



Commonwealth of Pennsylvania

SINGLE AUDIT REPORT

For the Fiscal Year
Ended June 30, 2020

Governor
Tom Wolf



Commonwealth of Pennsylvania
Single Audit Report
For the Fiscal Year Ended June 30, 2020

Tom Wolf, Governor



Prepared By:
Office of the Budget

Jen Swails
Secretary

Brian Lyman, CPA
Chief Accounting Officer

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**Commonwealth of Pennsylvania
Single Audit Report
For the Fiscal Year Ended June 30, 2020**

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COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

JEN SWAILS
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

March 19, 2021

To the United States Department of Health and Human Services:

We are pleased to submit the Commonwealth of Pennsylvania's (Commonwealth) Single Audit Report for the fiscal year ended June 30, 2020. This audit has been performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and satisfies the requirements of the Single Audit Act Amendments of 1996 and the provisions of 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 Commonwealth's Comprehensive Annual Financial Report for the year ended June 30, 2020 has been issued under separate cover. The auditors' report on the supplementary schedule of expenditures of federal awards, and the reports on compliance and internal control over financial reporting and compliance with requirements related to major federal programs are contained in this document.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards reflects \$53.1 billion of federal expenditures by the Commonwealth during the fiscal year ended June 30, 2020. Most of the federal expenditures occurred in eleven state agencies, as follows:

AGENCY NAME	FEDERAL EXPENDITURES <u>(in thousands)</u>
Human Services	\$29,972,513
Labor & Industry	17,145,741
Education	2,115,018
Transportation	1,773,449
Community & Economic Development	595,238
Health	428,351
Agriculture	186,069
Military & Veterans Affairs	150,798
Executive Offices	119,445
Environmental Protection	112,692
Drug and Alcohol Programs	104,152
Subtotal	<u>\$52,703,466</u>
Other Agencies (17)	386,503
Grand Total	<u><u>\$53,089,969</u></u>

For purposes of the Commonwealth's single audit, a Type A federal program is any program with federal expenditures of at least \$79.6 million. Of the \$53.1 billion expended, 61 percent, or \$32.3 billion, represents expenditures under federal programs audited as major programs. The Summary of Auditors' Results lists the Commonwealth's 16 major federal programs tested for the fiscal year ended June 30, 2020.

FINDINGS AND RECOMMENDATIONS - CURRENT YEAR

The accompanying report for the fiscal year ended June 30, 2020 contains various findings, as disclosed in the Schedule of Findings and Questioned Costs. Findings pertaining to the audit of the Commonwealth's basic financial statements are detailed in the Basic Financial Statement Findings. Findings pertaining to the audit of the Commonwealth's federal programs are detailed in the Federal Award Findings and Questioned Costs. The findings contain detailed explanations of the compliance issues, questioned costs, the auditors' recommendations, and the agency responses. This report also includes the Commonwealth's corrective action plan for each finding.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The Summary Schedule of Prior Audit Findings reflects the current status of prior year findings. The status of 32 findings are described from single audits between the years ended June 30, 2018 through June 30, 2019.

INDEPENDENT AUDIT

The Commonwealth's June 30, 2020 single audit and basic financial statement audit were performed jointly by the Department of the Auditor General and the independent public accounting firm of CliftonLarsonAllen LLP. The audits were performed pursuant to the authority vested in the Auditor General and the Governor under Section 402 of the Fiscal Code of 1929, and in the Governor under Section 701 of the Administrative Code of 1929.

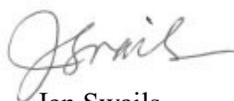
REPORTS OF OTHER INDEPENDENT AUDITORS

Other auditors performed the single audits of the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Housing Finance Agency, the State System of Higher Education (component units of the Commonwealth), the Philadelphia Regional Port Authority (blended component unit of the Commonwealth), and the Judicial Department of Pennsylvania (part of the primary government). Federal programs administered by these agencies are not included in the Commonwealth's Schedule of Expenditures of Federal Awards. These agencies have sent their single audit reports directly to the Federal Audit Clearinghouse for distribution to the appropriate federal agencies.

ACKNOWLEDGMENTS

We wish to express our appreciation to the staff of the various Commonwealth agencies whose time and dedicated effort made this audit possible and, at the same time, to affirm our commitment to maintaining the highest standards of accountability in the Commonwealth's management of federal awards.

Sincerely,



Jen Swails
Secretary of the Budget

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Independent Auditors' Reports



Commonwealth of Pennsylvania



Department of the Auditor General
 Commonwealth of Pennsylvania
 Harrisburg, Pennsylvania 17120-0018



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

The Honorable Tom Wolf, Governor
 Commonwealth of Pennsylvania
 Harrisburg, Pennsylvania

We have jointly audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Pennsylvania (the Commonwealth), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents of the separately issued Comprehensive Annual Financial Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to jointly express opinions on these financial statements based on our audit. We did not jointly audit the financial statements of certain funds and component units of the Commonwealth, which represent the indicated percent of assets and deferred outflows of resources and revenues or additions as presented in the table below. Those financial statements were audited by other auditors, including CliftonLarsonAllen LLP and the Commonwealth of Pennsylvania's Department of the Auditor General acting separately, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those funds and component units, are based solely on the reports of the other auditors.

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
Business-Type Activities	Tuition Payment Fund; State Stores Fund; Commonwealth Financing Authority; Philadelphia Regional Port Authority	33%	9%
Major Proprietary Fund	Tuition Payment Fund	100%	100%
Major Proprietary Fund	State Stores Fund	100%	100%
Major Proprietary Fund	Commonwealth Financing Authority	100%	100%
Aggregate Discretely Presented Component Units	Pennsylvania Turnpike Commission; Pennsylvania Housing Finance Agency; Pennsylvania Higher Education Assistance Agency; Pennsylvania Infrastructure Investment Authority; State System of Higher Education; State Public School Building Authority; Philadelphia Shipyard Development Corporation; Port of Pittsburgh Commission; Pennsylvania Industrial Development Authority; Pennsylvania Convention Center Authority; Thaddeus Stevens College of Technology; Pennsylvania Higher Educational Facilities Authority	100%	100%

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
Aggregate Remaining Fund Information	Philadelphia Regional Port Authority; State Employees' Retirement System; Deferred Compensation Fund; Public School Employees' Retirement System; Tuition Account Investment Program; INVEST Program	92%	69%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the State System of Higher Education, State Employees' Retirement System, the Deferred Compensation Fund, the Public School Employees' Retirement System, the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Higher Educational Facilities Authority, the State Public School Building Authority, the Port of Pittsburgh Commission, the Pennsylvania Turnpike Commission, and the Philadelphia Regional Port Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Pennsylvania as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principle

During fiscal year ended June 30, 2020, the Commonwealth adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the Commonwealth reported a restatement for the change in accounting principle (see Note 18). Our auditors' opinion was not modified with respect to the restatement.

Pennsylvania Turnpike Commission

The Pennsylvania Turnpike Commission, a discretely presented component unit, has committed to making significant payments under an Amended Lease and Funding Agreement as required under the terms of Act 44 of 2007 and Act 89 of 2013. The Pennsylvania Turnpike Commission's ability to make such payments is dependent on its continuing capability to issue bonds to fund such payments and ultimately to raise tolls sufficient to repay its bonded debt and current lease payments (see Note 16). Our auditors' opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20-44, and the schedules of pension and OPEB amounts, the budgetary comparison schedules, as listed in the table of contents and notes to the required supplementary information on pages 200-209, included in the separately issued Comprehensive Annual Financial Report, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth's basic financial statements. The introductory section, combining non-major fund and component unit financial statements, budgetary comparison schedules for budgeted non-major special revenue funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund and component unit financial statements, and the budgetary comparison schedules for budgeted non-major special revenue funds, as listed in the table of contents of the separately issued Comprehensive Annual Financial Report, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit and the reports of the other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of the Commonwealth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commonwealth's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth's internal control over financial reporting and compliance.



Harrisburg, Pennsylvania
December 14, 2020



Baltimore, Maryland
December 14, 2020



CliftonLarsonAllen LLP
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Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

We have jointly audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Pennsylvania (the Commonwealth), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements, and have issued our report thereon dated December 14, 2020. Our report includes a reference to other auditors, including CliftonLarsonAllen LLP and the Commonwealth of Pennsylvania's Department of the Auditor General acting separately, who audited the financial statements of certain funds and component units of the Commonwealth, which represent the indicated percent of assets and deferred outflows of resources and revenues or additions as presented in the table below and as described in our report on the Commonwealth's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
Business-Type Activities	Tuition Payment Fund; State Stores Fund; Commonwealth Financing Authority; Philadelphia Regional Port Authority	33%	9%
Major Proprietary Fund	Tuition Payment Fund	100%	100%
Major Proprietary Fund	State Stores Fund	100%	100%
Major Proprietary Fund	Commonwealth Financing Authority	100%	100%
Aggregate Discretely Presented Component Units	Pennsylvania Turnpike Commission; Pennsylvania Housing Finance Agency; Pennsylvania Higher Education Assistance Agency; Pennsylvania Infrastructure Investment Authority; State System of Higher Education; State Public School Building Authority; Philadelphia Shipyard Development Corporation; Port of Pittsburgh Commission; Pennsylvania Industrial Development Authority; Pennsylvania Convention Center Authority; Thaddeus Stevens College of Technology; Pennsylvania Higher Educational Facilities Authority	100%	100%

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
Aggregate Remaining Fund Information	Philadelphia Regional Port Authority; State Employees' Retirement System; Deferred Compensation Fund; Public School Employees' Retirement System; Tuition Account Investment Program; INVEST Program	92%	69%

The financial statements of the State System of Higher Education, State Employees' Retirement System, the Deferred Compensation Fund, the Public School Employees' Retirement System, the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Higher Educational Facilities Authority, the State Public School Building Authority, the Port of Pittsburgh Commission, the Pennsylvania Turnpike Commission, and the Philadelphia Regional Port Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commonwealth's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 as a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commonwealth's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania

Commonwealth’s Response to Findings

The Commonwealth’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commonwealth’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commonwealth’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisburg, Pennsylvania
December 14, 2020



Baltimore, Maryland
December 14, 2020



CliftonLarsonAllen LLP
CLAconnect.com

**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have jointly audited the Commonwealth of Pennsylvania's (Commonwealth) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commonwealth's major federal programs for the year ended June 30, 2020. The Commonwealth's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Commonwealth's basic financial statements include the operations of the State System of Higher Education, the Pennsylvania Higher Education Assistance Agency, the Philadelphia Shipyard Development Corporation, the Pennsylvania Housing Finance Agency, the Philadelphia Regional Port Authority, the Pennsylvania Convention Center Authority, and the Judicial Department of Pennsylvania, which received approximately \$5.5 billion in federal awards and \$20.6 billion of federal loan guarantees that are not included in the schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of these seven entities because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commonwealth's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted

our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commonwealth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Commonwealth's compliance.

Basis for Qualified Opinion on the 13 Major Federal Programs Identified in the Following Table

As identified in the following table and as described in the accompanying schedule of findings and questioned costs, the Commonwealth did not comply with requirements regarding the following:

State Administering Agency	Finding Number	CFDA Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Department of Environmental Protection	2020-004	15.252	Abandoned Mine Land Reclamation	Subrecipient Monitoring
Department of Human Services	2020-005	10.551 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	Special Tests and Provisions related to Electronic Benefits Transfer (EBT) Card Security
		93.558	Temporary Assistance for Needy Families	
Department of Human Services	2020-007	93.558	Temporary Assistance for Needy Families	Subrecipient Monitoring
		93.658 – C	Foster Care – Title IV-E	
		93.659 – C	Adoption Assistance	
Department of Human Services	2020-009	93.667	Social Services Block Grant	Cash Management, Subrecipient Monitoring

State Administering Agency	Finding Number	CFDA Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Pennsylvania Commission on Crime and Delinquency	2020-018	16.575	Crime Victim Assistance	Subrecipient Monitoring
Various Agencies	2020-021	14.228	Community Development Block Grants – State’s Program	Subrecipient Monitoring
		15.252	Abandoned Mine Land Reclamation	
		16.575	Crime Victim Assistance	
		20.205 20.219	Highway Planning and Construction Cluster	
		93.558	Temporary Assistance for Needy Families	
		93.563	Child Support Enforcement	
		93.575 – C 93.596	Child Care and Development Fund (CCDF) Cluster	
		93.658 – C	Foster Care – Title IV-E	
		93.659 – C	Adoption Assistance	
		93.667	Social Services Block Grant	
		93.767 – C	Children’s Health Insurance Program	
		93.959	Block Grants for Prevention and Treatment of Substance Abuse	

Compliance with such requirements is necessary, in our opinion, for the Commonwealth to comply with the requirements applicable to those programs.

Qualified Opinion on the 13 Major Federal Programs Identified Above

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Commonwealth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the identified major federal programs for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Commonwealth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are identified in the following table and described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

State Administering Agency	Finding Number	CFDA Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Department of Community and Economic Development	2020-003	14.228	Community Development Block Grants – State’s Program	Subrecipient Monitoring
Department of Human Services	2020-006	93.558	Temporary Assistance for Needy Families	Subrecipient Monitoring
Department of Human Services	2020-008	93.558	Temporary Assistance for Needy Families	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Department of Human Services	2020-009	93.959	Block Grants for Prevention and Treatment of Substance Abuse	Cash Management, Subrecipient Monitoring

State Administering Agency	Finding Number	CFDA Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Department of Human Services	2020-010	93.775 93.777 93.778 – C	Medicaid Cluster	Special Tests and Provisions related to the Medicaid National Correct Coding Initiative (NCCI)
Department of Labor and Industry	2020-011	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Reporting
Department of Labor and Industry	2020-012	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Eligibility
Department of Labor and Industry	2020-013	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Period of Performance
Department of Transportation	2020-014	20.205 20.219	Highway Planning and Construction Cluster	Subrecipient Monitoring
Office of the Budget – Office of Comptroller Operations	2020-016	93.775 93.777 93.778 – C	Medicaid Cluster	Reporting
Pennsylvania Commission on Crime and Delinquency	2020-017	16.575	Crime Victim Assistance	Period of Performance
Pennsylvania Commission on Crime and Delinquency	2020-019	16.575	Crime Victim Assistance	Reporting

State Administering Agency	Finding Number	CFDA Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Various Agencies	2020-020	20.205 20.219	Highway Planning and Construction Cluster	Subrecipient Monitoring
		93.558	Temporary Assistance for Needy Families	
		93.658 – C	Foster Care – Title IV-E	
		93.659 – C	Adoption Assistance	
Department of Human Services	2020-021	93.775 93.777 93.778 – C	Medicaid Cluster	Subrecipient Monitoring

The Commonwealth’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commonwealth’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Commonwealth is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commonwealth’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-004, 2020-005, 2020-007, 2020-009, 2020-018, and 2020-021 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-003, 2020-006, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, 2020-013, 2020-014, 2020-015, 2020-016, 2020-017, 2020-019, 2020-020, and 2020-021 to be significant deficiencies.

The Commonwealth's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commonwealth's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

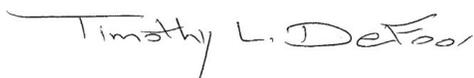
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have jointly audited the financial statements, issued under separate cover, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements. We issued our report thereon dated December 14, 2020, which includes a reference to other auditors and contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Harrisburg, Pennsylvania
March 19, 2021



Baltimore, Maryland
March 19, 2021

Schedule of Expenditures of Federal Awards



Commonwealth of Pennsylvania

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
U.S. Department of Agriculture				
	<i>SNAP Cluster:</i>			
10.551	Supplemental Nutrition Assistance Program		2,901,411	
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program		199,245	21,779
	<i>Total SNAP Cluster</i>			3,100,656
	<i>Child Nutrition Cluster:</i>			
10.553	School Breakfast Program	111,458		111,270
10.553	COVID-19 - School Breakfast Program	10,856		10,856
	<i>Total School Breakfast Program</i>		122,314	
10.555	National School Lunch Program (Cash Assistance)	326,786		326,447
10.555	COVID-19 - National School Lunch Program (Cash Assistance)	17,276		17,276
10.555	National School Lunch Program (Food Commodities)	52,828		52,828
	<i>Total National School Lunch Program</i>		396,890	
10.556	Special Milk Program for Children		191	191
10.559	Summer Food Service Program for Children (Cash Assistance)	21,237		20,741
10.559	COVID-19 - Summer Food Service Program for Children (Cash Assistance)	9,921		9,921
10.559	Summer Food Service Program for Children (Food Commodities)	323		323
	<i>Total Summer Food Service Program for Children</i>		31,481	
	<i>Total Child Nutrition Cluster</i>			550,876
	<i>Food Distribution Cluster:</i>			
10.565	Commodity Supplemental Food Program (Cash Assistance)	2,916		2,912
10.565	Commodity Supplemental Food Program (Food Commodities)	10,610		10,610
	<i>Total Commodity Supplemental Food Program</i>		13,526	
10.568	Emergency Food Assistance Program (Administrative Costs)	6,470		4,766
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)	7,102		7,102
	<i>Total Emergency Food Assistance Program (Administrative Costs)</i>		13,572	
10.569	Emergency Food Assistance Program (Food Commodities)		71,613	71,613
	<i>Total Food Distribution Cluster</i>			98,711
	<i>Forest Service Schools and Roads Cluster:</i>			
10.665	Schools and Roads - Grants to States			2,889
10.001	Agricultural Research Basic and Applied Research		16	
10.025	Plant and Animal Disease, Pest Control, and Animal Care		7,583	655
10.170	Specialty Crop Block Grant Program - Farm Bill		1,463	1,280
10.171	Organic Certification Cost Share Programs		354	
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds		2,614	2,593
10.304	Homeland Security - Agricultural		272	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
Passed through: National Crop Insurance Services, Inc.			
10.458	Crop Insurance Education in Targeted States (Award ID RM18RMETS524C019)	43	
10.534	Child and Adult Care Food Program (CACFP) Meal Training Grants	58	
10.541	Child Nutrition- Technology Innovation Grant	258	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	150,543	42,487
10.558	Child and Adult Care Food Program (Cash Assistance)	105,049	103,865
10.558	COVID-19 - Child and Adult Care Food Program (Cash Assistance)	3,471	3,471
10.558	Child and Adult Care Food Program (Food Commodities)	75	75
	Total Child and Adult Care Food Program	108,595	
10.560	State Administrative Expenses for Child Nutrition	9,541	132
10.572	WIC Farmers' Market Nutrition Program (FMNP)	2,003	219
10.576	Senior Farmers Market Nutrition Program	1,758	
10.578	WIC Grants to States (WGS)	4,262	665
10.579	Child Nutrition Discretionary Grants Limited Availability	1,500	1,500
10.582	Fresh Fruit and Vegetable Program	3,833	3,833
10.664	Cooperative Forestry Assistance	57	
10.675	Urban and Community Forestry Program	13	
10.676	Forest Legacy Program	3,378	20
10.678	Forest Stewardship Program	164	
10.680	Forest Health Protection	228	
10.691	Good Neighbor Authority	14	
10.698	State & Private Forestry Cooperative Fire Assistance	1,339	543
Passed through: National Fish and Wildlife Foundation			
10.902	Soil And Water Conservation (Award ID 060217057473)	41	
10.912	Environmental Quality Incentives Program	23	
10.923	Emergency Watershed Protection Program	99	
10.931	Agricultural Conservation Easement Program	438	
Total - U.S. Department of Agriculture		\$4,053,622	\$832,862
U.S. Department of Commerce			
<i>Economic Development Cluster</i>			
11.307	Economic Adjustment Assistance	42	
11.407	Interjurisdictional Fisheries Act of 1986	12	
11.419	Coastal Zone Management Administration Awards	1,631	565
11.474	Atlantic Coastal Fisheries Cooperative Management Act	123	
11.549	State and Local Implementation Grant Program	425	
Total - U.S. Department of Commerce		\$2,233	\$565

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
U.S. Department of Defense			
12.112	Payments to States in Lieu of Real Estate Taxes	285	285
12.400	Military Construction, National Guard	445	
12.401	National Guard Military Operations and Maintenance (O&M) Projects	63,144	
12.404	National Guard Challenge Program	417	
12.617	Economic Adjustment Assistance for State Governments	1,894	1,722
12.620	Troops to Teachers Grant Program	67	
Total - U.S. Department of Defense		\$66,252	\$2,007
U.S. Department of Housing and Urban Development			
<i>CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster:</i>			
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	14,307	14,077
14.228	Community Development Block Grants/State's Program	41,354	40,100
14.231	Emergency Solutions Grant Program	6,191	5,928
14.239	Home Investment Partnerships Program	8,610	7,526
14.241	Housing Opportunities for Persons with AIDS	3,151	3,148
14.267	Continuum of Care Program	890	
14.401	Fair Housing Assistance Program - State and Local	296	
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	1,036	1,029
Total - U.S. Department of Housing and Urban Development		\$75,835	\$71,808
U.S. Department of the Interior			
<i>Fish and Wildlife Cluster:</i>			
15.605	Sport Fish Restoration	7,860	
15.611	Wildlife Restoration and Basic Hunter Education	25,000	
<i>Total Fish and Wildlife Cluster</i>		32,860	
15.250	Regulation of Surface Coal Mining	12,557	15
15.252	Abandoned Mine Land Reclamation (AMLR)	54,468	11,143
15.433	Flood Control Act Lands	24	24
15.438	National Forest Acquired Lands	3	3
15.608	Fish and Wildlife Management Assistance	78	
15.615	Cooperative Endangered Species Conservation Fund	151	
15.616	Clean Vessel Act	17	
15.634	State Wildlife Grants	2,137	
15.657	Endangered Species Conservation - Recovery Implementation Funds	27	
15.667	Highlands Conservation	900	
15.808	U.S. Geological Survey - Research and Data Collection	12	
15.810	National Cooperative Geologic Mapping	89	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
15.814	National Geological & Geophysical Data Preservation	1	
15.904	Historic Preservation Fund Grants-In-Aid	478	81
15.916	Outdoor Recreation Acquisition, Development and Planning	938	918
15.925	National Maritime Heritage Grants	48	40
15.957	Emergency Supplemental Historic Preservation Fund	200	
15.981	Water Use and Data Research	48	
Total - U.S. Department of the Interior		\$105,036	\$12,224
U.S. Department of Justice			
16.004	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	1,044	
16.017	Sexual Assault Services Formula Program	525	525
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program	38	
16.540	Juvenile Justice and Delinquency Prevention Program	623	453
16.550	State Justice Statistics Program for Statistic Analysis Centers	86	
16.554	National Criminal History Improvement Program (NCHIP)	1,397	210
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	75	
16.575	Crime Victim Assistance	81,604	78,013
16.576	Crime Victim Compensation	4,283	
16.588	Violence Against Women Formula Grants	4,470	4,017
16.593	Residential Substance Abuse Treatment for State Prisoners	458	230
16.606	State Criminal Alien Assistance Program	3,300	
16.609	Project Safe Neighborhoods	306	164
16.710	Public Safety Partnership and Community Policing Grants	172	
16.734	Special Data Collections and Statistical Studies	175	115
16.738	Edward Byrne Memorial Justice Assistance Grant Program	7,049	4,723
16.741	DNA Backlog Reduction Program	1,084	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	757	418
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	214	
16.750	Support for Adam Walsh Act Implementation Grant Program	249	
16.751	Edward Byrne Memorial Competitive Grant Program	160	160
16.754	Harold Rogers Prescription Drug Monitoring Program	242	
16.812	Second Chance Act Reentry Initiative	375	223
16.816	John R. Justice Prosecutors and Defenders Incentive Act	57	
16.825	Smart Prosecution Initiative	53	28
16.827	Justice Reinvestment Initiative	222	190
16.835	Body Worn Camera Policy and Implementation	956	954
16.838	Comprehensive Opioid Abuse Site-Based Program	143	143
16.922	Equitable Sharing Program	303	
Total - U.S. Department of Justice		\$110,420	\$90,566

