2).
3. We recommend the DRS and SBVI correct the FFY07 Rehabilitation Program Cost Report (Form RSA-2) and resubmit the report to the U.S. Department of Education.

Auditee's Corrective Action Plan:

The DHS agrees with this audit finding and recommendations made by the Department of Legislative Audit. The DHS has processes and procedures in place to assure the accurate preparation of these reports. However, due to staff turnover and vacancies, the preparation of this particular report did not follow the DHS established procedures. The DHS will assure that all subsequent future reports are prepared and submitted accurately. The FFY2007 Annual Vocational Rehabilitation Program/Cost Reports have been corrected and will be resubmitted to the U.S. Department of Education.