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
U.S. Department of Labor			
<i>Employment Service Cluster:</i>			
17.207	Employment Service/Wagner-Peyser Funded Activities	27,805	56
17.801	Jobs for Veterans State Grants	5,583	
	<i>Total Employment Service Cluster</i>	<u>33,388</u>	
<i>WIOA Cluster:</i>			
17.258	WIOA Adult Program	33,374	30,918
17.259	WIOA Youth Activities	34,840	31,318
17.278	WIOA Dislocated Worker Formula Grants	44,830	39,576
	<i>Total WIOA Cluster</i>	<u>113,044</u>	
17.002	Labor Force Statistics		1,845
17.005	Compensation and Working Conditions		259
17.225	Unemployment Insurance	4,801,424	205
17.225	COVID-19 - Unemployment Insurance	11,911,157	
	<i>Total Unemployment Insurance</i>	<u>16,712,581</u>	
17.235	Senior Community Service Employment Program	4,294	4,040
17.245	Trade Adjustment Assistance	16,142	8,294
17.271	Work Opportunity Tax Credit Program (WOTC)	551	
17.273	Temporary Labor Certification for Foreign Workers	476	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	1,998	2,003
17.280	WIOA Dislocated Worker National Reserve Demonstration Grants	1,775	1,691
17.283	Workforce Innovation Fund	402	341
17.285	Apprenticeship USA Grants	931	290
17.600	Mine Health and Safety Grants	495	
	Total - U.S. Department of Labor	<u>\$16,888,181</u>	<u>\$118,732</u>
U.S. Department of Transportation			
<i>Highway Planning and Construction Cluster:</i>			
20.205	Highway Planning and Construction	1,672,268	123,526
20.219	Recreational Trails Program	1,149	1,019
	<i>Total Highway Planning and Construction Cluster</i>	<u>1,673,417</u>	
<i>Federal Motor Carrier Safety Assistance Cluster:</i>			
20.218	Motor Carrier Safety Assistance		8,701
<i>Federal Transit Cluster:</i>			
20.500	Federal Transit - Capital Investment Grants	2,631	2,043
20.507	Federal Transit - Formula Grants	4,110	3,045
20.525	State of Good Repair Grants Program	11,293	11,142
	<i>Total Federal Transit Cluster</i>	<u>18,034</u>	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
<i>Transit Services Programs Cluster:</i>			
20.513	Enhanced Mobility of Seniors & Individuals with Disabilities	14,024	14,022
20.516	Job Access and Reverse Commute Program	120	120
	<i>Total Transit Services Programs Cluster</i>	<u>14,144</u>	
<i>Highway Safety Cluster:</i>			
20.600	State and Community Highway Safety	12,924	5,903
20.616	National Priority Safety Programs	4,091	4,076
	<i>Total Highway Safety Cluster</i>	<u>17,015</u>	
20.106	Airport Improvement Program	11,895	11,805
20.200	Highway Research and Development Program	268	
20.215	Highway Training and Education	152	
20.232	Commercial Driver's License Program Implementation Grant	556	
20.505	Metropolitan Trans Planning & State & Non-Metropolitan Planning & Research	5,137	
20.509	Formula Grants for Rural Areas and Tribal Transit Program	25,883	25,586
20.520	Paul S. Sarbanes Transit in the Parks	957	957
20.528	Rail Fixed Guideway Public Trans. System State Safety Oversight Form. Grant Program	1,063	
20.614	Nat Highway Traffic Safety Admin Discretionary Safety Grants & Coop Agreements	122	
20.700	Pipeline Safety Program State Base Grant	2,037	
20.703	Interagency Hazardous Materials Training and Planning Grants	1,117	323
20.933	National Infrastructure Investments	13,149	12,507
	Total - U.S. Department of Transportation	<u>\$1,793,647</u>	<u>\$216,074</u>
U.S. Department of the Treasury			
21.016	Equitable Sharing	375	
21.019	COVID-19 - Coronavirus Relief Fund	1,017,990	462,187
	Total - U.S. Department of the Treasury	<u>\$1,018,365</u>	<u>\$462,187</u>
Appalachian Regional Commission			
23.001	Appalachian Regional Development	47	
23.002	Appalachian Area Development	320	18
	Total - Appalachian Regional Commission	<u>\$367</u>	<u>\$18</u>
Equal Employment Opportunity Commission			
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	504	
	Total - Equal Employment Opportunity Commission	<u>\$504</u>	<u>\$0</u>

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	1,338	1,338
Total - General Services Administration		\$1,338	\$1,338
National Foundation on the Arts and Humanities			
45.025	Promotion of the Arts - Partnership Agreements	933	
45.310	Grants to States	6,057	3,550
Total - National Foundation on the Arts and Humanities		\$6,990	\$3,550
National Science Foundation			
47.076	Education and Human Resources	25	
Total - National Science Foundation		\$25	\$0
Small Business Administration			
59.061	State Trade Expansion	271	
Total - Small Business Administration		\$271	\$0
U.S. Department of Veterans Affairs			
64.010	Veterans Nursing Home Care		163
64.014	Veterans State Domiciliary Care	3,810	
64.014	COVID-19 - Veterans State Domiciliary Care	20	
	Total Veterans State Domiciliary Care	3,830	
64.015	Veterans State Nursing Home Care	45,602	
64.015	COVID-19 - Veterans State Nursing Home Care	189	
	Total Veterans State Nursing Home Care	45,791	
64.111	Veterans Education Assistance	856	
Total - U.S. Department of Veterans Affairs		\$50,640	\$0
Environmental Protection Agency			
<i>Clean Water State Revolving Fund Cluster:</i>			
66.458	Capitalization Grants for Clean Water State Revolving Funds	62,939	62,939
<i>Drinking Water State Revolving Fund Cluster:</i>			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	31,902	23,539
66.001	Air Pollution Control Program Support	4,652	
66.032	State Indoor Radon Grants	387	53
66.034	Surveys, Studies, Res., Investigations, Demos & Special Purpose Activities - Clean Air Act	830	10

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
66.040	State Clean Diesel Grant Program	326	326
66.204	Multipurpose Grants to States and Tribes	39	10
66.419	Water Pollution Control State and Interstate Program Support	5,183	(5)
66.432	State Public Water System Supervision	3,431	
66.441	Healthy Watersheds Consortium Grant Program	51	
66.454	Water Quality Management Planning	560	
66.460	Nonpoint Source Implementation Grants	3,078	2,374
66.461	Regional Wetland Program Development Grants	301	
66.466	Chesapeake Bay Program	6,952	5,096
Passed through: National Fish and Wildlife Foundation			
66.466	Chesapeake Bay Program (Award ID 060216053407)	149	147
66.466	Chesapeake Bay Program (Award ID 060217057473)	120	
	Total Chesapeake Bay Program	<u>7,221</u>	
66.469	Great Lakes Program	288	169
66.605	Performance Partnership Grants	714	
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	197	
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	126	
66.801	Hazardous Waste Management State Program Support	4,556	
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	825	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,444	
66.817	State and Tribal Response Program Grants	569	
Total - Environmental Protection Agency		<u>\$129,619</u>	<u>\$94,658</u>
U.S. Department of Energy			
81.041	State Energy Program	1,825	391
81.042	Weatherization Assistance for Low-Income Persons	16,252	13,292
81.117	Energy Efficiency and Renewable Energy Info Diss., Outreach, Trng and Tech. Analysis	43	43
81.138	State Heating Oil & Propane Program	5	
Total - U.S. Department of Energy		<u>\$18,125</u>	<u>\$13,726</u>
U.S. Department of Education			
<i>Special Education Cluster (IDEA):</i>			
84.027	Special Education - Grants to States	448,490	435,840
84.173	Special Education - Preschool Grants	13,334	12,434
	Total Special Education Cluster (IDEA)	<u>461,824</u>	
<i>TRIO Cluster:</i>			
84.042	TRIO - Student Support Services	200	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
<i>Student Financial Assistance Programs Cluster:</i>			
84.007	Federal Supplemental Educational Opportunity Grants	72	
84.033	Federal Work-Study Program	17	
84.063	Federal Pell Grant Program	3,672	
84.268	Federal Direct Student Loans	4,023	
	<i>Total Student Financial Assistance Programs Cluster</i>		7,784
84.002	Adult Education - Basic Grants to States	17,274	16,484
84.010	Title I Grants to Local Educational Agencies	654,598	644,230
84.011	Migrant Education - State Grant Program	5,483	4,955
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	1,862	1,562
84.048	Career and Technical Education - Basic Grants to States	42,622	40,492
84.126	Rehabilitation Services - Vocational Rehab Grants to States	93,519	
84.144	Migrant Education - Coordination Program	120	120
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	1,868	
84.181	Special Education - Grants for Infants and Families	15,949	14,036
84.184	School Safety National Activities	26	26
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	239	
84.191	Adult Education National Leadership Activities	236	
84.196	Education for Homeless Children and Youth	3,435	3,151
84.287	Twenty-First Century Community Learning Centers	57,176	55,605
84.323	Special Education - State Personnel Development	877	701
84.358	Rural Education	1,343	1,343
84.365	English Language Acquisition State Grants	15,322	14,756
84.367	Supporting Effective Instruction State Grants	77,432	74,786
84.369	Grants for State Assessments and Related Activities	9,054	
84.372	Statewide Longitudinal Data Systems	1,480	
84.377	Title I Grants to Local Educational Agencies	5,571	5,568
84.424	Student Support and Academic Enrichment Program	43,343	42,395
84.425D	COVID-19 - Education Stabilization Fund - ESSERF	1,897	1,897
84.425E	COVID-19 - Education Stabilization Fund - HEERF	133	
	<i>Total COVID-19 - Education Stabilization Fund</i>		2,030
84.938	Disaster Recovery Assistance for Education		552
	Total - U.S. Department of Education		\$1,521,219
			\$1,370,925
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments		1,779
90.404	2018 HAVA Election Security Grants	11,963	11,490
90.404	COVID-19 - 2018 HAVA Election Security Grants	3,523	124
	<i>Total 2018 HAVA Election Security Grants</i>		15,486
	Total - Elections Assistance Commission		\$17,265
			\$11,614

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CFDA #	CFDA Program Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
U.S. Department of Health and Human Services				
<i>Aging Cluster:</i>				
93.044	Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs		25,527	23,775
93.044	COVID-19 - Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs		1,527	1,527
	Total Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs		27,054	
93.045	Special Programs for the Aging - Title III, Part C, Nutrition Services		22,300	22,300
93.045	COVID-19 - Special Programs for the Aging - Title III, Part C, Nutrition Services		5,855	5,855
	Total Special Programs for the Aging - Title III, Part C, Nutrition Services		28,155	
93.053	Nutrition Services Incentive Program		6,650	6,650
	<i>Total Aging Cluster</i>		61,859	
<i>CCDF Cluster:</i>				
93.575	Child Care and Development Block Grant		290,713	264,476
93.575	COVID-19 - Child Care and Development Block Grant		51,346	51,346
	Total Child Care and Development Block Grant		342,059	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		122,029	121,789
	<i>Total CCDF Cluster</i>		464,088	
<i>Medicaid Cluster:</i>				
93.775	State Medicaid Fraud Control Units		7,950	
93.777	State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare		21,002	
93.778	Medical Assistance Program		22,946,693	317,679
93.778	COVID-19 - Medical Assistance Program		937,347	
	Total Medical Assistance Program		23,884,040	
	<i>Total Medicaid Cluster</i>		23,912,992	
93.041	Special Programs for the Aging - Title VII, Chapter 3, Programs for Prev of Elder Abuse		200	200
93.042	Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services		597	595
93.043	Special Programs for the Aging - Title III, Part D, Disease Prevent and Health Promo Serv		864	864
93.048	Special Programs for the Aging - Title IV and Title II, Discretionary Projects		123	123
93.052	National Family Caregiver Support, Title III, Part E		5,990	5,990
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E		330	330
	Total National Family Caregiver Support, Title III, Part E		6,320	
93.069	Public Health Emergency Preparedness		17,272	3,362
93.070	Environmental Public Health and Emergency Response		313	136
93.071	Medicare Enrollment Assistance Program		467	447
93.073	Birth Defects and Developmental Disabilities-Prevention and Surveillance		167	
93.079	Cooperative Agreements to Promote Adolescent Health		78	1
93.090	Guardianship Assistance		12,592	12,003
93.090	COVID-19 - Guardianship Assistance		36	36
	Total Guardianship Assistance		12,628	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		1,104	1,092

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.103	Food and Drug Administration - Research	1,880	
93.104	Community Mental Health Services for Children with Serious Emotional Disturbances	2,554	2,554
93.110	Maternal and Child Health Federal Consolidated Programs	51	30
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	1,033	
93.127	Emergency Medical Services for Children	54	29
93.130	Coop. Agreements to States/Territories for the Coordination & Dev. of Primary Care Offices	173	
93.136	Injury Prevention & Control Research & State & Community Based Programs	4,255	1,360
93.150	Projects for Assistance in Transition from Homelessness (PATH)	2,367	2,273
93.165	Grants to States for Loan Repayment	1,288	
93.197	Childhood Lead Poisoning Prevention Projects, St and Lcl Childhood Lead Poising Prev	590	263
93.226	Research on Healthcare Costs, Quality and Outcomes	771	771
93.234	Traumatic Brain Injury State Demonstration Grant Program	297	277
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	901	890
93.236	Grants to States to Support Oral Health Workforce Activities	433	307
93.240	State Capacity Building	379	
93.243	Substance Abuse and Mental Health Services - Projects of Reg. and Nat. Significance	7,567	6,982
93.251	Early Hearing Detection and Intervention	215	199
93.268	Immunization Cooperative Agreements (Cash Assistance)	8,763	2,547
93.268	Immunization Cooperative Agreements (Vaccines)	93,474	
	Total Immunization Cooperative Agreements		102,237
93.270	Viral Hepatitis Prevention and Control	162	
93.283	Centers for Disease Control & Prevention - Investigations and Technical Assistance	282	
93.305	PPHF 2018: Office of Smoking and Hlth-Nat State-Based Tobacco Control Programs	997	172
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	3,452	54
93.324	State Health Insurance Assistance Program	1,790	1,724
93.354	Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises	3,499	672
93.354	COVID-19 - Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises	5,657	
	Total Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises		9,156
93.366	State / Partner Actions to Improve Oral Heath Outcomes	294	183
93.367	Flexible Funding Model - Infrastructure Development & Maintenance for SMFRP	201	
93.369	ACL Independent Living State Grants	664	305
93.413	The State Flexibility to Stabilize the Market Grant Program	116	
93.426	Improving the Hlth of Americans through Prev & Mgmt of Diab & HD and Stroke	2,241	1,311
93.434	Every Student Succeeds Act/Preschool Development Grants	8,232	7,767
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	722	
93.439	State Physical Activity and Nutrition	976	483
93.448	Food Safety and Security Monitoring Project	217	
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	19	
93.498	COVID-19 - Provider Relief Fund	3,223	
93.500	Pregnancy Assistance Fund Program	715	713
93.539	PPHF Capacity Building Assistance to Strengthen PHII and Performance	411	190
93.556	Promoting Safe and Stable Families	11,854	11,820
93.558	Temporary Assistance for Needy Families	501,894	274,331

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Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.563	Child Support Enforcement	163,914	135,363
93.566	Refugee and Entrant Assistance - State/Replace Designee Administered Programs	7,884	5,959
93.568	Low-Income Home Energy Assistance	198,498	27,944
93.568	COVID-19 - Low-Income Home Energy Assistance	4	
	Total Low-Income Home Energy Assistance		
93.569	Community Services Block Grant	198,502	28,129
93.576	Refugee and Entrant Assistance - Discretionary Grants	29,530	433
93.590	Community-Based Child Abuse Prevention Grants	527	867
93.599	Chafee Education and Training Vouchers Program (ETV)	867	1,618
93.600	Head Start	1,618	7,375
93.602	Assets for Independence Demonstration Program	7,375	(17)
93.603	Adoption and :Legal Guardianship Incentive Payments	(17)	6
93.630	Developmental Disabilities Basic Support and Advocacy Grants	654	2,010
93.643	Children's Justice Grants to States	3,007	593
93.645	Stephanie Tubbs Jones Child Welfare Services Program	593	8,353
93.645	COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	8,353	1,571
	Total Stephanie Tubbs Jones Child Welfare Services Program	1,571	9,924
93.658	Foster Care - Title IV-E	238,044	229,444
93.658	COVID-19 - Foster Care - Title IV-E	91	91
	Total Foster Care - Title IV-E		
93.659	Adoption Assistance	127,152	94,426
93.659	COVID-19 - Adoption Assistance	545	545
	Total Adoption Assistance		
93.667	Social Services Block Grant	127,697	78,026
93.669	Child Abuse and Neglect State Grants	91,351	195
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	1,077	2,478
93.674	John H. Chafee Foster Care Program for Successful Transition for Adulthood	2,478	4,648
93.735	State Public Health Approaches for Ensuring Quitline Capacity- Funded in part by PPHF	4,648	650
93.747	Elder Abuse Prevention Interventions Program	820	176
93.758	Preventative Health and Health Services Block Grant Funded Solely with PPHF	176	(5)
93.767	Children's Health Insurance Program	(5)	364,631
93.767	COVID-19 - Children's Health Insurance Program	691,948	
	Total Children's Health Insurance Program	12,529	
93.788	Opioid STR	704,477	45,808
93.791	Money Follows the Person Rebalancing Demonstration	62,312	103
93.791	COVID-19 - Money Follows the Person Rebalancing Demonstration	8,565	
	Total Money Follows the Person Rebalancing Demonstration	64	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	8,629	450
93.870	Maternal, Infant & Early Childhood Home Visiting Grant Program	1,135	11,944
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	12,124	110
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program	110	283
93.889	National Bioterrorism Hospital Preparedness Program	283	6,085
93.898	Cancer Prevention & Control Programs for State, Territorial & Tribal Organizations	8,018	1,473
		3,825	

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Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.917	HIV Care Formula Grants	28,096	922
93.940	HIV Prevention Activities - Health Department Based	5,238	1,010
93.944	Human Immunodeficiency Virus (HIV)/AIDS Surveillance	342	
93.946	Cooperative Agreements to Support Safe Motherhood and Infant Health Initiative Program	381	25
93.958	Block Grants for Community Mental Health Services	24,364	23,920
93.959	Block Grants for Prevention and Treatment of Substance Abuse	72,809	63,396
93.968	Funding in Support of the Pennsylvania Rural Health Model	4,945	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,938	268
93.982	Mental Health Disaster Assistance and Emergency Mental Health	642	513
93.991	Preventive Health and Health Services Block Grant	7,275	5,058
93.994	Maternal and Child Health Services Block Grant to the States	24,625	14,803
Total - U.S. Department of Health and Human Services		\$27,016,058	\$2,329,894
Corporation for National and Community Service			
94.003	State Commissions	376	1
94.006	AmeriCorps	11,066	11,066
94.009	Training and Technical Assistance	142	87
Total - Corporation for National and Community Service		\$11,584	\$11,154
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program	3,557	
Total - Executive Office of the President		\$3,557	\$0
Social Security Administration			
<i>Disability Insurance/SSI Cluster:</i>			
96.001	Social Security - Disability Insurance	120,555	
Total - Social Security Administration		\$120,555	\$0
U.S. Department of Homeland Security			
97.008	Non-Profit Security Program	1,165	1,165
97.012	Boating Safety Financial Assistance	2,422	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	302	
97.029	Flood Mitigation Assistance	1,407	1,355
97.036	Disaster Grants - Public Assist (Presidentially Declared Disasters)	18,716	14,982
97.036	COVID-19 - Disaster Grants - Public Assist (Presidentially Declared Disasters)	13,677	
	Total Disaster Grants - Public Assist (Presidentially Declared Disasters)		32,393
97.039	Hazard Mitigation Grant	456	125
97.041	National Dam Safety Program	46	
97.042	Emergency Management Performance Grants	11,143	5,843

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Schedule of Expenditures of Federal Awards - June 30, 2020

CFDA #	CFDA Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
97.044	Assistance to Firefighters Grant	160	
97.045	Cooperating Technical Partners	76	
97.047	Pre-Disaster Mitigation	1,359	1,271
97.056	Port Security Grant Program	163	
97.067	Homeland Security Grant Program	26,732	21,066
97.091	Homeland Security Biowatch Program	437	
Total - U.S. Department of Homeland Security		\$78,261	\$45,807
GRAND TOTAL		\$53,089,969	\$5,689,709

COMMONWEALTH OF PENNSYLVANIA

Notes to the Schedule of Expenditures of Federal Awards - June 30, 2020

Note A: Single Audit Reporting Entity

The Commonwealth of Pennsylvania (the Commonwealth) includes expenditures in its schedule of expenditures of federal awards (SEFA) for all federal programs administered by the same funds, agencies, boards, commissions, and component units included in the Commonwealth's financial reporting entity used for its basic financial statements. However, the State System of Higher Education (SSHE), the Pennsylvania Higher Education Assistance Agency (PHEAA), the Pennsylvania Housing Finance Agency (PHFA), the Pennsylvania Convention Center Authority (PCCA), the Philadelphia Shipyard Development Corporation (PSDC), which are discretely presented component units, and the Philadelphia Regional Port Authority (PRPA), which is a blended component unit, elect to have their own single audits (when required) and their expenditures of federal awards are therefore excluded from the Commonwealth's SEFA. These six component units are required to submit their own single audit reports to the Federal Audit Clearinghouse. The PCCA and the PSDC are not required to submit a single audit for the year ended June 30, 2020, because their federal expenditures were below the requirement threshold. In addition, the Judicial Department of Pennsylvania, which is included in the Primary Government, elected to have its own single audit performed. Their federal expenditures are also excluded from the Commonwealth's SEFA.

Note B: Basis of Accounting

All expenditures for each program included in the schedule of expenditures of federal awards are net of applicable program income and refunds.

Expenditures reported under CFDA #10.551, Supplemental Nutrition Assistance Program (SNAP), represent amounts the Electronic Benefits Transfer (EBT) contractor paid to retail outlets for participants' purchases under the program during the fiscal year ended June 30, 2020.

Expenditures reported under CFDA #10.555, National School Lunch Program, CFDA #10.558, Child and Adult Care Food Program, CFDA #10.559, Summer Food Service Program, CFDA #10.565, Commodity Supplemental Food Program, and CFDA #10.569, Emergency Food Assistance Program, include the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service, commodity price lists in effect as of July 1, 2019 and January 1, 2020.

Subrecipient expenditures reported under CFDA #14.228, Community Development Block Grants, CFDA #14.231, Emergency Solutions Grant Program, prior to August 23, 2012 with the exception of FY 2011 subrecipient expenditures reported after December 31, 2014, and CFDA #14.239, Home Investment Partnerships Program, represent funds drawn directly from the Housing and Urban Development (HUD) Integrated Disbursement and Information System (IDIS) by subrecipients of the Commonwealth.

Expenditures for CFDA #20.200, Highway Research and Development Program, CFDA #20.205, Highway Planning and Construction, CFDA #20.215, Highway Training and Education, CFDA #20.219, Recreational Trails Program, CFDA #20.505, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, and CFDA #20.933, National Infrastructure Investments are presented on the basis that expenditures are reported to the U.S. Department of Transportation. Accordingly, certain expenditures are recorded when paid and certain other expenditures are recorded when the federal obligation is determined.

Amounts reported as expenditures for CFDA #39.003, Donation of Federal Surplus Personal Property, represent the General Services Administration's average fair market value percentages of 22.47 percent (July 1, 2019 to September 30, 2019) and 22.34 percent (October 1, 2019 to June 30, 2020) of the federal government's original acquisition cost (OAC) of the federal property transferred to recipients by the Commonwealth.

Expenditures identified on the SEFA as Vaccines under CFDA #93.268, Immunization Cooperative Agreements, represent the dollar value of the items used.

Expenditures reported by the Pennsylvania Department of Transportation (PennDOT) for CFDA #97.036, Disaster Grants-Public Assistance (Presidentially Declared Disasters), are recorded when the estimated federal obligation is determined and reimbursed.

COMMONWEALTH OF PENNSYLVANIA

Notes to the Schedule of Expenditures of Federal Awards - June 30, 2020

The remaining expenditures included in the schedule of expenditures of federal awards are presented on the cash plus invoices payable basis. Invoices payable represent Commonwealth expenditures recorded on the general ledger for which the Commonwealth Treasury Department has not made cash disbursements.

The Commonwealth has not elected to use the 10% de minimis cost rate referenced in Uniform Guidance § 200.414 Indirect (F&A) costs.

Note C: Categorization of Expenditures

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants that were active during the fiscal year ended June 30, 2020. The categorization of expenditures by program included in the SEFA is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued on a real-time basis on the CFDA website.

Note D: Unemployment Insurance

In accordance with Department of Labor, Office of Inspector General instructions, the Commonwealth recorded State Regular Unemployment Compensation (UC) benefits under CFDA #17.225 in the schedule of expenditures of federal awards. The individual state and federal portions are as follows (amounts in thousands):

State Regular UC Benefits	\$4,614,434
Federal UC Benefits	11,925,399
Federal Admin.	<u>172,748</u>
Total Expenditures	<u>\$16,712,581</u>

Note E: Unaudited Donations

Federally funded COVID-19 related donations with an estimated value of \$42 million were received by the Commonwealth during the fiscal year. This amount is not reflected on the SEFA.

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Schedule of Findings and Questioned Costs



Commonwealth of Pennsylvania

COMMONWEALTH OF PENNSYLVANIA

Summary of Auditors' Results - June 30, 2020

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major federal programs:

Qualified for noncompliance in the following major federal programs:

- Supplemental Nutrition Assistance Program (SNAP) Cluster (CFDA #10.551 and #10.561)
- Community Development Block Grants – State's Program (CFDA #14.228)
- Abandoned Mine Land Reclamation (CFDA #15.252)
- Crime Victim Assistance (CFDA #16.575)
- Highway Planning and Construction Cluster (CFDA #20.205 and #20.219)
- Temporary Assistance for Needy Families (CFDA #93.558)
- Child Support Enforcement (CFDA #93.563)
- Child Care and Development Fund (CCDF) Cluster (CFDA #93.575 and #93.596)
- Foster Care – Title IV-E (CFDA #93.658)
- Adoption Assistance (CFDA #93.659)
- Social Services Block Grant (CFDA #93.667)
- Children's Health Insurance Program (CFDA #93.767)
- Block Grants for Prevention and Treatment of Substance Abuse (CFDA #93.959)

COMMONWEALTH OF PENNSYLVANIA

Summary of Auditors' Results - June 30, 2020

Unmodified for the following major federal programs:

Coronavirus Relief Fund (CFDA #21.019)
 Rehabilitation Services – Vocational Rehabilitation Grants to States (CFDA #84.126)
 Medicaid Cluster (CFDA #93.775, #93.777, and #93.778)

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster	Federal Expenditures (000s)
10.551 and 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	\$3,100,656
14.228	Community Development Block Grants – State’s Program	41,354
15.252	Abandoned Mine Land Reclamation	54,468
16.575	Crime Victim Assistance	81,604
20.205 and 20.219	Highway Planning and Construction Cluster	1,673,417
21.019	Coronavirus Relief Fund (C)	1,017,990
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	93,519
93.558	Temporary Assistance for Needy Families	501,894
93.563	Child Support Enforcement	163,914
93.575 and 93.596	Child Care and Development Fund (CCDF) Cluster (C)	464,088
93.658	Foster Care – Title IV-E (C)	238,135
93.659	Adoption Assistance (C)	127,697
93.667	Social Services Block Grant	91,351
93.767	Children’s Health Insurance Program (C)	704,477
93.775, 93.777, and 93.778	Medicaid Cluster (C)	23,912,992
93.959	Block Grants for Prevention and Treatment of Substance Abuse	72,809
Total Federal Expenditures – Major Programs		<u>\$32,340,365</u>

(C) = COVID-19 Funds included

Dollar threshold used to distinguish between Type A and Type B programs (000s): \$79,635

Auditee qualified as low-risk auditee? yes X no

COMMONWEALTH OF PENNSYLVANIA

Index to Basic Financial Statement Findings - June 30, 2020

Finding No.	Finding Title	Impacted State Agency	Finding Page	CAP Page
2020-001*	Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-001)	OA-OIT	45	118
2020-002**	Unemployment Compensation Accounts Payable Accrual Methodology and Controls Need Improvement	OB-OCO	47	119

- * - Significant Deficiency
- ** - Material Weakness
- CAP - Corrective Action Plan

COMMONWEALTH OF PENNSYLVANIA

Basic Financial Statement Findings - June 30, 2020

Office of Administration – Office for Information Technology

Finding 2020 – 001:

Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-001)

Type of Finding: Significant Deficiency

Condition: Our review of information technology (IT) general controls in the Office of Administration, Office for Information Technology (OA-OIT), for the fiscal year ended June 30, 2020, disclosed the following control deficiencies in applications supported by the Employment, Banking, and Revenue (EBR) Delivery Center:

1. There was a lack of segregation of duties between application development and promotion of code to production in certain applications in the mainframe and client/server environments. Developers (including contractors) were granted the ability to develop code and to promote code to production. In other cases, developers were given the ability to change the operations schedule (while such access may be required in certain circumstances, this could be done with monitoring through emergency change or update processes).
2. There were large numbers of users with privileged and administrative access to mainframe systems and applications, and the use of this access was not logged and/or monitored. Administrators in mainframes and servers had access to shared user IDs with shared passwords, the use of the shared user IDs was not logged, and the passwords did not expire. In one mainframe environment, two privileged accounts could not be traced to known individuals, and there were no policies or procedures governing the granting of powerful user attributes.
3. During the period when applications were being implemented quickly in response to the COVID-19 pandemic, the Delivery Center suspended normal controls over adding and deleting users in two systems. New and terminated users were tracked through the use of a shared spreadsheet accessible to a number of people.

A detailed schedule of issues has been provided to the OA-OIT for corrective action.

Criteria: Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014.

- Green Book Principle 11 – Design Activities for the Information System, states in part:
 - *11.12 Management designs control activities over access to protect an entity from inappropriate access and unauthorized use of the system. These control activities support appropriate segregation of duties. By preventing unauthorized use of and changes to the system, data and program integrity are protected from malicious intent (e.g., someone breaking into the technology to commit fraud, vandalism, or terrorism) or error.*
 - *11.14 Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity.*

A well-designed system of internal controls dictates that effective IT general controls (which include adequate segregation of duties, access controls to programs and data, and controls over adding and deleting users) be established and functioning to ensure that overall agency operations are conducted in accordance with management's intent.

COMMONWEALTH OF PENNSYLVANIA

Basic Financial Statement Findings - June 30, 2020

Finding 2020 – 001: (continued)

Cause: The segregation of duties weaknesses, as well as certain privileged user control issues, were noted in mainframe legacy systems that are scheduled to be eliminated for ongoing processing during fiscal year end 2021. The shared accounts in the client-server system were default IDs which were not monitored, despite the recommendation of the database manufacturer. The informal mechanism used to track new and terminated users in certain systems was due to the speed at which a large number of users were added to implement applications to expend Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

Effect: Segregation of duties weaknesses, inappropriate and unmonitored privileged access, as well as ineffective controls over new and separated users, all contribute to the risk that system actions can occur that are not in accordance with management's intent. Applications serving the Departments of Revenue, Labor and Industry, and Insurance were impacted by these control weaknesses. Further, without properly functioning controls over segregation of duties and privileged access, as well as controls over new and terminated users, the auditors are precluded from reliance on computer controls in these agencies.

Recommendation: We recommend that OA-OIT management continue its efforts to resolve the general computer control deficiencies noted above. Specific consideration should be given to:

- Segregating the development of programs from promotion to the production environment;
- Preventing developers from having access to the production environment and the operations schedule;
- Reducing, where possible, the number of users with privileged and administrative access to mainframe systems and applications based on the principle of least privilege;
- Developing policies to govern the granting of privileged/administrative access;
- Monitoring and controlling the use of privileged accounts, as well as shared user IDs with shared passwords; and
- Restoring formal controls over new and terminated users in pandemic-related applications.

As systems are being eliminated and replaced at the Departments of Revenue, Labor and Industry, and Insurance, we recommend implementation of controls in the new systems that conform to the criteria listed above.

Agency Response: OA-OIT agrees with this finding.

COMMONWEALTH OF PENNSYLVANIA

Basic Financial Statement Findings - June 30, 2020

Office of the Budget – Office of Comptroller Operations

Finding 2020 – 002:

Unemployment Compensation Accounts Payable Accrual Methodology and Controls Need Improvement

Type of Finding: Material Weakness

Condition: Our review of the Unemployment Compensation (UC) Fund accounts payable accrual entry for the fiscal year ended June 30, 2020, disclosed understatements of accounts payable and due from the federal government by \$1.4 billion of the \$3.9 billion originally recorded and \$1.14 billion of the \$3.9 billion originally recorded, respectively. The Office of the Budget, Bureau of Accounting and Financial Management (BAFM), prepared and recorded the accrual entries based on data and reports provided by the Department of Labor and Industry (L&I). L&I's data and reports were not complete, and review procedures missed identifying the error.

The UC Fund's accounts payable accrual includes UC benefits for claim weeks ending before June 30, 2020, that have check issue dates after that date. Several types of UC benefits impacted the fiscal year and the accrual methodology, including regular UC payments, Pandemic Unemployment Assistance (PUA) payments, and Federal Pandemic Unemployment Compensation (FPUC) payments. With the onset of the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act instituted PUA and FPUC benefits in addition to the regular UC benefits. PUA provided benefits for individuals who usually would not be eligible for UC benefits, such as self-employed individuals. FPUC benefits provided an additional \$600 to eligible recipients of UC and PUA benefits.

The UC Fund's accounts payable accrual reported did not include payments from several benefit types that met the payable criteria. The discrepancies are as follows:

- The UC benefits portion of the accrual calculated by BAFM could not be recalculated by the auditors using Labor and Industry data, resulting in a \$208 million understatement.
- The methodology did not incorporate the days in June that were included in the July 4 claim week for UC and PUA benefits, resulting in a \$106 million understatement.
- FPUC benefits associated with regular UC claims were omitted from the accrual methodology, resulting in a \$969 million understatement.
- The methodology did not include an analysis of September's processing activity. Auditor analysis of check issue dates in September indicated a \$117 million understatement.

Criteria: Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: UC benefit processing experienced unprecedented levels of applicants and payments. The increase in claim activity caused untimely processing cycles, and the revised accrual methodology did not fully compensate for the backlog. Furthermore, the CARES Act unemployment provisions led to significant changes to benefit processing and added additional benefit types. Overall, the errors noted above occurred because the methodology did not include all aspects of the accounts payable activity resulting from changes caused by the COVID-19 pandemic.

Effect: The basic financial statements reporting the UC Fund's accounts payable and federal receivable balances were materially misstated and required adjustment.

COMMONWEALTH OF PENNSYLVANIA

Basic Financial Statement Findings - June 30, 2020

Finding 2020 – 002: (continued)

Recommendation: We recommend that BAFM and L&I management evaluate the UC Fund’s accounts payable accrual methodology considering the following:

- Increase discussions between BAFM and L&I on changes in the benefits processing environment and other regulatory changes, including the ongoing impact of the pandemic;
- Obtain and validate L&I data and reports for all relevant benefit types and timeframes;
- Develop an effective methodology to capture all accounts payable activity using the relevant data; and
- Strengthen controls to ensure reviews of the UC Fund’s accounts payable accrual entry and support are operating effectively.

Agency Response: Office of the Budget, Office of Comptroller Operations, and the Department of Labor and Industry agree with the finding.

COMMONWEALTH OF PENNSYLVANIA

Index to Federal Award Findings and Questioned Costs - June 30, 2020

Finding Number	CFDA Number	CFDA Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2020-003 *	14.228	Community Development Block Grants – State’s Program	The Department of Community and Economic Development Did Not Perform Adequate During-the-Award Monitoring of Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-004)	NC	ND	DCED	54	120
2020-004 **	15.252	Abandoned Mine Land Reclamation	A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring	MNC	ND	DEP	57	121
2020-005 **	10.551 10.561 93.558	Supplemental Nutrition Assistance Program (SNAP) Cluster Temporary Assistance for Needy Families	A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2019-007)	MNC	ND	DHS	59	121
2020-006 *	93.558	Temporary Assistance for Needy Families	Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-008)	NC	ND	DHS	62	123
2020-007 **	93.558 93.658 93.659	Temporary Assistance for Needy Families Foster Care – Title IV-E (including COVID-19) Adoption Assistance (including COVID-19)	Material Weaknesses and Material Noncompliance Exist in Monitoring of Foster Care, Adoption Assistance, and Temporary Assistance for Needy Families Subrecipients by the Department of Human Services’ Office of Children, Youth, and Families (A Similar Condition Was Noted in Prior Year Finding 2019-009)	MNC	ND	DHS	64	123

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* - Significant Deficiency
 ** - Material Weakness
 ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance
 NC - Noncompliance
 N/A - Not Applicable
 CAP - Corrective Action Plan

COMMONWEALTH OF PENNSYLVANIA

Index to Federal Award Findings and Questioned Costs - June 30, 2020

Finding Number	CFDA Number	CFDA Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2020-008 *	93.558	Temporary Assistance for Needy Families	A Significant Deficiency and Noncompliance Exist in the Review and Approval of Temporary Assistance for Needy Families Subrecipient Invoices by the Department of Human Services' Office of Children, Youth, and Families	NC	\$2,200	DHS	67	124
2020-009 ** SSBG * SABG	93.667 93.959	Social Services Block Grant Block Grants for Prevention and Treatment of Substance Abuse	Noncompliance and Weaknesses Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant and the Block Grants for Prevention and Treatment of Substance Abuse Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-010)	MNC-SSBG NC-SABG	ND	DHS	69	124
2020-010 *	93.775 93.777 93.778	Medicaid Cluster (including COVID-19)	A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative	NC	None	DHS	72	125
2020-011 *	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Significant Deficiency and Noncompliance Related to the Department of Labor and Industry's Preparation and Submission of the Semi-Annual SF-425 Report (A Similar Condition Was Noted in Prior Year Finding 2019-013)	NC	None	L&I	75	125
2020-012 *	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry's Procedures for Performing Eligibility Determinations (A Similar Condition Was Noted in Prior Year Finding 2019-011)	NC	None	L&I	77	126

* - Significant Deficiency

** - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

N/A - Not Applicable

CAP - Corrective Action Plan

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Finding Number	CFDA Number	CFDA Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2020-013 *	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2019-012)	NC	\$239	L&I	79	128
2020-014 *	20.205 20.219	Highway Planning and Construction Cluster	A Significant Deficiency and Noncompliance Exist Related to Monitoring of Locally Sponsored Projects	NC	ND	PDOT	81	128
2020-015 *	16.575 84.126	Crime Victim Assistance Rehabilitation Services – Vocational Rehabilitation Grants to States	Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-014)	N/A	None	OA-OIT	83	128
2020-016 *	93.775 93.777 93.778	Medicaid Cluster (including COVID-19)	A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the Quarterly CMS-64 Report	NC	None	OB-OCO	85	129
2020-017 *	16.575	Crime Victim Assistance	A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency’s Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2019-017)	NC	\$179,816	PCCD	88	130
2020-018 **	16.575	Crime Victim Assistance	Material Weakness and Material Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency Monitoring of Crime Victim Assistance Program Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-018)	MNC	ND	PCCD	90	130

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* - Significant Deficiency

** - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

N/A - Not Applicable

CAP - Corrective Action Plan

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Finding Number	CFDA Number	CFDA Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2020-019 *	16.575	Crime Victim Assistance	A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency's Procedures Related to Performance Reporting Requirements	NC	None	PCCD	93	131
2020-020 *	Various	Various CFDA Numbers – See Finding	State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient's Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2019-019)	NC	ND	Various	95	131
2020-021 * Medicaid ** All Other Programs	Various	Various CFDA Numbers – See Finding	A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2019-020)	NC – Medicaid MNC – All Other Programs	ND	Various	98	132

* - Significant Deficiency
 ** - Material Weakness
 ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance
 NC - Noncompliance
 N/A - Not Applicable
 CAP - Corrective Action Plan

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Matrix of Findings by Federal Agency - June 30, 2020

Federal Agency	USDA	HUD	DOI	DOJ	DOT	ED	HHS
Prefix	10	14	15	16	20	84	93
Finding							
2020-003		X					
2020-004			X				
2020-005	X						X
2020-006							X
2020-007							X
2020-008							X
2020-009							X
2020-010							X
2020-011						X	
2020-012						X	
2020-013						X	
2020-014					X		
2020-015				X		X	
2020-016							X
2020-017				X			
2020-018				X			
2020-019				X			
2020-020					X		X
2020-021		X	X	X	X		X

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Department of Community and Economic Development

Finding 2020 – 003:

CFDA #14.228 – Community Development Block Grants – State’s Program

The Department of Community and Economic Development Did Not Perform Adequate During-the-Award Monitoring of Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-004)

Federal Grant Number(s) and Year(s): B-19-DC-42-001 (1/01/2019 – 9/30/2026), B-18-DC-42-0001 (1/01/2018 – 9/30/2025), B-17-DC-42-0001 (1/01/2017 – 9/30/2024), B-16-DC-42-0001 (1/01/2016 – 12/31/2023), B-15-DC-42-0001 (1/01/2015 – 9/30/2022), B-14-DC-42-0001 (1/01/2014 – 9/30/2021)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: During the fiscal year ended June 30, 2020, the Department of Community and Economic Development (DCED) reported subrecipient expenditures for the United States Department of Housing and Urban Development (HUD), Community Development Block Grants (CDBG) – State’s Program (including Neighborhood Stabilization Program and CDBG-Disaster Recovery Programs), of \$40,100,301, which represented approximately 97 percent of total CDBG cluster expenditures of \$41,354,168 on the Schedule of Expenditures of Federal Awards.

DCED is required to maintain internal controls that ensure subrecipient grant funds are utilized within the established contract period. The grant managers monitor the subrecipient contracts and the progress of projects through review of expenditure reports, written and verbal communications, desk reviews, and site visits. In accordance with Fiscal Directive 2014-04, the Financial Management Center of DCED has performed a review of invoices submitted by CDBG subrecipients prior to the disbursement of federal funds through HUD’s Integrated Disbursement & Information System (IDIS) for compliance with the following:

- Contract amount;
- Budget category;
- Activity period;
- IDIS project number;
- Environmental clearance date; and
- Expenditure being incurred within the first 3 years of the grant.

The monitoring policies and procedures applicable to the fiscal years 2014 through 2016 required a Risk Analysis Evaluation (RAE) to be conducted upon the receipt of a grant application. The RAE resulted in a score used to rank the subrecipient according to risk. The policy stated that subrecipients whose score was among the top 20, thus presenting the highest risk, will receive on-site monitoring, as well as remote monitoring, which required the quarterly submission of a Monitoring Activity Performance Report (MAPR). Remaining subrecipients were subject to remote monitoring and were required to submit a MAPR on a semi-annual basis. In addition, per the policy and risk analysis, management was required to select a sample of invoices on a quarterly basis, including at least one invoice from all subrecipients drawing funds during that quarter, to conduct a review.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 003: (continued)

We reviewed support for the following subrecipients for the fiscal years 2014 through 2016 and identified the following:

Type	Population	Sample Size	On-Site Visits Not Conducted	MAPR Not Obtained and Reviewed	MAPR Not Obtained Within the Required Timeframe
High Risk Subrecipients	19	6	1	1	2
Remaining Subrecipients	70	11	Not Applicable	1	1

In addition to the above exceptions, only 19 subgrantees were categorized as high risk. Monitoring policies and procedures in place require at least 20 high risk subgrantees to be identified.

The monitoring policies and procedures applicable to the fiscal year 2017 and going forward (new policy) require a RAE to be completed upon receipt and review of a CDBG entitlement grant application. In addition, the RAE will determine the level of risk associated with the applicable program year. Every four years, these scores are used to determine the monitoring schedule for the next four years as follows:

High Risk – All OBOs (counties administering funds on behalf of smaller jurisdictions) with five or more small jurisdictions will automatically be categorized as high risk. Following these, the highest scoring subrecipients will be rated high risk until the total of high risk grantees is 20. Subrecipients deemed high risk will submit the MAPR semi-annually. In addition, grant managers will conduct on-site monitoring annually based on the four year monitoring schedule. The schedule will ensure that all subrecipients receive an on-site visit at least once every four years.

Medium Risk – The next 20 subrecipients based on score will be rated as medium risk. CDBG subrecipients will submit the MAPR at least annually.

Low Risk – Those subrecipients not rated as high or medium risk will be rated as low risk. CDBG subrecipients will submit the MAPR at least annually.

We reviewed supporting documentation for six of the 20 high risk subrecipients and ten of the 66 remaining subrecipients for the fiscal year 2017 and forward and identified the following:

Type	Population	Sample Size	On-Site Visits Not Conducted	MAPR Not Obtained and Reviewed	MAPR Not Obtained Within the Required Timeframe
High Risk Subrecipients	20	6	-	1	1
Remaining Subrecipients	66	10	Not Applicable	-	1

Criteria: Regarding subrecipient monitoring, 2 CFR Section 200.331 states:

All pass-through entities must:

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 003: (continued)

- (1) *Reviewing financial and performance reports required by the pass-through entity.*
- (2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*
- (3) *Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.*

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: Management identified operational inefficiencies in the implementation of the monitoring plans.

Effect: Adequate risk assessment and timely completion of on-site visits and required MAPR reporting is vital in providing DCED with information necessary to determine whether the program's subrecipients are complying with federal regulations.

A material number of subrecipients expended individually less than \$750,000 in total federal awards from the Commonwealth during the fiscal year ended June 30, 2019, and as a result would not have been required to submit a Single Audit under the Uniform Guidance to the Commonwealth during the fiscal year ended June 30, 2020. Therefore, these subrecipients were only subject to fiscal monitoring by the program.

Recommendation: We recommend that DCED ensure that all on-site visits are completed along with all required reporting documentation, within the scheduled monitoring cycle, to provide reasonable assurance that subrecipients administer the federal awards in compliance with laws, regulations, and the provisions of contracts and/or grant agreements. We also recommend that DCED ensure the results of all monitoring visits are communicated to the subrecipients in a timely manner, and that DCED perform follow-up procedures to ensure appropriate corrective action is implemented by the subrecipients.

Agency Response: DCED agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Federal Award Findings and Questioned Costs - June 30, 2020

Department of Environmental Protection

Finding 2020 – 004:

CFDA #15.252 – Abandoned Mine Land Reclamation

A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring

Federal Grant Number(s) and Year(s): S20AF20006 (1/01/2020 – 12/31/2022), S19AF20006 (1/01/2019 – 12/31/2021), S19AF20004 (12/01/2019 – 11/30/2021), S18AF20004 (11/01/2018 – 10/31/2020), S17AF20008 (1/01/2017 – 12/31/2019)

Type of Finding: Material Weakness, Material Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: The Department of Environmental Protection (DEP) administers the Abandoned Mine Land Reclamation (AMLR) program funded by the United States Department of the Interior (DOI). During the fiscal year ended June 30, 2020, DEP expended \$54,468,352 for the AMLR program, of which \$11,142,804 was paid to 17 entities with whom DEP executed subrecipient agreements to provide abandoned mine land reclamation repairs and services throughout Pennsylvania. These subrecipient agreements included clauses requiring subrecipient Single Audits. Also, as a result of the expenditures being recorded as subrecipient expenditures in the SAP accounting system, the expenditures were reported as subrecipient expenditures to the federal government when they were automatically uploaded to the federal USAspending system. Our audit testing disclosed that DEP did not conduct program monitoring of these subrecipient expenditures during the fiscal year ended June 30, 2020.

Criteria: As part of administering the AMLR program, DEP must have policies, procedures, and controls in place to ensure compliance with federal requirements within contract requirements and regulations.

2 CFR Section 200.331, Requirements for pass through entities, states in part:

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

The standard contract agreement between DEP and the local grantee states, in part:

Audit/Compliance Review Requirements - The contractor must comply with all applicable federal and state grant requirements including the Single Audit Act Amendments of 1996; 2 CFR Part 200 as amended; and any other applicable law or regulation, and any amendment to such other applicable law or regulation that may be enacted or promulgated by the federal government.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 004: (continued)

Cause: DEP management indicated that the 17 entities were contractors for whom subrecipient monitoring requirements were not applicable, and the related expenditures were erroneously recorded in the SAP accounting system and on the Commonwealth's SEFA as subrecipient expenditures. DEP management stated that their policies and procedures are not significantly different between the entities recorded as subrecipients and those recorded as contractors. However, as noted in the finding condition, our audit disclosed that DEP executed subrecipient agreements with the 17 entities, some of whom had Single Audits conducted, with the AMLR expenditures reported on the Single Audit SEFAs as required for subrecipients.

In December 2019, DEP's Bureau of Abandoned Mine Reclamation management decided that DEP would not approve any additional agreements until the issue is resolved at both the federal and state levels. However, DEP management stated that the agreements that were already in place would continue as executed.

Effect: Without the timely completion of AMLR program subrecipient monitoring, DEP cannot ensure compliance with federal statutes, regulations, and the terms and conditions of the subaward contracts, confirm that local subgrantees are performing satisfactory work, ensure the efficient use of program resources, and minimize the risk for fraud and abuse. Completing monitoring activities is essential for DEP to determine whether the local agencies are complying with federal regulations and spending grant funds appropriately.

If contractors are misrepresented as subrecipients in the agreements and SAP accounting system, expenditures may be incorrectly reported and unnecessary Single Audit burden has been created at the subrecipient level.

Recommendation: We recommend that DEP management make an immediate determination of whether recipients with existing agreements are contractors or subrecipients, and if changes are necessary, amend the agreements and correct the accounting system to record subrecipient and contractor expenditures accurately. DEP should seek formal federal DOI approval to revise any existing agreements to contractor agreements. DEP should follow this determination consistently with future agreements and accounting treatment.

DEP should also develop written policies and procedures for subrecipient monitoring and implement them immediately to ensure timely subrecipient compliance with federal regulations.

Agency Response: DEP agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Department of Human Services

Finding 2020 – 005:

CFDA #10.551 and 10.561 – Supplemental Nutrition Assistance Program (SNAP) Cluster CFDA #93.558 – Temporary Assistance for Needy Families

A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2019-007)

Federal Grant Number(s) and Year(s): 201PA405S2514 (10/01/2019 – 9/30/2020), 191PA405S2514 (10/01/2018 – 9/30/2019), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019)

Type of Finding: Material Weakness, Material Noncompliance

Compliance Requirement: Special Tests and Provisions related to EBT Card Security

Condition: During our audit of the Supplemental Nutrition Assistance Program (SNAP) administered by the Department of Human Services (DHS), we evaluated the security over Electronic Benefits Transfer (EBT) cards, which includes both the physical security of EBT cards during the issuance process at County Assistance Offices (CAO), as well as the handling of EBT cards returned from the United States Postal Service as undeliverable, or those that have been lost or stolen. EBT cards are the method by which SNAP benefit payments are made available to recipients. Also, EBT cards are the primary method by which cash and special allowance benefit payments are made available to Temporary Assistance for Needy Families (TANF) recipients. Total benefit expenditures for SNAP for the fiscal year ended June 30, 2020 totaled \$2.9 billion. Total benefit expenditures for TANF for the fiscal year ended June 30, 2020 totaled \$151.7 million.

Thirteen of the 86 CAO and district locations that issued EBT cards were selected for site testing in the current audit period. During our review of the physical security over EBT cards, we noted exceptions at twelve of the thirteen CAO and district locations selected for testing. These exceptions included the following:

- 1) The physical inventory count of EBT cards conducted did not reconcile to the inventory count in the EBT Card Tracking Database (1 location).
- 2) An employee without card creation access to the Electronic Payment Processing and Information Control (EPPIC) System created EBT cards according to the Daily Log from the EBT Card Tracking Database (3 district offices).
- 3) An employee listed on DHS's Project Office master list as a card pinner for a site had not worked at the site during the fiscal year ended June 30, 2020 (1 district office).
- 4) EBT cards were created during non-business hours (2 district offices).
- 5) Failure to perform the following:
 - Destroy used printer ribbon on the same day as new printer ribbon installation (2 locations);
 - Maintain adequate segregation of duties when completing the Weekly Log in the EBT Card Tracking Database. The same employee returned the EBT cards and approved the Weekly Log (2 district offices and 2 locations);
 - Retain legible EPPIC EBT Systems Application forms (paper and/or electronic copies) (1 district office);
 - Create adequate written internal procedures for EBT Security for over the counter card mailings (3 district offices and 3 locations);
 - Locate shipping manifest to support the EBT Shipments Verification Log (1 district office and 3 locations);
 - Designate a manager or supervisor to the Alternate EBT Coordinator role (1 location);
 - Ensure that coverage for card pinning and card creation is available until 5:00 PM each business day (1 district office and 2 locations);
 - Only utilize the EBT card paper logs during an emergency (1 district office);
 - Timely completion and submission of the EPPIC EBT Systems Application forms to the Office of Income Maintenance EBT Security (1 district office);

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 005: (continued)

- Completion of the weekly approver entry field in the Weekly Log (2 district offices);
- Ensure the Form HS-764 Authorized Signatures field was completed with the caseworker's and supervisor's signatures (2 district offices);
- Maintain adequate security of pinning device (1 location).

Criteria: The 2020 OMB Compliance Supplement, Part 4 – Agency Program Requirements for the SNAP Cluster, Special Tests and Provisions – N.3 EBT Card Security, states:

The state is required to maintain adequate security over, and documentation/records for, EBT cards to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR Section 274.8(b)(3)).

7 CFR Section 274.5, Record retention and forms security, states:

(c) Accountable Documents.

(1) EBT cards shall be considered accountable documents. The State agency shall provide the following minimum security and control procedures for these documents:

- Secure storage;*
- Access limited to authorized personnel;*
- Bulk inventory control records;*
- Subsequent control records maintained through the point of issuance or use; and*
- Periodic review and validation of inventory controls and records by parties not otherwise involved in maintaining control records.*

45 CFR Section 75.302 applicable to TANF states:

(b) The financial management system of each non-Federal entity must provide for the following (see also §75.361, 75.362, 75.363, 75.364, and 75.365):

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §75.303.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: Established policies and procedures were not followed consistently across CAO and district locations, which resulted in ineffective internal controls over EBT card security.

Effect: Without adequate security controls over EBT cards, there exists the possibility of misappropriation and/or abuse.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 005: (continued)

Recommendation: We recommend that DHS monitor EBT card security at CAO and district locations on a regular basis to improve consistency in the execution of documented policies and procedures.

Agency Response: DHS agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Federal Award Findings and Questioned Costs - June 30, 2020

Department of Human Services

Finding 2020 – 006:

CFDA #93.558 – Temporary Assistance for Needy Families

Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-008)

Federal Grant Number(s) and Year(s): 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: During the fiscal year ended June 30, 2020, the Department of Human Services (DHS) paid \$74.8 million in Temporary Assistance for Needy Families (TANF) funding to subrecipients within the New Directions, Cash Grants, and Alternatives to Abortion appropriations (or 14.9 percent) out of total federal TANF expenditures of \$501.9 million reported on the June 30, 2020 Schedule of Expenditures of Federal Awards.

Our testing of DHS's during-the-award monitoring of subrecipients for the fiscal year ended June 30, 2020 disclosed that DHS performed on-site monitoring for all 12 subrecipients selected for testing. The on-site monitoring that was performed consisted of reviews of program operations including design, data entry accuracy and timeliness, case management analysis, and program payment performance goals. The on-site monitoring also included a review of a sample of TANF recipient case files to ensure that the recipients' TANF activities were documented and accurately entered in the Commonwealth's Workforce Development System. However, DHS's monitoring procedures for the 12 subrecipients were not adequate as they did not include a review or monitoring of subrecipient financial records, which would provide an assessment of a subrecipient's compliance with applicable federal regulations. Although DHS's monitoring procedures include reviewing subrecipient completed questionnaires for selected subrecipients that had questions related to financial matters, DHS monitors did not review subrecipient financial records. For example, DHS did not perform procedures to ensure subrecipient invoices agreed to the books and records of the subrecipient and that the records were adequate to support the allowability of costs paid by DHS during the award period. In addition, DHS's monitoring procedures did not include an evaluation of the operating effectiveness of DHS subrecipient procedures to monitor Single Audits and any related findings.

In addition to the 12 subrecipients noted above, we followed up on one subrecipient identified in the prior year finding as not being on-site monitored by DHS when the risk assessment warranted on-site monitoring. Our follow-up on DHS's monitoring of this subrecipient during the current audit period disclosed that DHS personnel prepared a risk assessment but did not conduct any on-site monitoring of this subrecipient. Since no on-site monitoring occurred, internal control weaknesses, noncompliance, and questioned costs may have existed and remained undetected during the current audit period. This subrecipient received approximately \$1.0 million of TANF funds during the fiscal year ended June 30, 2020.

Criteria: 45 CFR Section 75.352, Requirements for pass-through entities, states:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and programmatic reports required by the pass-through entity.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 006: (continued)

(2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*

(3) *Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient...*

2 CFR Section 200.331, Requirements for Pass-through Entities, states in part:

Pass-through entity monitoring of the subrecipient must include:

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: DHS has not implemented adequate during-the-award monitoring procedures of subrecipients to include testing of the financial records and the subrecipients' monitoring of Single Audits sufficient to ensure compliance with federal regulations. In addition, as indicated in DHS's corrective action plan for the prior year finding, DHS planned to implement new procedures to be used during the on-site monitoring performed during the current audit period. However, as indicated above, the updated procedures were not implemented for the current audit period.

Regarding the aforementioned subrecipient that was not subject to on-site monitoring, DHS personnel stated that no on-site monitoring was performed on this subrecipient due to staffing issues.

Effect: TANF subrecipients could be operating in noncompliance with federal regulations without timely detection and correction by DHS management.

Recommendation: DHS should strengthen its controls to ensure during-the-award monitoring of TANF subrecipients includes procedures to ensure that subrecipients are in compliance with applicable federal regulations, including ensuring that all required Single Audits were obtained by all DHS subrecipients.

Agency Response: DHS agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Federal Award Findings and Questioned Costs - June 30, 2020

Department of Human Services

Finding 2020 – 007:

CFDA #93.558 – Temporary Assistance for Needy Families
CFDA #93.658 – Foster Care – Title IV-E (including COVID-19)
CFDA #93.659 – Adoption Assistance (including COVID-19)

Material Weaknesses and Material Noncompliance Exist in Monitoring of Foster Care, Adoption Assistance, and Temporary Assistance for Needy Families Subrecipients by the Department of Human Services’ Office of Children, Youth, and Families (A Similar Condition Was Noted in Prior Year Finding 2019-009)

Federal Grant Number(s) and Year(s): 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 2001PAFOST (10/01/2019 – 9/30/2020), 1901PAFOST (10/01/2018 – 9/30/2019), 2001PAADPT (10/01/2019 – 9/30/2020), 1901PAADPT (10/01/2018 – 9/30/2019)

Type of Finding: Material Weakness, Material Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: The Department of Human Services’ (DHS) Office of Children, Youth, and Families (OCYF) performs two types of during-the-award monitoring of its 67 subrecipient County Children and Youth Agencies (CCYAs). One group within OCYF performs on-site inspections to support its reissuance of licenses for all 67 CCYAs to whom DHS subgrants funds to perform Foster Care, Adoption Assistance services, and Temporary Assistance for Needy Families (TANF) Child Welfare. These inspections primarily focus on health, safety, and performance issues, and each on-site inspection is documented on an Annual Survey and Evaluation Summary. A license, or certificate of compliance, is issued for a period of one year if the results of the on-site inspection determine the entity is in compliance with statutes, ordinances, and regulations.

In addition, a separate group within DHS’s OCYF performs Title IV-E Quality Assurance Compliance Reviews which primarily focus on eligibility and allowability. These two types of on-site monitoring visits are not performed at the same time. To test DHS’s licensing/inspections and Quality Assurance Compliance Reviews in the current year, we selected 13 of the 67 CCYAs receiving Foster Care, Adoption Assistance, and TANF funds.

Our current year testing of the on-site licensing inspections disclosed the following exceptions:

- Four of the 13 on-site inspections of the 13 CCYAs tested were either not reviewed and approved timely, or not reviewed and approved at all, by a supervisor and a regional director. Three of the inspections were approved between 1 and 89 days after the expiration of the prior license, and the other inspection was not reviewed and approved by a supervisor or regional director.

Also, as part of our testing of monitoring, we noted that DHS did not have adequate procedures in place to determine if CCYAs were monitoring their subrecipients. Specifically, DHS did not perform procedures to determine if CCYAs were monitoring Single Audits of its subrecipients and evaluating the follow-up of any findings, or that CCYAs were only paying for allowable services.

Foster Care program payments made by DHS to its 67 CCYA subrecipients during the fiscal year ended June 30, 2020 were \$216.1 million, or 90.8 percent of total Foster Care expenditures of \$238.1 million reported on the June 30, 2020 Schedule of Expenditures of Federal Awards (SEFA). Adoption Assistance program payments made by DHS to its

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 007: (continued)

67 CCYA subrecipients during the fiscal year ended June 30, 2020 were \$95.0 million, or 74.4 percent of total Adoption Assistance expenditures of \$127.7 million reported on the June 30, 2020 SEFA. TANF Child Welfare program payments made by DHS to its 67 CCYA subrecipients during the fiscal year ended June 30, 2020 were \$35.6 million, or 7.1 percent of total TANF expenditures of \$501.9 million reported on the June 30, 2020 SEFA.

Criteria: 45 CFR Section 75.352, applicable to TANF, Foster Care, and Adoption Assistance states:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and programmatic reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient...

PA Code Title 55, Chapter 20, Licensure or Approval of Facilities and Agencies, Section 20.51 states:

A certificate of compliance will be issued to the legal entity by the Department if, after an inspection by an authorized agent of the Department, it is determined that requirements for a certificate of compliance are met.

In addition, PA Code Title 55, Chapter 20, Section 20.52 states:

If, during an inspection, authorized agents of the Department observe items of noncompliance with licensure or approval regulations, the legal entity shall submit an acceptable written plan to correct each noncompliance item and shall establish an acceptable period of time to correct these items.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: As noted in the Corrective Action Plan for prior year Finding 2019 – 009, DHS started tracking the timeliness of the annual on-site licensing inspections to ensure that inspections were timely completed, reviewed, and approved. However, as noted above, the on-site inspections were not reviewed and approved by a supervisor or regional director prior to the expiration of the prior license.

DHS personnel indicated that the four on-site inspections were not timely reviewed and approved by a supervisor or a regional director due to staffing issues, the COVID-19 pandemic, as well as an oversight by DHS regarding the completion of the on-site inspections.

DHS believes that its current monitoring procedures to determine subrecipient eligibility, monitor programmatic operations, review subrecipient audits, and review subrecipient agreed-upon-procedure reports are sufficient to effectively monitor its subrecipients or contractors.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 007: (continued)

Effect: DHS OCYF’s failure to timely review and approve inspection reports before the expiration of the prior license allowed the CCYAs to operate without a proper license for an extended period of time. Also, since DHS did not determine if CCYAs were monitoring their subrecipients, CCYAs could be operating in noncompliance with federal regulations without timely detection and correction by DHS management.

Recommendation: DHS’s OCYF should strengthen its controls to ensure monitoring and inspections of Foster Care, Adoption Assistance, and TANF subrecipients are performed and reviewed by management on a timely basis and include procedures to ensure CCYAs are monitoring their subrecipients or contractors.

Agency Response: DHS agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Department of Human Services

Finding 2020 – 008:

CFDA #93.558 – Temporary Assistance for Needy Families

A Significant Deficiency and Noncompliance Exist in the Review and Approval of Temporary Assistance for Needy Families Subrecipient Invoices by the Department of Human Services' Office of Children, Youth, and Families

Federal Grant Number(s) and Year(s): 1901PATANF (10/01/2018 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Condition: The Temporary Assistance for Needy Families (TANF) Program, administered by the Department of Human Services' (DHS) Office of Children, Youth, and Families (OCYF), provides funding to each of its 67 subrecipient County Children and Youth Agencies (CCYAs) for Child Welfare services. The annual financial audit of the Commonwealth of Pennsylvania's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020, included testing of a TANF Child Welfare invoice submitted to DHS by a CCYA for reimbursement of Child Welfare services. Our review of the invoice disclosed that the CCYA overcharged DHS \$2,200 for the Child Welfare services provided, and this overcharge was not identified during the DHS review, approval, and payment of the invoice.

TANF Child Welfare program payments made by DHS to its 67 CCYA subrecipients during the fiscal year ended June 30, 2020 were \$35.6 million, or 7.1 percent of total TANF expenditures of \$501.9 million reported on the June 30, 2020 Schedule of Expenditures of Federal Awards.

Criteria: 45 CFR Section 75.303(a), Internal controls, states:

The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

45 CFR Section 75.352, applicable to TANF states:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 008: (continued)

Cause: DHS did not have adequate procedures in place to ensure that the Child Welfare services reimbursements paid by DHS to the CCYAs were accurate. DHS personnel indicated that the overpayment made by DHS was due to a key entry error of the rate on the invoice prepared by CCYA personnel for the service provided. The error was not detected by CCYA personnel prior to submitting the invoice to DHS for reimbursement, or by DHS personnel prior to DHS reimbursing the CCYA for the invoice.

Effect: Since DHS's procedures were not adequate to ensure that the services billed by the CCYAs were properly reimbursed by DHS for the correct amount of Child Welfare services provided, DHS was overcharged, resulting in noncompliance and questioned costs of \$2,200.

Recommendation: We recommend that DHS's OCYF should strengthen its procedures and controls to ensure that reimbursements made for services billed by the CCYAs for Child Welfare services are accurate and include the correct rate. Controls should ensure that any errors on invoices submitted for reimbursement are timely detected by DHS employees in the normal course of their review, approval, and payment of invoices.

Agency Response: DHS agrees with the finding.

Questioned Costs: \$2,200 for CFDA #93.558

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Federal Award Findings and Questioned Costs - June 30, 2020

Department of Human Services

Finding 2020 – 009:

CFDA #93.667 – Social Services Block Grant

CFDA #93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Noncompliance and Weaknesses Exist in the Department of Human Services’ Program Monitoring of the Social Services Block Grant and the Block Grants for Prevention and Treatment of Substance Abuse Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-010)

Federal Grant Number(s) and Year(s): 2001PASOSR (10/01/2019 – 9/30/2020), 1901PASOSR (10/01/2018 – 9/30/2019), 3B08TI010044-19 (10/01/2018 – 9/30/2020), 2B08TI010044-18 (10/01/2017 – 9/30/2018)

Type of Finding: Material Weakness, Material Noncompliance for SSBG
Significant Deficiency, Noncompliance for SABG

Compliance Requirements: Cash Management, Subrecipient Monitoring

Condition: Our examination of the Department of Human Services’ (DHS) procedures for monitoring Social Services Block Grant (SSBG) subrecipients revealed that DHS did not adequately monitor the SSBG Mental Health, Homeless Services, Child Welfare, Domestic Violence, Rape Crisis, Legal Services, and Family Planning subrecipients to ensure that SSBG awards are used in compliance with laws and regulations, which include allowable costs, period of performance, and other requirements. The inadequately monitored subrecipients received \$39.6 million (or approximately 43 percent) of total SSBG program expenditures of \$91.4 million on the Schedule of Expenditures of Federal Awards (SEFA). While we did note that DHS adequately monitored three of the 48 Mental Health County/County Joinder subrecipients which included Mental Health and Child Welfare services, this coverage is not adequate. In addition, our review of the risk assessments completed for all of the aforementioned subrecipients identified several instances where subrecipient monitoring was warranted but was not conducted. We also determined that the Homeless Services program subrecipients that received SSBG funding and were not adequately monitored by DHS personnel also received \$1,983,000 in Block Grants for Prevention and Treatment of Substance Abuse (SABG) funding during the fiscal year ended June 30, 2020. Total SABG expenditures on the current SEFA were \$72.8 million.

In addition, for the compliance requirement related to cash management, we noted that DHS advanced funds to SSBG subrecipients in five of nine program areas, representing \$39.6 million (or approximately 43 percent) of SSBG program expenditures, without adequately monitoring the reasonableness of the subrecipient cash balances. In particular, for the Legal Services components of the SSBG program, DHS advanced funds to subrecipients on a monthly basis. For program areas related to Mental Health, Intellectual Disabilities, Homeless Services, and Child Welfare, DHS advanced funds to subrecipients on a quarterly basis. Also, we noted \$1,983,000 of SABG funds were advanced under the Homeless Services program area without adequately monitoring the reasonableness of the subrecipient cash balances. Our inquiries with applicable DHS program administrators disclosed that DHS did not adequately monitor the five program areas’ subrecipients for cash management compliance either at the time of payment or at any other time during the fiscal year ended June 30, 2020.

Furthermore, while Single Audits of SSBG and SABG subrecipients are to be conducted each year, this auditing activity does not compensate for the lack of during-the-award program monitoring, since the timing, focus, and scope of subrecipient auditing activities after year end are different than compliance monitoring to be performed by program officials during the year.

Criteria: 45 CFR Section 75.352, Requirements for pass-through entities, states:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 009: (continued)

- (1) *Reviewing financial and performance reports required by the pass-through entity.*
- (2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*
- (3) *Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity...*

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and*
- (2) Performing on-site reviews of the subrecipient's program operations;*
- (3) Arranging for agreed-upon-procedures engagements as described in §75.425 (Audit services).*

45 CFR Section 75.305(b)(1), applicable to payments to subrecipients, states in part:

...Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

Management Directive 325.12, *Standards for Internal Control in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: DHS management indicated that risk assessment and monitoring documents were created for use during on-site monitoring of SSBG and SABG subrecipients. However, due to staffing issues and the COVID-19 pandemic, on-site monitoring was not performed for all SSBG and SABG subrecipients.

Consistent with prior year audits, DHS management noted that there have been no changes to the payment methodology for the Legal Services, Homeless Services, Mental Health, Intellectual Disabilities, and Child Welfare components of SSBG. These programs provide subrecipients with advances to comply with Commonwealth law and also to ensure that adequate funds are available to provide services to participants on a timely basis. DHS officials believe that their in-house payment review procedures for the SSBG and SABG programs are as efficient as administratively feasible and that controls exist in each of the program areas. Without on-site program monitoring visits by funding agency officials, we consider DHS's limited in-house reviews of subrecipient status reports or other documents to be insufficient to detect potential subrecipient noncompliance, including excess cash violations. DHS does not adjust payments to the subrecipients based on in-house reviews.

Effect: Since DHS does not adequately perform during-the-award monitoring of subrecipients, including the monitoring of subrecipient cash on hand, subrecipients may not be complying with applicable grant requirements and federal regulations, including cash management standards.

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Finding 2020 – 009: (continued)

Recommendation: DHS should perform risk based during-the-award monitoring procedures for SSBG and SABG subrecipients to ensure timely compliance with all applicable federal regulations. On-site monitoring visits by state officials should be supported by documentation to show the monitoring performed, areas examined, conclusions reached, and that the monitoring was performed in compliance with applicable regulations. Also, we suggest that DHS should coordinate the monitoring of SSBG subrecipients with other program funding received by the same subrecipients.

As recommended in previous Single Audits and supported by the United States Department of Health and Human Services, DHS should either consider changing their current subrecipient payment procedures from advancement basis to reimbursement basis or establish procedures to adequately monitor subrecipient cash on hand to ensure it is limited to immediate needs, but no longer than one month. The implementation and strengthening of these controls should provide DHS with reasonable assurance as to compliance with cash management requirements at the subrecipient level.

Agency Response: DHS agrees with this finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Department of Human Services

Finding 2020 – 010:

CFDA #93.775, 93.777, and 93.778 – Medicaid Cluster (including COVID-19)

A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative

Federal Grant Number(s) and Year(s): 2005PA5MAP (10/01/2019 – 9/30/2020), 2005PA5ADM (10/01/2019 – 9/30/2020), 1905PA5MAP (10/01/2018 – 9/30/2019), 1905PA5ADM (10/01/2018 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Special Tests and Provisions related to the Medicaid National Correct Coding Initiative (NCCI)

Condition: The Pennsylvania Department of Human Services (DHS) is required by the United States Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), to implement six required Medicaid National Correct Coding Initiative (NCCI) methodologies. These methodologies include procedure-to-procedure and medically unlikely edits of Medicaid fee-for-service claims submitted for processing through DHS's PROMISE system to ensure that only proper payments of Medicaid procedures are reimbursed. As part of this process, DHS is required to download quarterly NCCI edit tables from CMS which are subsequently uploaded into PROMISE by DHS's PROMISE vendor.

During the fiscal year ended June 30, 2020, an information technology internal control weakness was noted as there was no documented evidence of DHS management's authorization to ensure the PROMISE vendor followed a formal documented change control process when uploading the quarterly NCCI tables into PROMISE.

In addition, DHS did not ensure that its contract with the PROMISE vendor included the NCCI Confidentiality Agreement required by the *HHS/CMS Medicaid NCCI Technical Guidance Manual*.

Criteria: Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, effective July 1, 2015, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014.

Green Book Principle 11 – Design Activities for the Information System, states in part:

11.15 ...Management designs control activities over changes to technology. This may involve requiring authorization of change requests; reviewing the changes, approvals, and testing results; and designing protocols to determine whether changes are made properly...

11.16 ...Control activities for the development, maintenance, and change of application software prevent unauthorized programs or modifications to existing programs.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 010: (continued)

Additionally, the Commonwealth's Information Technology Policy (ITP) – SFT000, *Software Development Life Cycle Policy*, states in part,

...Agencies shall incorporate separation of duties to maintain continuity and integrity throughout the execution of the procedures and processes associated with the SDLC [Software Development Life Cycle] framework and affiliated software development projects. Careful consideration should be given to: Establishing access controls granting permissions to Commonwealth employees and/or outside contractors performing multiple roles within the various environments (i.e., development, production, system integration, testing, staging, etc.) to add, modify, delete, and migrate application code, data sets, and/or make configuration changes to systems in these environments...

Finally, general control activities over technology are integral to the overall internal control structure of the Commonwealth. A well-designed system of internal controls dictates that information technology general controls be established and functioning to ensure that federal programs are administered in accordance with management's intent.

The *HHS/CMS Medicaid NCCI Technical Guidance Manual, Section 7.1.1, Sharing of State Medicaid NCCI Edit Files by States with Other Entities*, states in part:

A state Medicaid agency may share these quarterly state Medicaid NCCI edit files which are posted on the MII [Medicaid Integrity Institute] on the RISSNET [Regional Information Sharing System Network] portal with the contracted fiscal agent that processes its fee-for-service claims or with any of its contracted Medicaid managed-care entities that is using the Medicaid NCCI methodologies in its processing of claims or encounter data, if appropriate confidentiality agreements are in place.

The *HHS/CMS Medicaid NCCI Technical Guidance Manual, Section 7.1.2, Confidentiality Agreements Requirements for Contracted Parties*, states:

At a minimum, the following elements must be included in the confidentiality agreements for any contracted party using the Medicaid NCCI files posted on the MII:

Disclosure shall be limited to only those responsible for the implementation of the quarterly state Medicaid NCCI edit files. Disclosure shall not be made prior to the start of the new calendar quarter.

After the start of the new calendar quarter, a contracted party may disclose only non-confidential information contained in the Medicaid NCCI edit files that is also available to the general public found on the Medicaid NCCI webpage.

The contracted party agrees to use any non-public information from the quarterly state Medicaid NCCI edit files only for any business purposes directly related to the implementation of the Medicaid NCCI methodologies in the particular state.

New, revised, or deleted Medicaid NCCI edits shall not be published or otherwise shared with individuals, medical societies, or any other entities unless it is a contracted party prior to the posting of the Medicaid NCCI edits on the Medicaid NCCI webpage.

Implementation of new, revised, or deleted Medicaid NCCI edits shall not occur prior to the first day of the calendar quarter.

Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the MII.

State Medicaid agencies must impose penalties, up to and including loss of contract, for violations of any confidentiality agreement relating to use of the MII edit files.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 010: (continued)

Cause: Regarding the lack of documented change management procedures when applying code updates within PROMISE, DHS personnel stated this was an oversight. DHS personnel also stated the responsibility for the NCCI work was transferred internally within the bureau, with the focus placed on the downloading of the NCCI files along with the review of codes.

DHS personnel stated that the confidentiality agreement required by the *HHS/CMS Medicaid NCCI Technical Guidance Manual* was not included in the PROMISE contract, since the contract was finalized prior to the HHS issuance of the NCCI requirements.

Effect: Since DHS could not demonstrate that the PROMISE vendor followed a formal documented change control process when uploading the quarterly NCCI tables, DHS could not provide evidence that the correct NCCI tables were uploaded in compliance with NCCI requirements. Further, the significant deficiency related to change control procedures could result in unauthorized changes to PROMISE if not corrected.

Since DHS did not ensure the required NCCI Confidentiality Agreement was included in its contract with the PROMISE vendor, DHS was not in compliance with federal regulations.

Recommendation: DHS management should maintain documentation of its authorization to initiate application changes, testing of changes, and final approval of each PROMISE change before deployment to the production environment, in order to ensure that the PROMISE vendor follows a formal documented change control process when uploading the quarterly NCCI tables.

DHS should ensure the required NCCI Confidentiality Agreement is included in an amendment to its contract with the PROMISE vendor.

Agency Response: DHS agrees with the finding.

Questioned Costs: None

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Department of Labor and Industry

Finding 2020 – 011:

CFDA #84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States

Significant Deficiency and Noncompliance Related to the Department of Labor and Industry’s Preparation and Submission of the Semi-Annual SF-425 Report (A Similar Condition Was Noted in Prior Year Finding 2019-013)

Federal Grant Number(s) and Year(s): H126A200056 (10/01/2019 – 09/30/2020), H126A190056 (10/01/2018 – 09/30/2019), H126A180056 (10/01/2017 – 09/30/2018)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Reporting

Condition: The Office of Vocational Rehabilitation (OVR), Pennsylvania Department of Labor and Industry, is required to submit an SF-425, *Federal Financial Report*, for the Rehabilitation Services – Vocational Rehabilitation Grants to States (RS-VR) program to the United States Department of Education (USDE) on a semi-annual basis. The SF-425 report includes data related to the federal share of expenditures to date, the federal share of unliquidated obligations, the federal program income earned, the program income expended and unexpended, indirect charges to the grant, as well as other general information that is necessary to ensure compliance with program requirements.

During the fiscal year ended June 30, 2020, we selected all four of the submitted semi-annual SF-425 reports for testing. As part of the report testing, we used supporting documentation to determine if the agency appropriately reported the data in the Rehabilitation Services Administration (RSA) system where the SF-425 reports are submitted. Our procedures disclosed that the recipient share of expenditures reported on the March 31, 2020 filing for federal grant H126A190056 was not adequately input into the RSA system. The amount reported was \$44,202,006, when actual expenditures were \$44,204,647 based on supporting documentation from the Commonwealth’s general ledger, SAP, resulting in an understatement of \$2,641. Although the SF-425 report was subjected to a documented supervisory review and approval, the inaccurate reported amount remained undetected by Commonwealth management until notification by the auditor.

Our procedures also determined that three of the four SF-425 reports tested were not timely filed in the RSA system. Per Policy Directive RSA-PD-11-03, a final SF-425 reports must be submitted no later than 90 days after the end of the grant period. During our testing we noted the final SF-425 report for federal grant H126A180056 was submitted January 9, 2020, which was not within the 90-day reporting requirement. Per the reporting requirements, the March 31st semi-annual SF-425 reports are due 30 days after the quarter end. During our testing we noted the March 31, 2020 SF-425 reports for federal grant numbers H126A190056 and H126A200056 were filed on May 1, 2020, which was not within the 30-day reporting requirement.

Criteria: 2 CFR Section 200.303(a), Internal controls, states:

The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

USDE’s Office of Special Education and Rehabilitative Services Policy Directive RSA-PD-15-05, states:

The Office of Management and Budget (OMB) requires that grantees use the SF-425 to report financial data for grant awards. RSA uses the SF-425 data to monitor the financial status of the VR program and to assess grantee compliance with the fiscal requirements contained in the Rehabilitation Act of 1973 (Rehabilitation Act).

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Finding 2020 – 011: (continued)

34 CFR Section 361.40, Reports; Evaluation standards and performance indicators, states:

- (a) *Reports. (1) The vocational rehabilitation services portion of the Unified or Combined State Plan must assure that the designated State agency will submit reports, including reports required under sections 13, 14, and 101(a)(10) of the Act –*
- (i) *In the form and level of detail and at the time required by the Secretary regarding applicants for and eligible individuals receiving services, including students receiving pre-employment transition services in accordance with section 361.48(a); and*
 - (ii) *In a manner that provides a complete count (other than the information obtained through sampling consistent with section 101(a)(10)(E) of the Act) of the applicants and eligible individuals to –*
 - (A) *Permit the greatest possible cross-classification of data; and*
 - (B) *Protect the confidentiality of the identity of each individual.*
- (2) *The designated State agency must comply with any requirements necessary to ensure the accuracy and verification of those reports.*

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should design control activities to achieve objectives and respond to risks. Management should implement control activities through policies.

Cause: Bureau of Accounting and Financial Management personnel indicated the data input error of the recipient share of expenditures into the RSA system occurred due to user access limitations which did not allow for an appropriate review of the information that was entered into the RSA system. They also indicated the late filing of the March 31, 2020 SF-425 reports was due to a system access issue. The reports were entered into the system on April 30, 2020, but the individual that needed to sign the form did not have the appropriate access to the RSA system to sign and submit the form. The access issue was resolved and the report was submitted May 1, 2020. The late submission of the final SF-425 report for federal grant H126A180056 was due to adjustments that the Office of Vocational Rehabilitation wanted to make to the report which resulted in the delayed filing.

Effect: Since the report preparation and the supervisory review and approval process were not adequate, the recipient share of expenditures were incorrectly reported on the SF-425 report submitted to USDE. Due to system access issues and adjustments that needed to be completed, the SF-425 reports were not timely submitted to USDE. OVR was not in compliance with federal regulations.

Recommendation: OVR should ensure their written procedures for the review, approval, submission, and system access of the SF-425 reports are improved and fully implemented. The procedures should have sufficient detail to ensure the SF-425 reports are prepared accurately and in accordance with federal regulations and submitted timely. In addition, OVR should correct the error and submit a revised SF-425 report to USDE.

Agency Response: OVR agrees with the finding.

Questioned Costs: None

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Department of Labor and Industry

Finding 2020 – 012:

CFDA #84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States

A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures for Performing Eligibility Determinations (A Similar Condition Was Noted in Prior Year Finding 2019-011)

Federal Grant Number(s) and Year(s): H126A200056 (10/01/2019 – 9/30/2020), H126A190056 (10/01/2018 – 9/30/2019), H126A180056 (10/01/2017 – 9/30/2018)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Eligibility

Condition: As part of the Rehabilitation Services – Vocational Rehabilitation Grants to States (RS-VR) program, the Office of Vocational Rehabilitation (OVR), Pennsylvania Department of Labor and Industry, purchases vocational rehabilitation services from vendors to be provided to OVR clients. We selected a sample of 10 participants in the RS-VR program for benefits totaling \$13,349 of the \$22.6 million charged to the program during the fiscal year ended June 30, 2020. Our review of the 10 OVR client case files disclosed the following:

- For four of the 10 OVR participants tested for whom RS-VR program payments were made, OVR personnel did not make the eligibility determinations within 60 days after the RS-VR program application date or by the agreed upon extension date as required by federal regulations. The eligibility determinations were completed 16 to 115 days after the eligibility determination period expired.

Criteria: The United States Department of Education’s Regulation 34 CFR Section 361 regarding the State Vocational Rehabilitation Services Program states in part:

Section 361.41 Processing referrals and applications.

(a) Referrals. The designated State unit must establish and implement standards for the prompt and equitable handling of referrals of individuals for vocational rehabilitation services, including referrals of individuals made through the One-Stop service delivery systems established under section 121 of the Workforce Innovation and Opportunity Act. The standards must include timelines for making good faith efforts to inform these individuals of application requirements and to gather information necessary to initiate an assessment for determining eligibility and priority for services.

(b) Applications. (1) Once an individual has submitted an application for vocational rehabilitation services, including applications made through common intake procedures in One-Stop centers established under section 121 of the Workforce Innovation and Opportunity Act, an eligibility determination must be made within 60 days, unless-

- Exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or*
- An exploration of the individual’s abilities, capabilities, and capacity to perform in work situations is carried out in accordance with section 361.42(e).*

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 012: (continued)

Management should design control activities to achieve objectives and respond to risks. Management should implement control activities through policies.

Cause: OVR personnel indicated that the untimely eligibility determinations were due to inadequate administrative and employee oversight.

Effect: Since OVR personnel did not have adequate procedures in place to ensure that client eligibility determinations were completed within 60 days of the application date or within the specific time period extension agreed upon by the client, OVR was not in compliance with federal regulations and a control deficiency exists. Also, OVR clients may not receive necessary RS-VR program services timely. Our sample contained no ineligible OVR clients for whom case service costs were incurred, so no costs are questioned.

Recommendation: We recommend that OVR personnel have procedures in place to timely identify and follow up on incomplete eligibility determinations and to ensure that all client eligibility determinations are completed within the 60-day period subsequent to the application date or within the specific time period extension agreed upon by the client to ensure compliance with federal regulations.

Agency Response: OVR agrees with the finding.

Questioned Costs: None

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Federal Award Findings and Questioned Costs - June 30, 2020

Department of Labor and Industry

Finding 2020 – 013:

CFDA #84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States

A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2019-012)

Federal Grant Number(s) and Year(s): H126A200056 (10/01/2019 – 9/30/2020)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Period of Performance

Condition: During our audit of the Rehabilitation Services – Vocational Rehabilitation Grants to States (RS-VR) program, we evaluated internal control over and tested compliance with period of performance requirements for the grant awarded by the United States Department of Education that began during the fiscal year ended June 30, 2020 audit period.

- Per review of supporting invoice service dates, one of the 40 expenditures tested that were charged in the first month of the federal fiscal year 2020 RS-VR grant was incurred prior to the allowable period of performance. This expenditure included general charges totaling \$239. Total expenditures posted to the federal fiscal year 2020 RS-VR grant in the first month of the allowable period of performance were \$2,856,134.

Management was unable to provide authorization from the federal awarding agency for allowance of the expenditures occurring outside of the period of performance.

Criteria: 2 CFR Section 200.303(a), Internal controls, states:

The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR Section 200.309, Period of performance, states:

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in §200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the award that were authorized by the Federal awarding agency or pass-through entity.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should design control activities to achieve objectives and respond to risks. Management should implement control activities through policies.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 013: (continued)

Cause: Office of Vocational Rehabilitation (OVR), Pennsylvania Department of Labor and Industry, personnel did not review service dates prior to submitting invoices for payment which were charged to the federal fiscal year 2020 grant. OVR personnel did not have adequate procedures in place to ensure that only costs incurred during the allowable period of performance were charged to the federal fiscal year 2020 RS-VR grant.

Effect: Expenditures outside of the allowable period of performance were incorrectly charged to the federal fiscal year 2020 RS-VR grant without authorization by the federal awarding agency, resulting in noncompliance and questioned costs.

Recommendation: We recommend that OVR personnel implement procedures to ensure that costs and adjustments being charged to a federal grant are incurred within the allowable period of performance of the grant to which they are being charged, or when necessary, obtain authorization from the federal awarding agency prior to charging costs that are outside the allowable period of performance.

Agency Response: OVR agrees with the finding.

Questioned Costs: Known questioned costs for CFDA #84.126 of \$239 were determined, which represent the amount of transactions incurred and charged to the federal grant outside the allowable period of performance.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Department of Transportation

Finding 2020 – 014:

CFDA #20.205 and 20.219 – Highway Planning and Construction Cluster

A Significant Deficiency and Noncompliance Exist Related to Monitoring of Locally Sponsored Projects

Federal Grant Number(s) and Year(s): N78000 (7/01/2019 – 6/30/2020)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: The Department of Transportation (PennDOT) administers the Highway Planning and Construction (HPC) Cluster which is funded by the United States Department of Transportation. Our audit of PennDOT's monitoring of HPC Cluster subrecipient local projects to evaluate compliance with subrecipient monitoring requirements disclosed that the monitoring was not adequate for the fiscal year ended June 30, 2020. HPC Cluster subrecipient expenditures were \$124.5 million (7.3 percent) out of total HPC Cluster expenditures of \$1.7 billion reported on the June 30, 2020 Schedule of Expenditures of Federal Awards.

A local project typically exists when a construction project is located on a street or highway for which PennDOT does not have legal jurisdiction. In such cases, PennDOT may arrange for the local public agency to perform contract work with its own forces or by outside contract. However, it should be noted that PennDOT is responsible for the construction of all federally aided projects and is not relieved of its responsibility by authorizing performance of the work by a local public agency.

PennDOT developed Publication 740, *Local Project Delivery Manual*, to provide guidance on managing local projects to agency personnel in PennDOT's 11 engineering district offices. The publication is a compilation of PennDOT policies and procedures relating to the letting, inspection, and management of local construction contracts. In particular, the publication covers the staffing requirements of local municipalities, as well as PennDOT's on-site monitoring and oversight in the form of review checklists. Publication 740 requires that PennDOT personnel complete the review checklists maintained in Publication 2, *Project Office Manual*, at least quarterly. The review checklists are important documents which provide evidence of PennDOT's district offices' on-site monitoring of local subrecipient projects for compliance with various federal regulations, including allowability of project activity costs, materials certifications and control, wage compliance, and other requirements.

We selected a sample of 10 federally funded locally sponsored projects to evaluate the adequacy of PennDOT's subrecipient monitoring. Our review of the 10 locally sponsored projects totaling \$31.1 million consisted of projects in 3 engineering districts. Documented evidence of properly completed project checklists could not be provided for the one project tested in District 01 with expenditures totaling \$736.7 thousand.

Criteria: 2 CFR Section 200.331, Requirements for pass through entities, states in part:

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 014: (continued)

Management should design control activities to achieve objectives and respond to risks. Management should implement control activities through policies.

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

PennDOT Publication 740, *Local Project Delivery Manual*, Chapter 7, Construction Phase, states:

The Contractor's work and the Local Project Sponsor's inspection are to be reviewed by the District. The Assistant District Executive for Construction is to assign an ACE to monitor and oversee the project. The ACE or a designee is to visit the project as frequently as needed to maintain an intimate knowledge of current activities and ensure that the work is being inspected and the contract administered in accordance with the terms of the agreement, the requirements of FHWA, and the procedures outlined herein.

During each visit to the project or at least quarterly when the project control meetings are being attended on a regular basis, the ACE or designee is to document, in writing, the project status and any outstanding issues.

*To assist the Districts with their project oversight responsibilities, a checklist has been developed and incorporated into Publication 2, *Project Office Manual*, Section C.1.18, *Checklist for the Administration of Locally Sponsored Federal-Aid Projects*. This checklist must be utilized when visiting a Locally Sponsored Federal-Aid project for monitoring and oversight purposes. The checklist is intended to provide uniformity in reviews, as well as documentation that required oversight is being performed. Completed checklists may be requested during annual federal audits.*

Cause: PennDOT has established subrecipient monitoring procedures for locally sponsored projects which require adequate documentation in the form of timely and properly completed checklists. However, PennDOT stated that a vacancy in the District 01 manager position responsible for checklist completion and oversights contributed to the checklist in question not being completed.

Effect: Many of the requirements in Publication 740 are designed to ensure compliance with federal regulations related to locally sponsored projects, including the timely and adequate completion of the checklists described in Publication 2. Lack of sufficient adherence to the policy can result in inadequate oversight for local projects within the districts. Federal funds may be used improperly or not in compliance with federal regulations, and noncompliance may not be timely detected and corrected without adequate oversight.

Recommendation: PennDOT should ensure that the established procedures within Publication 740 are adhered to and the checklists described in Publication 2 are adequately and timely completed in order to prevent control deficiencies related to local project oversight and to ensure documented compliance with federal regulations.

Agency Response: PennDOT agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Office of Administration – Office for Information Technology

Finding 2020 – 015:

CFDA #16.575 – Crime Victim Assistance

CFDA #84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States

Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-014)

Federal Grant Number(s) and Year(s): 2018-V2-GX-0068 (10/01/2017 – 9/30/2021), 2017-VA-GX-0069 (10/01/2016 – 9/30/2020), 2016-VA-GX-0048 (10/01/2015 – 9/30/2019), H126A200056 (10/01/2019 – 9/30/2020), H126A190056 (10/01/2018 – 9/30/2019)

Type of Finding: Significant Deficiency

Compliance Requirement: Other

Condition: As part of testing internal controls over major programs, we performed certain tests of information technology (IT) general controls, including procedures to determine the status of prior year Single Audit Finding 2019 – 014. Our procedures disclosed the following control deficiencies in applications supported by the Public Safety Delivery Center and the Employment, Banking, and Revenue (EBR) Delivery Center:

1. In the Crime Victim Assistance program, as noted in the prior year, we found a lack of segregation of duties between application development and promotion of code to production.
2. In the Rehabilitation Services – Vocational Rehabilitation Grants to States program, we noted administrative/privileged accounts that could be accessed by unauthorized individuals.

A detailed schedule of issues has been provided to the Office of Administration, Office for information Technology (OA-OIT), for corrective action.

Criteria: Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014.

- Green Book Principle 11 – Design Activities for the Information System, states in part:
 - 11.04 Management designs the entity’s information system and the use of information technology... Additionally, information technology may enhance internal control over security and confidentiality of information by appropriately restricting access.
 - 11.12 Management designs control activities over access to protect an entity from inappropriate access and unauthorized use of the system. These control activities support appropriate segregation of duties. By preventing unauthorized use of and changes to the system, data and program integrity are protected from malicious intent (e.g., someone breaking into the technology to commit fraud, vandalism, or terrorism) or error.
 - 11.14 Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 015: (continued)

A well-designed system of internal controls dictates that effective general computer controls, which include adequate segregation of duties, access controls to programs and data, appropriate monitoring, and controls to update access rights, be established and functioning to ensure that overall agency operations are conducted in accordance with management's intent.

Cause: In the Crime Victim Assistance program, corrective action to remediate the prior year segregation of duties weakness was not implemented until December 2020. Further, in the current audit year, we noted that both developers were granted administrative access to the change management software tool. Although the tool was configured to send an automated email to a third party when a developer approved code to production, no process had been implemented to document monitoring of the notification emails.

As for the weakness noted in the Rehabilitation Services program, while OA-OIT has implemented an automated process to remove inactive Commonwealth network accounts, no process has been implemented to remove inactive accounts from individual applications. Further, when users transferred to other duties within the Commonwealth, system administrators were not notified promptly to update access rights.

Effect: The deficiencies noted above in IT general controls could result in unauthorized changes to the software and noncompliance with federal laws and regulations. Segregation of duties weaknesses, inappropriate privileged access, as well as untimely deletion of access when no longer needed, all contribute to the risk that system actions can occur that are not in accordance with management's intent. Further, unauthorized accounts with administrative access increases the risk that accounts could be misused, either intentionally or unintentionally by authorized users, or by unauthorized external entities that have compromised the accounts. Finally, without properly functioning controls over segregation of duties, privileged access, and updating access rights, the auditors are precluded from reliance on computer controls in these agencies.

Recommendation: We recommend that OA-OIT continue its efforts to resolve the general computer control deficiencies noted above. Specific consideration should be given to:

- Segregating the development of programs from promotion to the production environment;
- When segregation of duties is not possible, developing formal processes to document monitoring of developers who have the ability to implement code to production;
- Implementing a process to remove inactive accounts from individual applications; and
- Designing controls to notify systems administrators when users change duties or no longer require access to allow for prompt updating of access rights.

Agency Response: OA-OIT agrees with the finding.

Questioned Costs: None

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Office of the Budget – Office of Comptroller Operations

Finding 2020 – 016:

CFDA #93.775, 93.777, and 93.778 – Medicaid Cluster (including COVID-19)

A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the Quarterly CMS-64 Report

Federal Grant Number(s) and Year(s): 2005PA5MAP (10/01/2019 – 9/30/2020), 2005PA5ADM (10/01/2019 – 9/30/2020), 1905PA5MAP (10/01/2018 – 9/30/2019), 1905PA5ADM (10/01/2018 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Reporting

Condition: The Pennsylvania Department of Human Services (DHS) is required to submit the CMS-64, *Quarterly Statement of Expenditures for the Medical Assistance Program* (CMS-64 Report), on a quarterly basis to the United States Department of Health and Human Services (HHS). The CMS-64 Report includes data related to the Medicaid Cluster expenditures, recoveries, and other items that reduce expenditures for the quarter and prior period expenditures, including donations, taxes, fees, and assessments. During the fiscal year ended June 30, 2020, we selected two out of four quarterly CMS-64 Reports for testing. The CMS-64 Report submitted for the quarter ended June 30, 2020 excluded an assessments amount from the Summary Total of Receipts from Form CMS 64.11, Line 5, which should have been included per the Commonwealth’s general ledger (SAP) as follows:

Assessments amount per the CMS-64 Report	\$734,784,714
<u>Assessments amount per SAP</u>	<u>\$752,531,494</u>
CMS-64 Report Understatement	(\$17,746,780)

Although the CMS-64 Report was subjected to a documented supervisory review and approval, the existence of the understated assessments amount indicates that the preparation and the supervisory review and approval processes were not adequate, and a significant deficiency exists over the preparation and submission of the CMS-64 Report.

In addition, our procedures disclosed that the Commonwealth’s reconciliation of federal grant awards, revenue, and expenditures for the federal Medicaid grants which closed September 30, 2019 have not been performed as of our January 2021 test date, which is not timely.

Criteria: 45 CFR Section 75.302, Financial management and standards for financial management systems, states:

(b) The financial management system of each non-Federal entity must provide for the following:

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §75.341 and 75.342.

42 CFR Section 431.16, Reports, states:

A State plan must provide that the Medicaid agency will –

(a) Submit all reports required by the Secretary;

(b) Follow the Secretary’s instructions with regard to the form and content of those reports; and

(c) Comply with any provisions that the Secretary finds necessary to verify and assure the correctness of the reports.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 016: (continued)

42 CFR Section 433.74, Reporting requirements, states:

- (a) *Beginning with the first quarter of Federal fiscal year 1993, each State must submit to CMS quarterly summary information on the source and use of all provider-related donations (including all bona fide and presumed-to-be bona fide donations) received by the State or unit of local government, and health care-related taxes collected. Each State must also provide any additional information requested by the Secretary related to any other donations made by, or any taxes imposed on, health care providers. States' reports must present a complete, accurate, and full disclosure of all of their donation and tax programs and expenditures.*
- (d) *If a State fails to comply with the reporting requirements contained in this section, future grant awards will be reduced by the amount of FFP CMS estimates is attributable to the sums raised by tax and donation programs as to which the State has not reported properly, until such time as the State complies with the reporting requirements. Deferrals and/or disallowances of equivalent amounts may also be imposed with respect to quarters for which the State has failed to report properly. Unless otherwise prohibited by law, FFP for those expenditures will be released when the State complies with all reporting requirements.*

Further, adequate internal controls over report submission would include detailed written report preparation procedures, a segregation of duties between the preparation and the review and approval of the report, and an adequate review and approval process which would detect errors in the report preparation and ensure that such errors are corrected on a timely basis.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, effective July 1, 2015, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should design control activities to achieve objectives and respond to risks.

Management should externally communicate the necessary quality information to achieve the entity's objectives.

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: The understatement was discovered as a result of auditor inquiry, and the Commonwealth's Office of Comptroller Operations (OCO) personnel stated they corrected the error by including the \$17,746,780 assessments amount in the subsequent quarter ending September 30, 2020 CMS-64 Report. OCO personnel represented that they implemented a reconciliation process covering the federal fiscal year ending September 30 to ensure all assessments had been accounted for in the final CMS-64 Report (quarter ending September 30, 2020). However, the timing of this federal fiscal year reconciliation was not sufficient to ensure the accuracy of the quarter ending June 30, 2020 CMS-64 Report assessments amounts.

Regarding the untimely grant reconciliations, OCO personnel indicated that they are currently working with CMS in order to reconcile the grant awards.

Effect: Since the preparation and the supervisory review and approval processes were not adequate to ensure the accurate reporting of assessments, the CMS-64 Report was misstated for the quarter ended June 30, 2020. DHS was not in compliance with federal regulations, and a significant deficiency exists. If the significant deficiency is not corrected, inaccurate reporting could result in future grant awards being reduced.

The untimely grant reconciliations could result in errors not being detected or corrected on a timely basis.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 016: (continued)

Recommendation: OCO should ensure that the preparation and supervisory review and approval processes for the CMS-64 Report are improved, include all required information including assessments, and any reconciliations are performed on a quarterly basis to ensure accurate quarterly reporting. OCO should ensure their written procedures for the preparation, review, approval, and submission of the CMS-64 Report are sufficiently detailed to ensure the CMS-64 Report is prepared accurately in accordance with federal regulations each quarter.

OCO should ensure federal grant reconciliations are performed on a timely basis in order to promptly identify and investigate any discrepancies and ensure compliance with federal requirements.

Agency Response: OCO agrees with the finding.

Questioned Costs: None

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Pennsylvania Commission on Crime and Delinquency

Finding 2020 – 017:

CFDA #16.575 – Crime Victim Assistance

A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency’s Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2019-017)

Federal Grant Number(s) and Year(s): 2016-VA-GX-0048 (10/01/2015 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Period of Performance

Condition: During our audit of the Crime Victim Assistance (CVA) program funded by the United States Department of Justice, we evaluated and tested the Pennsylvania Commission on Crime and Delinquency’s (PCCD) internal control and compliance with period of performance requirements for the grant award that closed during the fiscal year ended June 30, 2020.

Our procedures disclosed \$179,816 of CVA expenditures were incurred and charged subsequent to the end of the federal grant period that closed on September 30, 2019, which was in violation of period of performance requirements.

CVA expenditures reported on the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2020 totaled \$81.6 million, and \$78 million of that total was passed through to subrecipients.

Criteria: 2 CFR Section 200.303(a), Internal controls, states:

The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the committee of the Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR Section 200.309, Period of performance, states:

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in §200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 017: (continued)

Management should design control activities to achieve objectives and respond to risks. Management should implement control activities through policies.

Cause: PCCD personnel did not have adequate procedures in place to ensure that costs incurred were charged within the period of performance.

Effect: Expenditures passed through to subrecipients were improperly charged to the federal grant subsequent to the period of performance without authorization by the federal awarding agency, resulting in noncompliance and \$179,816 in questioned costs.

Recommendation: We recommend that PCCD personnel implement procedures to ensure that subrecipient costs are incurred and charged within the proper period of performance or to obtain prior federal authorization for any costs charged outside the period of performance.

Agency Response: PCCD has reviewed the preliminary finding related to the administration of the Crime Victim Assistance Program funded by the Department of Justice and agrees with the facts of this finding.

Questioned Costs: Known questioned costs for CFDA #16.575 of \$179,816 were determined, which represent subrecipient expenditures incurred and charged subsequent to the period of performance.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Pennsylvania Commission on Crime and Delinquency

Finding 2020 – 018:

CFDA #16.575 – Crime Victim Assistance

Material Weakness and Material Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency Monitoring of Crime Victim Assistance Program Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-018)

Federal Grant Number(s) and Year(s): 2018-V2-GX-0068 (10/01/2017 – 9/30/2021), 2017-VA-GX-0069 (10/01/2016 – 9/30/2020), 2016-VA-GX-0048 (10/01/2015 – 9/30/2019)

Type of Finding: Material Weakness, Material Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: During the fiscal year ended June 30, 2020, the Pennsylvania Commission on Crime and Delinquency (PCCD) paid \$78 million in Crime Victim Assistance (CVA) program funding to subrecipients, which represented over 95 percent of the total federal CVA expenditures of \$81.6 million reported on the Schedule of Expenditures of Federal Awards. United States Department of Justice (USDOJ) regulations in effect during our audit period require PCCD to conduct on-site monitoring at least once every two years on all subrecipients that receive federal funding for providing crime victim services. PCCD's monitoring procedures specify tracking subrecipients that received federal funds on a calendar year basis and require on-site monitoring of subrecipients at least once every two years.

Our audit identified 157 subrecipients that received federal funding during both years of the two year period ending December 31, 2019. PCCD did not conduct the required on-site monitoring at least once during this period for 40 of these subrecipients. Along with the remaining 117 subrecipients that were monitored, there were 7 additional subrecipients that received funding during the one year period ending December 31, 2019. These 7 subrecipients were on-site monitored by PCCD in 2019, bringing the total of on-site monitored subrecipients to 124 during the two year period.

We tested a sample of 20 subrecipients out of the 124 subrecipients which were on-site monitored in order to evaluate the adequacy of the monitoring procedures performed by PCCD. Our testing disclosed that for 16 of the 20 subrecipients selected, PCCD did not issue the monitoring report to the subrecipient within eight weeks (56 days) after the on-site visit as required by PCCD's internal monitoring procedures. The 16 monitoring reports were issued from 71 to 448 days after the on-site visit, with an average of 186 days after the date of the on-site visit.

Further, PCCD's supervisory review and approval of the subrecipient monitoring reports did not occur timely for the same 16 subrecipients plus one additional subrecipient, or 17 total, after the on-site reports were issued to the subrecipient and any corrective actions, if necessary, were made.

Criteria: 28 CFR Section 94.106, Monitoring Requirements, states:

(a) Monitoring plan. Unless the Director grants a waiver, SAAs [State Administering Agencies] shall develop and implement a monitoring plan in accordance with the requirements of this section and 2 CFR 200.331. The monitoring plan must include a risk assessment plan.

(b) Monitoring frequency. SAAs shall conduct regular desk monitoring of all sub-recipients. In addition, SAAs shall conduct on-site monitoring of all subrecipients at least once every two years during the award period, unless a different frequency based on risk assessment is set out in the monitoring plan.

(c) Recordkeeping. SAAs shall maintain a copy of site visit results and other documents related to compliance.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 018: (continued)

2 CFR Section 200.331, Requirements for Pass-through Entities, states in part:

Pass-through entity monitoring of the subrecipient must include:

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and*
- (2) Performing on-site reviews of the subrecipient's program operations;*
- (3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.*

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: PCCD management indicated they have experienced a substantial increase in federal funding for the CVA program over the past several years which required more on-site visits. In addition, the revised federal monitoring guidelines issued in July 2016 changed the requirement for on-site visits from every four years to every two years. PCCD management also stated that there are no federally mandated guidelines or internal procedures to determine the timeliness of supervisory review and approval of the on-site monitoring report, whether corrective actions are necessary or not.

Effect: PCCD did not comply with federal regulations in effect during our audit period. As a result, CVA subrecipients could be operating in noncompliance with federal regulations without timely detection and correction.

A significant number of subrecipients expended individually less than \$750,000 in total federal awards from the Commonwealth during the fiscal year ended June 30, 2019, and as a result would not have been required by Uniform Guidance to have a Single Audit performed. Therefore, these subrecipients were only subject to on-site monitoring by the program.

The timely completion of these on-site visits, supervisory review and approval, and issuance of the monitoring reports is vital in providing PCCD with information necessary to determine whether the program's subrecipients are complying with federal regulations.

Recommendation: PCCD should strengthen its procedures to ensure on-site monitoring of all CVA subrecipients is performed in accordance with the applicable USDOJ monitoring regulations. PCCD should also ensure that the monitoring reports are issued to subrecipients within eight weeks after the on-site visit to allow subrecipients time to implement corrective actions. Furthermore, after the monitoring report is sent to the subrecipient and, if necessary, any corrective actions are taken, the report should be timely reviewed and approved by a PCCD supervisor.

Agency Response: PCCD agrees with the facts of this finding with exception to the statement that supervisory review and approval of the monitoring reports was not timely. PCCD policy requires that only newly hired staff are required to submit their initial monitoring reports for review prior to issuance to the recipient agency. Supervisory review and approval occurs prior to the closure of the monitoring event and includes the recipient agencies' responses to the monitoring report conclusions.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 018: (continued)

Auditors' Conclusion: The agency response from PCCD acknowledged the finding. During our current year inquiry about monitoring procedures, PCCD did not bring to our attention any change in their procedures regarding only newly hired staff being required to submit their initial monitoring reports for review prior to issuance to the recipient agency. A similar condition was noted in our prior year finding related to monitoring and there was no mention of this policy for newly hired staff noted in the prior year or in our current year update inquiry. We will evaluate PCCD's corrective action in our subsequent audit.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Pennsylvania Commission on Crime and Delinquency

Finding 2020 – 019:

CFDA #16.575 – Crime Victim Assistance

A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency's Procedures Related to Performance Reporting Requirements

Federal Grant Number(s) and Year(s): 2019-V2-GX-0026 (10/01/2018 – 9/30/2022), 2018-V2-GX-0068 (10/01/2017 – 9/30/2021), 2017-VA-GX-0069 (10/01/2016 – 9/30/2020), 2016-VA-GX-0048 (10/01/2015 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Reporting

Condition: During our audit of the Crime Victim Assistance (CVA) program funded by the United States Department of Justice (USDOJ), we evaluated and tested the Pennsylvania Commission on Crime and Delinquency's (PCCD) internal controls and compliance with annual performance reporting requirements. We reviewed the annual performance report covering the period October 1, 2018 through September 30, 2019, which was submitted during December 2019. The annual performance report includes a compilation of various data that is electronically reported to PCCD quarterly by subrecipients that received pass-through funds from PCCD during the annual period. The annual performance report is then submitted by PCCD to USDOJ electronically.

Our testing of the annual report disclosed discrepancies related to the number of reported victims served within 15 of the 26 different victimization types for the quarter ended September 30, 2019 between the PCCD quarterly reports and the quarterly information contained in the annual report. Specifically, we noted differences ranging from 1 to 115, both positive and negative differences.

Criteria: The Special Conditions sections of the grant awards issued each year by the USDOJ Office for Victims of Crime (OVC) require performance reports. Specifically, grant award 2018-V2-GX-0068 states the following in special condition number 37:

The recipient agrees to submit (and, as necessary, requires subrecipients to submit) quarterly performance reports on the performance metrics identified by OVC, and in the manner required by OVC. This information on the activities supported by the award funding will assist in assessing the effects that VOCA [Victims of Crime Act] Victim Assistance funds have had on services to crime victims within the jurisdiction.

28 CFR Section 94.105(a) and (b), Reporting requirements, states:

(a) Subgrant award reports. SAAs [state administering agencies] shall submit, at such times and in such form and manner as OVC may specify from time to time, subgrant award reports to OVC for each project that receives VOCA funds. If an SAA awards funds to a pass-through entity, the SAA also shall submit a report on the pass-through entity, at such times and in such form and manner as OVC may specify from time to time.

(b) Performance report. SAAs shall submit, in such form and manner as OVC may specify from time to time, performance reports to OVC on a quarterly basis.

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Finding 2020 – 019: (continued)

2 CFR Section 200.303(a), Internal controls, states:

The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should design control activities to achieve objectives and respond to risks.

Management should externally communicate the necessary quality information to achieve the entity’s objectives.

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: PCCD officials stated that the vendor of the PCCD Efforts to Outcome (ETO) system did not complete work on the Victims of Crimes Act (VOCA) report on time, which resulted in subrecipients being late in entering the September 30, 2019 quarterly performance reports into the ETO system. Also, the submission of the quarterly reports by PCCD was handled differently that quarter, because PCCD personnel had to manually enter the data into the federal Performance Measurement Tool (PMT) due to the batch upload feature not functioning properly.

PCCD officials also stated that some reporting discrepancies identified were related to the erroneous data in the reports of four subrecipients’ Victim Service Programs. The subrecipients addressed these discrepancies and were required to resubmit their reports; however, the resubmitted reports were never updated in the federal PMT system. Furthermore, two instances where a subrecipient’s quarterly report did not match the information reported in the federal PMT system were attributed to data entry errors on the part of PCCD staff.

Effect: The performance data was not accurately reported for the quarter ended September 30, 2019, and resulted in inaccurate information being reported to USDOJ in the state annual performance report. As a result, PCCD was not in compliance with annual performance reporting requirements.

Recommendation: Although PCCD has procedures in place to review subrecipient performance information submitted and to compile the subrecipient information into overall performance reports which are submitted to USDOJ, PCCD should ensure these procedures are adequately designed and functioning properly to verify the accuracy of the subrecipient information reported and to ensure the accuracy of the overall performance reports.

Agency Response: PCCD has reviewed the finding related to the administration of the Crime Victim Assistance Program funded by the Department of Justice and agrees with the facts of the finding.

Questioned Costs: None

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Federal Award Findings and Questioned Costs - June 30, 2020

Various Agencies

Finding 2020 – 020:

CFDA #20.205 and 20.219 – Highway Planning and Construction Cluster

CFDA #93.558 – Temporary Assistance for Needy Families

CFDA #93.658 – Foster Care – Title IV-E (including COVID-19)

CFDA #93.659 – Adoption Assistance (including COVID-19)

State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient’s Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2019-019)

Federal Grant Number(s) and Year(s): N78000 (7/01/2019 – 6/30/2020), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 2001PAFOST (10/01/2019 – 9/30/2020), 1901PAFOST (10/01/2018 – 9/30/2019), 1801PAFOST (10/01/2017 – 9/30/2018), 2001PAADPT (10/01/2019 – 9/30/2020), 1901PAADPT (10/01/2018 – 9/30/2019)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: The Uniform Guidance in 2 CFR Section 200 applies to the major programs listed above for the fiscal year ended June 30, 2020. Our testing disclosed that the state agencies did not identify the federal award information and applicable requirements in subrecipient award documents. Additionally, the state agencies did not evaluate each subrecipient’s risk of noncompliance for the purpose of determining the appropriate subrecipient monitoring related to the subaward. This represents an internal control weakness which causes subrecipients to be improperly informed of federal award information and not adequately monitored by the state agencies. Also, it could cause the omission or improper identification of program expenditures on subrecipients’ Schedules of Expenditures of Federal Awards (SEFAs). The following chart shows which federal award information required by 2 CFR Section 200 was omitted (as indicated by “No”) from the subrecipient award documents at the time of the subaward and which major programs did not have a state agency evaluation of each subrecipient’s risk of noncompliance.

Program	Amount Passed to Subrecipients (in thousands)	Federal Award Date	Subaward Period of Performance Start and End Dates	Contact Information for Awarding Official	Evaluation of Subrecipient Risk
HPC Cluster	\$124,545	-	-	No	-
TANF – Child Welfare	\$35,589	No	No	No	No (1)
Foster Care – Counties (including COVID-19)	\$216,146	No	No	No	No (1)
Foster Care – Non-Profit Contract	\$13,389	No	No	No	No
Adoption Assistance – Counties (including COVID-19)	\$94,971	No	No	No	No (1)

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Finding 2020 – 020: (continued)

Program	Federal Award Identification Number	Name of Federal Awarding Agency	CFDA Number	CFDA Title
HPC Cluster	-	-	No	No
TANF – Child Welfare	No	No	-	-
Foster Care – Counties (including COVID-19)	No	No	-	-
Foster Care – Non-Profit Contract	No	No	No	No
Adoption Assistance – Counties (including COVID-19)	No	No	-	-

(The cells with a hyphen in the table indicate that the federal award information was included in the subrecipient award documents or was not applicable for the respective major program.)

(1) Although an evaluation of subrecipient risk was conducted, the only risk factor used in the evaluation was the error rate detected for the county subrecipients. The evaluation is deemed inadequate since there was no written evidence that the risk assessment considered other risk factors, such as the risk factors identified in 2 CFR Section 200.331.

Criteria: 2 CFR Section 200.331, Requirements for Pass-through Entities, states in part:

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see section 200.39 Federal award date) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;

(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

(6) Appropriate terms and conditions concerning closeout of the subaward.

(b) Evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient’s prior experience with the same or similar subawards;

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Finding 2020 – 020: (continued)

- (2) *The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F–Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;*
- (3) *Whether the subrecipient has new personnel or new or substantially changed systems; and*
- (4) *The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).*

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should identify, analyze, and respond to risks related to achieving the defined objectives. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Cause: In general, the state agencies’ process for subrecipient award monitoring did not identify the omission of required elements from the grant awards. In addition, the risk assessments performed by the agencies were not properly documented.

Effect: Excluding the federal grant award information at the time of the subaward may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete SEFAs in their Single Audit reports submitted to the Commonwealth, and federal funds may not be properly audited at the subrecipient level in accordance with the Single Audit Act and Uniform Guidance.

Not evaluating each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward may result in subrecipients using the subaward for unauthorized purposes or in violation of the terms and conditions of the subaward, and state agency monitoring would not detect this noncompliance and ensure it is corrected in a timely manner.

Recommendation: State agencies should develop policies and reporting mechanisms to ensure all required federal award information is disseminated to all subrecipients at the time of the subaward to ensure subrecipient compliance with the Uniform Guidance in 2 CFR Section 200 and other applicable federal regulations. In addition, state agencies should correspond with applicable subrecipients to ensure they are aware of the correct federal award information and review applicable subaward documents prior to issuance to ensure federal information is complete and accurate. State agencies should also implement procedures to adequately document their evaluation of each subrecipient’s risk of noncompliance as cited in 2 CFR Section 200.331 for purposes of determining the appropriate subrecipient monitoring related to the subaward.

PennDOT Response:

PennDOT agrees with the finding.

DHS Response:

DHS agrees with the finding.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

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Various Agencies

Finding 2020 – 021:

CFDA #14.228 – Community Development Block Grants – State’s Program

CFDA #15.252 – Abandoned Mine Land Reclamation

CFDA #16.575 – Crime Victim Assistance

CFDA #20.205 and 20.219 – Highway Planning and Construction Cluster

CFDA #93.558 – Temporary Assistance for Needy Families

CFDA #93.563 – Child Support Enforcement

CFDA #93.575 and 93.596 – Child Care and Development Fund (CCDF) Cluster
(including COVID-19)

CFDA #93.658 – Foster Care – Title IV-E (including COVID-19)

CFDA #93.659 – Adoption Assistance (including COVID-19)

CFDA #93.667 – Social Services Block Grant

CFDA #93.767 – Children’s Health Insurance Program (including COVID-19)

CFDA #93.775, 93.777, and 93.778 – Medicaid Cluster (including COVID-19)

CFDA #93.959 – Block Grants for Prevention and Treatment of Substance Abuse

A Material Weakness and Material Noncompliance Exist in the Commonwealth’s Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2019-020)

Federal Grant Number(s) and Year(s): B-19-DC-42-0001 (1/01/2019 – 9/30/2026), B-18-DC-42-0001 (1/01/2018 – 9/30/2025), B-17-DC-42-0001 (1/01/2017 – 9/30/2024), B-16-DC-42-0001 (1/01/2016 – 12/31/2023), B-15-DC-42-0001 (1/01/2015 – 9/30/2022), B-14-DC-42-0001 (1/01/2014 – 9/30/2021), S20AF20006 (1/01/2020 – 12/31/2022), S19AF20006 (01/01/2019 – 12/31/2021), S19AF20004 (2/01/2018 – 11/30/2021), S18AF20004 (11/01/2017 – 10/31/2020), S18AF20006 (4/01/2018 – 12/31/2020), S17AF20008 (1/01/2017 – 12/31/2019), 2018-V2-GX-0068 (10/01/2017 – 9/30/2021), 2017-VA-GX-0069 (10/01/2016 – 9/30/2020), 2016-VA-GX-0048 (10/01/2015 – 9/30/2019), N78000 (7/01/2019 – 6/30/2020), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 2001PACSES (10/01/2019 – 9/30/2020), 1901PACSES (10/01/2018 – 9/30/2019), G12001PACCDF (10/01/2019 – 9/30/2020), G1901PACCDF (10/01/2018 – 9/30/2019), 2001PAFOST (10/01/2019 – 9/30/2020), 1901PAFOST (10/01/2018 – 9/30/2019), 2001PAADPT (10/01/2019 – 9/30/2020), 1901PAADPT (10/01/2018 – 9/30/2019), 2001PASOSR (10/01/2019 – 9/30/2020), 1901PASOSR (10/01/2018 – 9/30/2019), 2005PA5021 (10/01/2019 – 9/30/2021), 1905PA5021 (10/01/2018 – 9/30/2020), 2005PA5MAP (10/01/2019 – 9/30/2020), 1905PA5MAP (10/01/2018 – 9/30/2019), 3B08TI010044-19 (10/01/2018 – 9/30/2020), 2B08TI010044-18 (10/01/2017 – 9/30/2019)

**Type of Finding: Significant Deficiency, Noncompliance for Medicaid Cluster
Material Weakness, Material Noncompliance for Other Programs**

Compliance Requirement: Subrecipient Monitoring

Condition: Under the Commonwealth of Pennsylvania's (Commonwealth) implementation of the Single Audit Act, review and resolution of subrecipient Single Audit reports is split into two stages. The Office of the Budget’s Bureau of Accounting and Financial Management (OB-BAFM) ensures the reports meet technical standards through a centralized desk review process. The various funding agencies in the Commonwealth are responsible for making a management decision on each finding within six months of the Federal Audit Clearinghouse’s (FAC) Management Decision Letter (MDL) start date for audits subject to Uniform Guidance and to ensure appropriate corrective action is taken by the subrecipient (except for Uniform Guidance audits under U.S. Department of Labor programs which are permitted 12 months for management decisions in accordance with 2 CFR Section 2900.21). Each Commonwealth agency is also

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Finding 2020 – 021: (continued)

responsible for reviewing financial information in each audit report to determine whether the audit included all pass-through funding provided by the agency in order to ensure pass-through funds were subject to audit. Most agencies meet this requirement by performing Schedule of Expenditures of Federal Awards (SEFA) reconciliations. The agency is also required to adjust Commonwealth records, if necessary.

Our fiscal year ended June 30, 2020 audit of the Commonwealth's process for review and resolution of subrecipient Single Audits included an evaluation of the Commonwealth's fiscal year ended June 30, 2019 subrecipient audit universe for audits due for submission to the FAC during the fiscal year ended June 30, 2020. We also evaluated the Commonwealth's review of 39 subrecipient audit reports with findings in major programs/clusters which were identified on the Commonwealth agencies' tracking lists during the fiscal year ended June 30, 2020, and required management decisions by Commonwealth agencies.

Our testing disclosed the following audit exceptions regarding the Commonwealth agencies' review of subrecipient audit reports:

- Department of Community and Economic Development (DCED): The time period for making a management decision on findings was approximately 7.7 months and 8.1 months after the MDL start date for two out of five subrecipient audit reports with findings.
- Department of Drug and Alcohol Programs (DDAP): The time period for making a management decision on findings was approximately 9.7 months after the FAC MDL start date for one subrecipient audit report with findings. There was also a delay in the completion of the SEFA reconciliation for the subrecipient audit report in question.
- Department of Environmental Protection (DEP): The time period for making a management decision on findings was approximately 7.4 months and 16.9 months after the FAC MDL start date for two audit reports with findings.
- Department of Human Services (DHS): The time period for making a management decision on findings ranged from approximately 8.1 months to 22.9 months after the FAC MDL start date for 16 out of 23 subrecipient audit reports with findings. There was also a delay in DHS's procedures to ensure the subrecipient SEFAs were accurate so that major programs were properly determined and subject to audit. In addition, our review disclosed that four subrecipient audit reports with findings for which DHS was the lead agency were submitted late to the FAC, with FAC acceptance dates ranging from approximately 5.4 months to 10.8 months after the Single Audit due date.
- Department of Transportation (PennDOT): The time period for making a management decision on findings was approximately 13 months after the FAC MDL start date for one out of six subrecipient audit reports with findings.
- Pennsylvania Commission on Crime and Delinquency (PCCD): The time period for making a management decision on findings was approximately 10.4 months after the FAC MDL start date for one out of five subrecipient audit reports with findings.

As a follow-up to the prior year finding, we noted that the Commonwealth subgranted federal funds totaling \$243,508,881 to the City of Philadelphia during the fiscal year ended June 30, 2019, for which a Single Audit was submitted to the FAC on January 31, 2021. This was 4 months after the September 30, 2020 due date, which had been extended due to the COVID-19 pandemic in accordance with the Office of Management and Budget's Memorandum M-20-26, Appendix A. Our testing disclosed that DHS's and DDAP's subgrants to the City of Philadelphia were material for five of the 12 major programs/clusters with material subgranted funds.

Our follow-up on the prior year finding also disclosed that the Commonwealth subgranted federal funds totaling \$30,413,828 to Bucks County during the fiscal year ended December 31, 2018. The audit was submitted to the FAC on October 31, 2019, which was one month after the September 30, 2019 due date.

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Finding 2020 – 021: (continued)

DHS was the lead agency for the City of Philadelphia and Bucks County audits.

Criteria: 2 CFR §200.331, Requirements for pass-through entities, states in part:

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

(f) Verify that every subrecipient is audited as required by Subpart F – Audit Requirements of this part when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

(g) Consider whether the results of the subrecipient’s audit, on-site review, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity’s own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

In order to carry out these responsibilities properly, good internal control dictates that state pass-through agencies ensure subrecipient Single Audit SEFAs are representative of state payment records each year, and that the related federal programs have been properly subjected to Single Audit procedures.

2 CFR §200.512, Report submission, states in part:

(a) General. (1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period.

2 CFR §200.521, Management decision, states in part:

(a) General. The management decision must clearly state whether or not the finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action.

(d) Time requirements. The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

2 CFR §200.505, Sanctions, states:

In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities must take appropriate action as provided in §200.338 Remedies for noncompliance.

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 021: (continued)

2 CFR §200.338, Remedies for noncompliance, states in part:

If a non-Federal entity fails to comply with Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in §200.207 Specific conditions. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances.

(a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.

(b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(c) Wholly or partly suspend or terminate the Federal award.

(d) Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).

(e) Withhold further Federal awards for the project or program.

(f) Take other remedies that may be legally available.

To ensure Commonwealth enforcement of federal regulations for subrecipient noncompliance with audit requirements, Commonwealth Management Directive 325.8, *Remedies for Recipient Noncompliance with Audit Requirements*, Section 5 related to policy, states in part:

(a) Agencies must develop and implement remedial action that reflects the unique requirements of each program...

(b) Overall periods for the implementation of remedial action should not exceed six months from the date the first remedial action is initiated. At the end of the six-month period, the recipient should take the appropriate corrective action or the final stage of remedial action should be imposed on the recipient. Examples of remedial action include, but are not limited to:

(4) Withholding a portion of assistance payments until the noncompliance is resolved.

(5) Withholding or disallowing overhead costs until the noncompliance is resolved.

(6) Suspending the assistance agreement until the noncompliance is resolved.

(7) Terminating the assistance agreement with the recipient and, if necessary, seeking alternative entities to administer the program.

Management Directive 325.9, *Processing Audits of Federal Pass-Through Funds*, Section 7 related to procedures, states in part:

c. Agencies.

(1) Evaluate single audit report submissions received from BOA to determine program purpose acceptability by verifying, at a minimum, that all agency-funded programs are properly included on the applicable financial schedules; that findings affecting the agency contain sufficient information to facilitate a management decision; and that the subrecipient has submitted an adequate corrective action plan.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 021: (continued)

(6) *Impose or coordinate the imposition of remedial action in accordance with 2 CFR Part 200.338 and Management Directive 325.8, Remedies for Recipient Noncompliance with Audit Requirements, when subrecipients fail to comply with the provisions of Subpart F.*

Management Directive 325.12, *Standards for Internal Control for Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's, *Standards for Internal Control in the Federal Government (Green Book)*, published in September 2014. The Green Book states in part:

Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.

Cause: One reason provided by Commonwealth management for untimely audit resolution in the various agencies, including making management decisions, approving corrective action, and performing procedures to ensure the accuracy of subrecipient SEFAs was either a change in staff or a lack of staff to follow up and process subrecipient audit reports more timely. Late management decisions also occurred because some agencies did not use OB-BAFM's weekly notifications of audit reports with federal findings available on the FAC website to identify audits requiring management decisions. Instead, agencies waited until OB-BAFM personnel completed their desk review of subrecipient audits before starting the management decision process. PCCD personnel indicated the management decision was performed as part of program monitoring of the subrecipient but was not formally documented.

Regarding late and outstanding audit report submissions, the Commonwealth agencies did not appear to be timely implementing remedial action steps in accordance with 2 CFR §200.338 and Commonwealth Management Directive 325.8, Section 5 (a) and (b), in order to ensure compliance with federal audit submission requirements. DHS indicated that Commonwealth Management Directive 325.8, Section 5 (f), *Policy*, makes the federal cognizant agency which provided direct funding to Philadelphia City responsible for remedial action to comply with Subpart F of 2 CFR §200.

Effect: Since required management decisions were not made within six months to ensure appropriate corrective action was taken on audits received from subrecipients, the Commonwealth did not comply with federal regulations, and subrecipients were not made aware of acceptance or rejection of corrective action plans in a timely manner. Further, noncompliance may recur in future periods if control deficiencies are not corrected on a timely basis, and there is an increased risk of unallowable charges being made to federal programs if corrective action and recovery of questioned costs is not timely.

Regarding the SEFA reviews or alternate procedures which are not being performed timely and the late Single Audit report submissions, there is an increased risk that subrecipients could be mispending and/or inappropriately tracking and reporting federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, and corrected by agency personnel on a timely basis as required.

Finally, additional federal pass-through funds may be unaudited in the future without timely and effective remedial action from Commonwealth agencies to enforce compliance.

Recommendation: We recommend that the above weaknesses that cause untimely subrecipient Single Audit resolution, including untimely management decisions on findings, untimely review of the SEFA or alternate procedures, and late audit report submissions be corrected to ensure compliance with federal requirements and Commonwealth Management Directives, and to better ensure more timely subrecipient compliance with program requirements.

Commonwealth agencies should promptly pursue outstanding audits and implement remedial action steps in accordance with 2 CFR §200.338 and Commonwealth Management Directive 325.8, Section 5 (a) and (b) on a timely basis, including withholding funding from subrecipients which do not comply with audit submission requirements.

DCED Response:

We strongly disagree with DCED's inclusion in this finding based on the following:

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 021: (continued)

According to Management Directive 325.9, the Bureau of Audits (BOA) is responsible for performing its technical review of all Single Audit Reports with findings within two months of receipt by the FAC. If the Single Audit report submission was rejected by BOA because it did not include items required by Subpart F or contained deficiencies that delayed processing by BOA, then BOA shall have two additional months, either from the date of resubmission or receipt of additional information needed to process the Single Audit report and to transmit the report to the appropriate agency.

Snyder County

The Single Audit Report was submitted to the FAC on September 26, 2019. DCED was notified by BOA on October 17, 2019 that the report had been uploaded to the FAC. According to Management Directive 325.9, BOA had until November 26, 2019 to finalize its review of this report unless it contained deficiencies. DCED received notification that the Single Audit Report had been accepted by BOA on April 29, 2020, and DCED issued its management decision to the subrecipient on April 30, 2020.

Lebanon County

The Single Audit Report was submitted to the FAC on September 26, 2019. DCED was notified by BOA on November 14, 2019 that the report had been uploaded to the Federal Clearinghouse. According to Management Directive 325.9, BOA had until November 26, 2019 to finalize its review of this report unless it contained deficiencies. DCED received notification that the Single Audit Report had been accepted by BOA on May 27, 2020, and DCED issued its management decision to the subrecipient on May 28, 2020.

DCED has no control over BOA's role in the Single Audit Review process. We are not permitted to issue our management decision letter until we have received notification the audit report has been accepted by BOA. As you can see from the timeline above, DCED issued its management decision to the subrecipients within one day of receiving notice from BOA that their technical review was complete. If DCED would release the management decision letter after we performed our review, but before BOA has completed its review, it would result in a violation of Management Directive 325.9.

DDAP Response:

DDAP agrees with the concerns indicated by the Auditor General regarding timely completion of SEFA reconciliations and a more expedited process for making management decisions on subrecipient audit reports with findings.

DEP Response:

DEP agrees with the facts as presented in the finding.

DHS Response:

DHS agrees with the untimely audit resolution part of this finding.

DHS disagrees with the late submission of subrecipient Single Audit reports part of this finding, as explained below.

Regarding Philadelphia, as stated in the Cause, we followed Commonwealth Management Directive 325.8, Section 5 (f), Policy, which states: "When a recipient receives federal funds directly from the federal government and federal funds passed through the Commonwealth, remedial action for failure to comply with Subpart F will be the responsibility of the federal agency having cognizance over the recipient." In accordance with the Management Directive, since Philadelphia also received federal funds directly from the federal government, DHS is not responsible for any remedial actions. However, we are still in full compliance with 2 CFR §200.338, Remedies for noncompliance, as explained below.

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Finding 2020 – 021: (continued)

Regarding Bucks County, whose audit was submitted one month late, we were also in full compliance with the Management Directive and 2 CFR §200.338. We were in contact with the county’s auditors to determine the status of the audit. Although the recommendation states that we should timely withhold from subrecipients (although that is an option and not a requirement under 2 CFR §200.338), we certainly would not withhold funding as a first step (nor is that the first example in the Management Directive). It is also not possible to withhold county funding that quickly, as any withholding would be done with the next quarterly advance, which would have been in December 2019/January 2020 (several months after the report was submitted).

As stated in the criteria, 2 CFR §200.331, Requirements for pass-through entities: “All pass-through entities must: (h) Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.” Please note that it states consider taking enforcement action.

Also as stated in the criteria, 2 CFR §200.338, Remedies for noncompliance, “If a non-Federal entity fails to comply with Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in §200.207 Specific conditions. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances.” Please note that these also state may impose and may take one or more of the following...

The criteria stated in the finding related to “Commonwealth Management Directive 325.8, Remedies for Recipient Noncompliance with Audit Requirements, Section 5 related to policy, states in part: (b) Overall periods for the implementation of remedial action should not exceed six months from the date the first remedial action is initiated. At the end of the six-month period, the recipient should take the appropriate corrective action or the final stage of remedial action should be imposed on the recipient. Examples of remedial action include, but are not limited to:” The auditor omitted the first three items under part (b), and only included items four through seven. The full list is:

- (1) Meeting or calling the recipient to explain the importance and benefits of the audit and audit resolution processes, emphasizing the value of the audit as an administrative tool and the Commonwealth's reliance on an acceptable audit and prompt resolution as evidence of the recipient's ability to properly administer the program.
- (2) Encouraging the entity to establish an audit committee or designate an individual as the single point of contact to:
 - (a) Communicate regarding the audit.
 - (b) Arrange for and oversee the audit.
 - (c) Direct and monitor audit resolution.
- (3) Providing technical assistance to the recipient in devising and implementing an appropriate plan to remedy the noncompliance.
- (4) Withholding a portion of assistance payments until the noncompliance is resolved.
- (5) Withholding or disallowing overhead costs until the noncompliance is resolved.
- (6) Suspending the assistance agreement until the noncompliance is resolved.
- (7) Terminating the assistance agreement with the recipient and, if necessary, seeking alternative entities to administer the program.

Please note that as stated above, these are examples. In addition, any withholding is not mentioned until the fourth example, and not the first, second, or third examples (which were omitted from the criteria). DHS was in communication with Bucks County and their auditors (first example).

For all of the late Single Audits referred to in this finding (which were all counties), DHS also fully complied with both 2 CFR §200.338 and the Management Directive, as we were in contact with the counties and/or their auditors to obtain their outstanding Single Audits. In addition to the above, as stated in the criteria: “To ensure Commonwealth enforcement of

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Finding 2020 – 021: (continued)

federal regulations for subrecipient noncompliance with audit requirements, Commonwealth Management Directive 325.8, Remedies for Recipient Noncompliance with Audit Requirements, Section 5 related to policy, states in part: (a) Agencies must develop and implement remedial action that reflects the unique requirements of each program...” In DHS’s case, the county programs we fund provide critical human services.

While the recommendation in the finding is the auditor’s opinion that we should promptly withhold funding, that is not a requirement of 2 CFR §200.338 or the Management Directive, but rather are options/examples that DHS can use to obtain the Single Audit reports. Additionally, it is not practical to withhold the counties’ funding for critical human services. If we did withhold funding, that withholding could ultimately affect the services provided by the county. As an example, if we withheld funding from a county children and youth agency because the county’s Single Audit was late, and as a result of that withheld funding a child was unable to receive needed services in a timely manner and was injured or died, that result doesn’t make any sense and is in conflict with DHS’s mission of helping the Commonwealth’s most vulnerable citizens.

We continue to work with counties and their independent auditors to obtain any late Single Audit reports, and albeit late, we do receive them, which is the ultimate goal. We do not believe that we should be cited in this finding for not doing enough.

PennDOT Response:

PennDOT agrees with the finding.

PCCD Response:

PCCD has reviewed the preliminary finding related to the agencies subrecipient audit resolution processes and we agree with the facts of this finding.

Auditors’ Conclusion: The agency responses from DDAP, DEP, PennDOT, and PCCD indicated agreement with the finding.

Regarding the responses from DCED and DHS, the federal regulations in 2 CFR §200 take precedence over the Commonwealth Management Directives with respect to any inconsistencies identified.

DCED’s response refers to the Bureau of Audits. It should be noted that the Office of the Budget, Office of Comptroller Operations (OB-OCO), currently oversees the centralized desk review process conducted by OB-BAFM, formerly performed by the Bureau of Audits.

OB-BAFM’s process is to notify the responsible Commonwealth agencies on a weekly basis about subrecipient Single Audit packages which have become available on the FAC, and whether the subrecipient audits contain federal findings which require management decisions by the respective agencies. OB-BAFM’s purpose is to enable agencies to begin their finding resolution and management decision processes independently of OB-BAFM’s technical review, so the agencies have sufficient time to comply with federal regulations regarding management decisions on findings. DCED was aware that management decisions on findings were required for the two audit reports in question for several months, but did not complete the management decisions timely, choosing to wait until OB-BAFM completed its technical review. DCED was not in compliance with federal regulations, which take precedence over Commonwealth Management Directives.

DHS’s response indicated agreement with the untimely audit resolution including management decisions.

Regarding DHS’s response related to late audit report submissions, the overall intent of the federal regulations is that agencies which pass through federal funding to subrecipients are responsible for properly administering the funds and monitoring the subrecipients to ensure that the subrecipients comply with federal regulations and the terms and conditions

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Federal Award Findings and Questioned Costs - June 30, 2020

Finding 2020 – 021: (continued)

of the grant awards, including timely compliance with Single Audit report submission requirements. In addition to enforcing subrecipient Single Audit report submission, other pass-through agency responsibilities include assessing subrecipient risk and conducting subrecipient program monitoring.

DHS erroneously asserts that terminology in 2 CFR §200 including “may” or “consider” absolves the pass-through agencies from their responsibility for conducting a series of progressive remedial action steps to ensure subrecipient compliance with Single Audit reporting requirements. The City of Philadelphia and Bucks County have a history of many years of chronically late Single Audit report submissions. As an example, the City of Philadelphia’s engagement letter for the fiscal year ended June 30, 2019 Single Audit was not signed by city officials until January 15, 2020, 6.5 months after the audit year end. Consequently, it would be expected that DHS’s subrecipient risk assessments and remedial action for these entities would take this prior experience of the subrecipients’ habitual noncompliance into consideration. However, the evidence DHS provided for remedial action for these subrecipients with chronic noncompliance appeared to consist of sporadic communication with these subrecipients, as opposed to frequent, on-going, and documented follow-up and evidence of progressive remedial action steps taken.

The finding recommendation states that Commonwealth agencies should promptly pursue outstanding audits and implement remedial action steps in accordance with 2 CFR §200.338 and Commonwealth Management Directive 325.8, Section 5 (a) and (b) on a timely basis, including withholding funding from subrecipients which do not comply with audit submission requirements. The recommendation does not state DHS should begin its remedial action by withholding funds. However, the action taken to date by DHS has not been effective in ensuring subrecipient compliance with Single Audit report submission requirements in 2 CFR §200. Since DHS has not implemented effective remedial action, whether it be communication, arranging for and overseeing the audits, technical assistance, or other actions, to remedy the subrecipients’ noncompliance, DHS was not in compliance with subrecipient monitoring requirements in 2 CFR §200.331, 2 CFR §200.338, or 2 CFR §200.505.

After consultation with OB-OCO, which oversees the centralized desk review process now conducted by OB-BAFM, regarding certain language within Management Directives 325.8 and 325.9, OB-OCO recognizes their interpretation of some elements within these directives differs from that of the Commonwealth agencies. OB-OCO indicated that when these directives are reviewed, they will attempt to clarify language to resolve interpretation differences with state agencies.

No new information was provided which would mitigate the finding. The finding remains as stated. We will evaluate any corrective action in the subsequent audit.

Questioned Costs: The amount of questioned costs cannot be determined.

The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.

Management's Summary Schedule of Prior Audit Findings



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

JEN SWAILS
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

Summary Schedule of Prior Audit Findings - June 30, 2020

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FINDINGS FOR THE YEAR ENDED JUNE 30, 2019:

(Please see Corrective Action Plan Schedule for planned corrective actions for any current year repeat findings.)

FINANCIAL STATEMENT FINDINGS

STATEWIDE (SW)

2019-001 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2018-001)

OA-OIT is in the process of implementing automated controls. OA-OIT EISO has implemented special accounts to use as temporary stop gap to alleviate segregation issues and privileged access until a management system can be procured and implemented which could take until 6/30/22.

2019-002 Vendor Management Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2018-002)

Corrective action was taken.

2019-003 Elevated Access Privilege Monitoring Controls Within the Integrated Enterprise System Need Improvement

Corrective action was taken.

FEDERAL PROGRAM FINDINGS

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (DCED)

2019-004 The Department of Community and Economic Development Did Not Perform Adequate During-the-Award Monitoring of Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2018-003)

The Department is still working on processing the current monitoring backlog, but due to the COVID-19 outbreak, the progress has been limited. The new anticipated completion date is 6/30/21.

DEPARTMENT OF DRUG AND ALCOHOL PROGRAMS (DDAP)

2019-005 A Significant Deficiency and Noncompliance Exist in the Department of Drug and Alcohol Programs Related to Period of Performance Requirements

Corrective action was taken.

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Finding State Agency/Finding Title/Comments

DEPARTMENT OF EDUCATION (PDE)

- 2019-006 A Significant Deficiency and Noncompliance Exist Over the Pennsylvania Department of Education's Reporting of the Annual State Per Pupil Expenditure Amount

Corrective action was taken.

DEPARTMENT OF HUMAN SERVICES (DHS)

- 2019-007 A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2018-007)

The EBT Card Database Security training was updated to include 18 slides to address concerns in the audit finding and was approved by OIM's Bureau of Program Evaluation and OIM's Bureau of Policy in mid-November 2019. The audio track for the entire training module was then re-recorded in its entirety on November 20, 2019. The LSO version was posted on November 25, 2019 and was used for mandatory annual compliance training beginning December 2019. The finding was repeated due to the timing of the corrective action implementation.

- 2019-008 Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2018-008)

TANF - New Directions, Cash Grants: The Office of Income Maintenance (OIM) updated the agency monitoring personnel checklists in FY 19/20 to include testing various financial controls of select grantees based on their risk assessment scores. The updates to the checklist began in March 2020, before the COVID-19 pandemic. Currently, the updates need to be completed and will be implemented when on-site monitoring resumes after the pandemic. Alternatives to Abortion - The Office of Policy Development (OPD) completed the risk assessment for FY 19/20 in August 2019. The risk assessment identified the Alternatives to Abortion program as one of the grantees who would receive an on-site monitoring visit in FY 19/20. Due to the situation with COVID-19, and staffing changes in OPD, this on-site monitoring was not conducted. The FY 20/21 risk assessments will be completed in the first quarter of FY 20/21. Alternatives to Abortion will again be identified to receive on-site monitoring if possible. Virtual monitoring will be conducted if that is the only option. Monitoring will be scheduled to start in the 2nd quarter of FY 20/21. Due to interruptions by the pandemic, on-site monitoring was not possible during FY 19/20. Overall, it is anticipated this CAP will be completed by 6/30/21.

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Finding State Agency/Finding Title/Comments

DEPARTMENT OF HUMAN SERVICES (DHS) (Continued)

- 2019-009 Material Weaknesses and Material Noncompliance Exist in Monitoring of Foster Care, Adoption Assistance, and Temporary Assistance for Needy Families Subrecipients by the Department of Human Services' Office of Children, Youth, and Families (A Similar Condition Was Noted in Prior Year Finding 2018-010)

The OCYF Regional Director has met with the Regional Offices involved to address and correct the situation. The OCYF Regional Offices would be adhering to the DHS policy when a licensing inspection summary is written within 15 business days of the last day of the inspection, the counties will have 10 calendar days to respond to our plan of correction (POC). That POC needs to be reviewed by the regional office within 10 business days for compliance. The licensing inspection summary will be sent to Harrisburg for processing. The OCYF Regional Director staff will be doing periodic checks on a quarterly basis to verify the documentation is submitted timely. OCYF is still reviewing provisional licenses on a weekly basis. Due to the Coronavirus Pandemic, licensing processing was halted in March 2020. Annual Inspections have resumed effective July 27, 2020 with alternative techniques that do not require an on-site presence in the licensed setting that may contribute to the spread of COVID-19. Alternative techniques include, but are not limited to, the use of videotelephony and file-sharing applications that will allow for real-time observations of conditions at the licensed setting. Concerning the monitoring of subrecipients, OCYF is working on a strategy to strengthen controls to ensure CCYAs are monitoring their subrecipients and contractors. Updated policies and procedures have been identified; implementation is planned by September 30, 2020, assuming normal review activity resumes. Quality Assurance reviews are planned to resume using alternative techniques as well.

- 2019-010 Noncompliance and Weaknesses Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant and the Block Grants for Prevention and Treatment of Substance Abuse Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2018-011)

Office of Administration-SSBG: Counties are chosen for monitoring based on a risk assessment tool including: allocation amount, findings in the county's single audit report, and timely submission. Counties receiving a "high risk" designation are prioritized. A subrecipient risk assessment has been conducted for fiscal year 19/20. During fiscal year 19/20, three during-the-award monitoring reviews were completed. An entrance conference was held for a fourth county monitoring review; however, the review was put on hold at the county's request due to the COVID-19 pandemic. The review was able to begin June 2020 but was not complete by the end of the fiscal year. The monitoring procedures continue to be evaluated on an on-going basis to determine if streamlining and/or changes are needed. As it relates to cash management, given the relatively small amounts of money involved and the number of counties affected, DHS has determined that it is not economically feasible to change the payment methodology at this time. Due to interruptions of the pandemic, monitoring was not completed as planned. Office of Policy Development-SSBG: FY 19/20 risk assessments were completed for the grant programs managed. Monitoring prioritizes subrecipients receiving a "high risk" designation and/or those who have not had monitoring in the past year. Monitoring was scheduled for spring 2020, however, due to the situation with COVID-19, that was postponed. In addition, the staff member in the monitoring position has changed. The FY 20/21 risk assessments are being completed now. Virtual monitoring visits will be scheduled for the 2nd quarter of FY 20/21. Due to the interruptions by the pandemic and staffing changes, corrective actions have not been completed. It is anticipated that this finding will be corrected by 6/30/21.

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Finding State Agency/Finding Title/Comments

DEPARTMENT OF LABOR AND INDUSTRY (L&I)

- 2019-011 A Material Weakness and Material Noncompliance Exist in the Department of Labor and Industry's Procedures for Performing Eligibility Determinations and Completing Individualized Plans for Employment (A Similar Condition Was Noted in Prior Year Finding 2018-014)

OVR has implemented a monitoring process and district office corrective action plan process that has been implemented and followed. Level 3 Case Reviews for SFY 2019 have been completed, and as a result, seven district offices fell below required thresholds and have been put on a Case Review Improvement Plan by their respective Regional Managers. For the most recently reviewed period of 7/1/19-12/31/19, the statewide score for determining eligibility was 73.81%. Since OVR initiated the Order of Selection (OOS) on 7/1/19, the scores for IPE development are not available, as all cases reaching Status 10 (IPE Development) are immediately rolled into Status 11 (OOS). The new anticipated completion date is 7/1/21.

- 2019-012 A Material Weakness and Material Noncompliance Exist in the Department of Labor and Industry's Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2018-015)

Changes to the system were made regarding how funds are administered and the coding of invoices to grant years based on the purchase order (PO) create date to further address the finding. PA OVR provided Period of Performance (POP) trainings to all staff in fall of 2019 prior to the start of the FFY. Funding for training services for customers was estimated and POs created prior to 10/1 utilizing prior FFY funds to better ensure compliance with the POP rules. Two weeks prior to the start of the FFY, all unobligated funds were swept from the system and field staff were instructed to clean up commitments, cancel open POs that would not be utilized, and create POs after 10/1 for services that would be necessary going into the new FFY. In March of 2020, additional training was implemented with the district office managers and then a few weeks later with the managers and their fiscal assistants. Following those trainings, BCO Director Hyde scheduled trainings with each OVR District Office and reviewed the POP training and explained the issues that the agency was facing and what field staff needed to do about it moving forward to ensure compliance including consequences of not adhering to the POP rules. In April of 2020, OVR Central Office (CO) in collaboration with OIT created a report to monitor weekly all invoices with a service start date prior to the PO create date. CO then reviews each potential POP violation to determine what happened with that service and if it would be an allowable exception or if it is in fact a POP violation. If it is a violation, the invoice is rejected for payment and the local office in collaboration with OVR CO remake the PO and invoice utilizing 100% state funds and resubmit the invoice for payment. This process is ongoing but is planned to be replaced in Fall of 2020 with a procedure within the Case Management System to replicate the report and to create a workflow process to move the invoices that are POP violations to the correct funding. OVR also crafted a letter that local District Offices sent to their vendor community indicating the importance of adhering to the POP rules and the consequences of not doing so. The PO effective date, which was a previously manually entered date within the system that could be backdated, was hidden from staff until it can be permanently removed and the PO create date (a system generated date that is not editable) replaced the PO effective date on the printed version of the PO that is sent to the vendor and customer. BCO Director Hyde has also sent out multiple email reminders to staff regarding the importance of POP and will continue to do so during regular fiscal update messaging. OVR will be issuing updated OVR Fiscal Procedures in August of 2020 that will incorporate all POP guidance into one singular location. OVR CO continues to work through a variety of POP reports, system rules, and monitoring, but feels that they have made significant efforts to address this audit finding. Although they understand that they may not have implemented enough internal controls at the start of the FFY, they feel that by doing the trainings, creating the report, and developing additional system changes in March of 2020 that by the start of the new FFY, they should have numerous and significant internal controls in place to better ensure compliance with the POP requirements.

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Summary Schedule of Prior Audit Findings - June 30, 2020

Finding State Agency/Finding Title/Comments

DEPARTMENT OF LABOR AND INDUSTRY (L&I) (Continued)

- 2019-013 Significant Deficiency and Noncompliance Related to the Department of Labor and Industry's Preparation and Submission of the Semi-Annual SF-425 Report

OVR's fiscal department in conjunction with OB-OCO have developed a creation and approval process for all Federal reports that will be submitted by OB-OCO. OVR fiscal will create a check list at the beginning of each grant of all the internal orders that will be associated to the grant and which portion of the grant they are associated with. They will then forward that list to OB-OCO for use during the grant period. Before any report is created, an updated checklist is sent to the OB-OCO. Once they receive the list, they will create the report and follow all previous internal checks within their office. Once they are all in agreement that the report is correct, they will send the report to OVR for fiscal approval. The Accountant 2 will verify that the numbers are correct and then forward the information to the division chief of fiscal management for further review and approval. Once all parties in OVR agree that the numbers that were provided are correct, an approval is then sent to OB-OCO and the report is submitted. Once the report is submitted, a copy of the submission is forwarded back to OVR's fiscal department for a final review to make sure all the information was correctly transmitted. Detailed instructions are being formulated and will be reviewed as the process is repeated with the next submission to make sure that all aspects of the report are validated. Revised SF-425 reports have been delayed due to the COVID-19 pandemic and the restructuring of the RSA website which has restricted access to previous reports at this time. No changes can be submitted to the previous reports until they are available on the RSA website. The new anticipated completion date is 10/1/20.

OFFICE OF ADMINISTRATION, OFFICE FOR INFORMATION TECHNOLOGY (OA-OIT)

- 2019-014 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2018-017)

OA-OIT is in the process of implementing automated controls. OA-OIT EISO has implemented special accounts to use as temporary stop gap to alleviate segregation issues and privileged access until a management system can be procured and implemented which could take until 6/30/22.

OFFICE OF THE BUDGET, OFFICE OF COMPTROLLER OPERATIONS (OB-OCO)

- 2019-015 Control Weaknesses and Noncompliance Exist in Foster Care and Adoption Assistance Related to Period of Performance Requirements

Corrective action was taken.

- 2019-016 Control Weaknesses and Noncompliance Exist Over the Preparation and Submission of the Quarterly CB-496 Reports

Corrective action was taken.

PENNSYLVANIA COMMISSION ON CRIME AND DELIQUENCY (PCCD)

- 2019-017 A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency's Procedures Related to Period of Performance Requirements

PCCD revised procedures to include additional period of performance verification which includes reviews and documentation of the eligibility of expenditures. The finding was repeated due to the timing of the corrective action implementation.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2020

Finding State Agency/Finding Title/Comments

PENNSYLVANIA COMMISSION ON CRIME AND DELIQUENCY (PCCD) (Continued)

2019-018 Material Weakness and Material Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency Monitoring of Crime Victim Assistance Program Subrecipients

PCCD increased staffing to address the increased monitoring workload due to a very large increase in funding. Updated training on monitoring is being given to staff. An alternate monitoring policy was developed to replace on-site monitoring activities due to the COVID-19 pandemic. The finding was repeated due to the timing of the corrective action implementation.

STATEWIDE (SW)

2019-019 State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient's Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2018-020)

PDE took corrective action.

DHS – Office of Administration-SSBG: The SSBG-Homeless and SABG has been added to the fiscal year 19/20 risk assessment tool and will be considered and documented in the risk assessment evaluation moving forward. DHS considers this CAP complete. Office of Policy and Development-SSBG: Grant Programs under the Office of Policy and Development (OPD) are provided federal restrictions and requirements under the Office of Management and Budget's Uniform Guidance once per year. This was done in September 2019. Procedures for the evaluation of subrecipient risk were implemented in October 2017. Risk assessments for FY 19/20 were completed in August 2019. OPD staff will complete the risk assessments for FY 20/21 in the first quarter of the fiscal year. Monitoring will prioritize subrecipients receiving a "high risk" designation and/or those who have not had monitoring in the past year. Due to the situation with COVID-19, if necessary, virtual monitoring will be scheduled for the second quarter of FY 20/21. OPD has taken corrective actions for the evaluation of subrecipient risk included in this finding. OCYF-Foster Care and Adoption Assistance: The fiscal year 19/20 allocation letters were issued August 8, 2019. Federal award information was shared prior to July 1, 2020. OCYF has a risk assessment process in place for Title IV-E and TANF awards. During the Quality Assurance reviews, which occur twice a year at a minimum, OCYF reviews a sample of Title IV-E eligible foster care cases, Title IV-E ineligible foster care cases, Title IV-E eligible adoption assistance cases, and TANF eligible cases. Depending on the number of eligibility and claiming errors identified during the review, OCYF schedules more frequent visits as the risk of repeated and continued errors in these CCYAs is higher. Inaccurate eligibility determinations lead to inaccurate federal claiming, so basing the review schedule on a CCYA's eligibility review outcomes allows OCYF to target those CCYAs where inaccurate claiming is a higher risk. The overall anticipated CAP completion date is 6/30/21.

PennDOT continues to work on addressing changes to the agreements. Implementation of some of them are dependent on the rollout of other planned upgrades to the reimbursement agreement system, and the goal is to still have the needed corrections in place by 12/31/20.

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Summary Schedule of Prior Audit Findings - June 30, 2020

Finding State Agency/Finding Title/Comments

STATEWIDE (SW) (Continued)

2019-020 A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2018-021)

PENNVEST took corrective action.

DHS anticipates that the backlog will be eliminated before June 30, 2021. DHS is continuing to explore ways to further streamline the Single Audit review process. We have also had additional meetings with the Bureau of Audits in Comptroller Operations and our independent auditors to discuss ways of streamlining the process. We plan to have additional discussions with the subrecipient single audit unit in Comptroller Operations following the reorganization therein. Regarding enforcement of the subrecipients' submission deadlines, we have continued to monitor the status of audit reports and follow our remedial action plans, which is to consider withholding a percentage of State funding. We continue to have discussions within DHS management regarding this consideration. DHS is continuing to monitor the status of, and work with the City of Philadelphia to assist them to become compliant with audit submission requirements. However, since the City of Philadelphia also receives direct Federal funding, DHS interprets Management Directive 325.8, which states "when a recipient receives federal funds directly from the federal government and federal funds passed through the Commonwealth, the remedial action for failure to comply with Subpart F will be the responsibility of the federal agency having cognizance over the recipient", as meaning DHS is not responsible for the remedial action.

DDAP submitted an exemption to the hiring freeze in order to fill the vacant Fiscal Management 2 (FMS2) position within the Division of Budget and Grants Management (DBGM). The exemption was approved and DDAP was able to post the FMS2 position. Interviews began July 31, 2020. Once this position is filled, training will occur for the appropriate individuals. Anticipated completion date is 6/30/21.

PennDOT added Federal Audit Clearinghouse acceptance date to the subrecipient database that is maintained. Acknowledgement and reminder letters are sent to subrecipients who provide reports past their deadlines. The finding was repeated due to the timing of corrective action implementation.

FINDINGS FOR THE YEAR ENDED JUNE 30, 2018:

FINANCIAL STATEMENT FINDINGS

STATEWIDE (SW)

2018-001 General Computer Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2017-001)

Refer to finding 2019-001 for the status of this issue.

2018-002 Vendor Management Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2017-002)

Refer to finding 2019-002 for the status of this issue.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2020

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FEDERAL PROGRAM FINDINGS

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (DCED)

2018-003 The Department of Community and Economic Development Did Not Perform Adequate During-the-Award Monitoring of Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2017-006)

Refer to finding 2019-004 for the status of this issue.

DEPARTMENT OF HUMAN SERVICES (DHS)

2018-007 A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2017-011)

Refer to finding 2019-007 for the status of this issue.

2018-008 Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2017-013)

Refer to finding 2019-008 for the status of this issue.

2018-010 Material Weaknesses and Material Noncompliance Exist in Monitoring of Foster Care, Adoption Assistance, and Temporary Assistance for Needy Families Subrecipients by the Department of Human Services' Office of Children, Youth, and Families (A Similar Condition Was Noted in Prior Year Finding 2017-012)

Refer to finding 2019-009 for the status of this issue.

2018-011 Noncompliance and Weaknesses Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant and the Block Grants for Prevention and Treatment of Substance Abuse Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2017-017)

Refer to finding 2019-010 for the status of this issue.

DEPARTMENT OF LABOR AND INDUSTRY (L&I)

2018-014 A Material Weakness and Material Noncompliance Exist in the Department of Labor and Industry's Procedures for Performing Eligibility Determinations and Completing Individualized Plans for Employment (A Similar Condition Was Noted in Prior Year Finding 2017-019)

Refer to finding 2019-011 for the status of this issue.

2018-015 A Material Weakness and Material Noncompliance Exist in the Department of Labor and Industry's Procedures Related to Period of Performance Requirements

Refer to finding 2019-012 for the status of this issue.

OFFICE OF ADMINISTRATION, OFFICE FOR INFORMATION TECHNOLOGY (OA-OIT)

2018-017 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2017-004)

Refer to finding 2019-014 for the status of this issue.

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Summary Schedule of Prior Audit Findings - June 30, 2020

Finding State Agency/Finding Title/Comments

STATEWIDE (SW)

2018-020 State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient's Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2017-020)

Refer to finding 2019-019 for the status of this issue.

2018-021 Material Noncompliance and a Material Weakness Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2017-021)

Refer to finding 2019-020 for the status of this issue.

Management's Corrective Action Plans



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

JEN SWAILS
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-001	OA-OIT	<p>Michael Dailey, IT Manager 3</p> <p>Kevin Sperber, IT Generalist Admin 1</p> <p>Kevin Sperber, IT Generalist Admin 1</p> <p>Michael Dailey, IT Manager 3</p> <p>Kevin Sperber, IT Generalist Admin 1</p>	<p>Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-001)</p> <p>1. The systems issues in question have been resolved or will be resolved when the system migration is completed.</p> <p>2. The systems issues in question have been resolved or will be resolved when the system migration is completed. Continuing to develop the process of changing the profiles per policy. Account monitoring documentation is being addressed.</p> <p>3. Continuing to develop the process of changing the profiles per policy.</p>	<p>06/30/2021</p> <p>06/30/2021</p> <p>06/30/2021</p>

COMMONWEALTH OF PENNSYLVANIA

Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-002	OB-OCO	Sandra Bruno, OB-OCO, AO 4 Heather George, L&I, Chief, UI Claims	<p>Unemployment Compensation Accounts Payable Accrual Methodology and Controls Need Improvement</p> <p>In order to correctly record the unemployment compensation accounts payable, the following steps will be taken:</p> <ol style="list-style-type: none"> 1. OB-OCO’s Bureau of Accounting and Financial Management (BAFM) and L&I’s Office of UC Benefits Policy (OUCBP) are committed to working cooperatively to make improvements. BAFM and OUCBP will hold an annual kickoff meeting in June to discuss changes to OUCBP’s systems and UC programs during the fiscal year that would impact the accounts payable accrual and/or other CAFR reporting impacts. 2. All data requests will begin with a brief meeting between BAFM and OUCBP and include all team members that will be responsible for reviewing the IT requests and subsequent data. 3. All data requests will go through OUCBP and receive multiples levels of approval before going to OIT for action. OUCBP will review the reports from OIT for completeness. 4. The unemployment compensation accounts payable data request will include the following: <ul style="list-style-type: none"> • all check issue dates from the last week of June to mid-September with the applicable benefit week listed; • listing of check issue dates by UC program (including regular UC, FPUC, TRA, etc.). 5. OUCBP will ensure the report contains the above information. 6. OUCBP and BAFM will review a sample of check issue dates by benefit to the corresponding DSB or Daily Payment Register Summary to ensure accuracy of the report. 7. The total check issue dates for the benefit weeks for 6/30 and earlier would be recorded as accounts payable. 	06/30/2021

COMMONWEALTH OF PENNSYLVANIA

Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-003	DCED	Kathy Possinger, Director, Center for Community and Housing Development	<p>The Department of Community and Economic Development Did Not Perform Adequate During-the-Award Monitoring of Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-004)</p> <p>During the year under review DCED continued to implement the multi-year monitoring approach developed in its subrecipient monitoring plan update. The framework addresses on-site and remote oversight of grantee compliance in all areas of program delivery, environmental review, labor standards, fair housing and equal opportunity and financial management.</p> <p>DCED successfully completed the monitoring of 97 CDBG entitlement, competitive and disaster recovery contracts during the audit period. This accomplishment is especially monumental given that on March 16, 2020, staff began working from home and more than 10 scheduled on-site monitoring visits were cancelled and have yet to be rescheduled as a result of the pandemic.</p> <p>DCED continues to use and improve upon tracking tools to log and track submission of MAPR reports and staff review of submissions. Additionally, DCED is working with IT staff to create an on-line submission platform for MAPRs that will assist in long term tracking and cataloguing of reports.</p> <p>Per the corrective action identified in 2018 and continued in 2019, DCED continues to prioritize completion of the outstanding pre-2014 CDBG entitlement contracts – with specific attention to the grantees whose CDBG entitlement contracts are now being administered by their respective County.</p> <p>DCED has placed a temporary hold on on-site reviews through June 30, 2021 of CDBG contracts. Where possible, Grant Managers have and will continue to identify activities that may be monitored remotely. Those remote reviews are contingent on grantee access to records and information and their ability to complete a review remotely as well. DCED is continuing to actively engage with grantees in their response to the coronavirus pandemic and staff are working actively to review the CDBG monitoring plan and identify opportunities to improve upon processes outlined in the plan and account for potential needs for remote review during situations like we are currently facing.</p> <p>DCED has continued to complete remote environmental review, labor standards and fair housing and equal opportunity monitoring during the pandemic.</p>	06/30/2022

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Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-004	DEP	<p>Brian Bradley, Director, Bureau of Abandoned Mine Reclamation</p> <p>Tim Golding, Executive Assistant, Office of Administration and Management</p>	<p>A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring</p> <p>AMLR program representatives attended an online training in March 2021 that covered 2 CFR 200 and contractor or subrecipient determinations. The training was provided by the Department of the Interior, Office of Surface Mining Reclamation and Enforcement (DOI/OSM) and it is expected to specifically address the AMLR program funded under CFDA 15.252.</p> <p>The DEP has ceased issuing AMLR grants under Management Directive 305.20, Grant Administration, and will not resume issuing them until there is a final determination whether recipients are considered contractors or subrecipients.</p> <p>Following the DOI/OSM training on 2 CFR 200, DEP management will make a determination of whether recipients with existing agreements are contractors or subrecipients, and if changes are necessary, amend the agreements and correct the accounting system to record subrecipient and contractor expenditures accurately. All agreements associated with a contractor determination will comply with the Commonwealth Procurement Code and associated Commonwealth policies. DEP will amend or substitute agreements as necessary to comply with federal and state requirements. DEP will follow this determination consistently with future agreements and accounting treatment.</p> <p>If existing agreements are determined as subrecipients, DEP will develop written policies and procedures for subrecipient monitoring and implement them immediately to ensure timely subrecipient compliance with federal regulations.</p>	12/30/2021
2020-005	DHS	<p>Jeanette Coulston, Income Maintenance Program Representative</p>	<p>A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2019-007)</p> <p>To comply with the OIM EBT Procedures Manual, County Assistance Offices (CAOs) and District Offices will review and update their internal procedures for over the counter card mailings as needed. Findings will be reported to each area's Staff Assistant.</p> <p>CAOs and district offices will be instructed to review their pinning list and card creator list to ensure the names are correct and ensure there is adequate coverage from opening to close, including lunch and breaks. Findings will be reported to each area's Staff Assistant.</p> <p>A message will be communicated via the End of the Week email reminding CAOs that EBT cards are</p>	4/30/2021

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Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-005 (cont'd)			<p>only to be made until 5:00 pm.</p> <p>CAOs and district offices will be instructed to only use EBT card paper logs in cases of emergency. All card information should be recorded in the EBT card tracking database.</p> <p>CAOs and district offices will be instructed to review EBT manual Executive Director Responsibility; when an EBT staff separates from the CAO, the staff must be removed from the EBT list within 24 hours.</p> <p>The Division of Corrective Action (DCA) continues to monitor EBT security including the following:</p> <ul style="list-style-type: none"> • Correct count procedures of cards • Secure storage of card and card machines • Interviewing EBT coordinators • Interviewing EBT card makers • Conduct monitoring both announce and unannounced <p>CAOs are required to complete the mandated annual EBT card security overview, a web-based training. The EBT Project officer will send out a yearly reminder to ensure all staff have completed the training. The training covers all aspects of EBT cards including but not limited to physical inventory count, card creation availability, who signs the HS764, ribbon destruction, segregation of duties for completing the weekly log, and approving the weekly log.</p> <p>The OIM EBT Procedure Manual will be updated to reflect that EBT card receipts should be maintained for four years in a secure location at the CAO and easily accessible and available during an audit or review.</p> <p>The staff assistant to the Director of Operations will email the area staff assistants the list of exceptions. The area staff assistants will address each exception with the CAO to take the necessary actions to ensure safeguards are in place to prevent future exceptions. The necessary action includes trainings, review of EBT manual and internal reviews, as needed.</p>	

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Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-006	DHS	<p>Michael Varleta, Dir., Div. of Mgmt. and Budget, OIM</p> <p>Joel O'Donnell, Dir., Bureau of Prgm. Support, OIM</p> <p>Jazmin Cartwright, Grants and Policy Splst., OPD</p>	<p>Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-008)</p> <p><u>New Directions</u> The Office of Income Maintenance (OIM) updated agency monitoring personnel checklists in FY 2019-20 to include testing various financial controls of select grantees based on their Risk Assessment scores.</p> <p>We had planned to move forward with a portion of on-site monitoring last year, however, since March 16, 2020, agency personnel have been restricted from travel, making on-site monitoring not feasible. Once the state provides travel guidance at the conclusion of the health emergency and we have a recovery plan in place as an agency, we will be able to perform this monitoring.</p> <p><u>Alternatives to Abortion</u> The Office of Policy Development (OPD) completed the risk assessments for FY 20-21. Monitoring will prioritize subrecipients receiving a “high risk” designation and/or those who did not receive monitoring during the last fiscal year. Alternatives to Abortion was again identified to receive monitoring. Due to COVID-19, monitoring will be conducted virtually.</p>	<p>06/30/2021</p> <p>03/31/2021</p>
2020-007	DHS	Tia Petrovitz, Fiscal Management Specialist 4	<p>Material Weaknesses and Material Noncompliance Exist in Monitoring of Foster Care, Adoption Assistance, and Temporary Assistance for Needy Families Subrecipients by the Department of Human Services’ Office of Children, Youth, and Families (A Similar Condition Was Noted in Prior Year Finding 2019-009)</p> <p>The OCYF Regional Director is currently meeting with the Regional Offices involved to address and correct the situation. OCYF Regional Offices would be adhering to the DHS policy when a licensing inspection summary (LIS) is written within 15 business days of the last day of the inspection. Counties will have 10 calendar days to respond to our plan of correction (POC) and that POC needs reviewed by the regional office within 10 business days for compliance. This LIS will be sent to Harrisburg for processing. OCYF Regional Director staff will be doing periodic checks on a quarterly basis to verify the documentation is submitted timely.</p> <p>Concerning the monitoring of subrecipients: OCYF is working on a strategy to strengthen controls to ensure CCYAs are monitoring their subrecipients and contractors. Updated policies and procedures have</p>	06/30/2021

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Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-007 (cont'd)			been identified and implemented effective September 30, 2020. Quality Assurance reviews are planned to resume using alternative techniques as well.	
2020-008	DHS	Tia Petrovitz, Fiscal Management Specialist 4	<p>A Significant Deficiency and Noncompliance Exist in the Review and Approval of Temporary Assistance for Needy Families Subrecipient Invoices by the Department of Human Services' Office of Children, Youth, and Families</p> <p>OCYF will reiterate to staff to review the amount of allowable expenditures on the TANF invoices prior to payment. OCYF staff review every TANF invoice that comes into the resource account for accuracy. This entails looking at the children's names, service dates, type of service and allowable TANF expenditures. Calculations on the spreadsheet are verified to find errors and ensure accurate totals. Once the review is complete, the fiscal staff enters the completed invoice into a spreadsheet and shared files to ensure there are no duplications.</p> <p>On a quarterly basis, OCYF completes Quality Assurance (QA) onsite audits of TANF cases. The QA team selects a random sample of cases from the list of TANF children invoiced and makes plans with the county to go onsite and review supporting documentation. The baseline is to look at five children from the approved TANF invoices and look at them for a six-month period (Period Under Review - PUR). However, if the compliance rate in the prior review was 80% or less, an additional five cases are selected for testing. Placement services are prioritized above In-Home services due to the amount of money involved. Detailed procedures are available upon request.</p>	03/31/2021
2020-009	DHS	<p>Kelly Leighty, Director, Div. of Financial Policy and Operations</p> <p>Jazmin Cartwright, Grants and Policy Spelst.</p>	<p>Noncompliance and Weaknesses Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant and the Block Grants for Prevention and Treatment of Substance Abuse Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-010)</p> <p>Office of Administration (OA)-SSBG: The Bureau of Financial Operations (BFO) will continue conducting during-the-award subrecipient monitoring for SSBG and SABG, using the results of the documented risk assessment. As it relates to the cash management portion of the finding, given the relatively small amounts of money involved and the number of counties affected, DHS has determined that it is not economically feasible to change the payment methodology at this time.</p> <p>Office of Policy Development (OPD)-SSBG: Risk assessments for the fiscal year ending June 30, 2021 have been completed. Monitoring will prioritize subrecipients receiving a "high risk" designation and/or those who did not receive monitoring during the last fiscal year. Due to COVID-19, monitoring will be conducted virtually. Monitoring will be scheduled to occur by March 31, 2021.</p>	<p>03/31/2021</p> <p>03/31/2021</p>

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Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-010	DHS	<p>David Valvo, Human Services Prgm. Specialist Super., MMIS Monitoring</p> <p>Jeremy Pahl, Section Chief, Monitoring</p> <p>Tina Dorsey, Division Dir., Systems, Monitoring and Oversight</p>	<p>A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative</p> <p>The Claims and Reference Unit will utilize PROMISe Change Control Process to document, formally request, apply, and validate updates enacted to the NCCI code sets for both quarterly and annual updates. The Claims and Reference Unit supervisor reinforced the NCCI File Update Process with unit staff, and implemented calendar reminders to monitor the download site for new NCCI files quarterly. As CMS publishes NCCI edit files, the Claims and Reference Unit will submit a work item to the vendor according to the PROMISe Change Control Process to upload the latest code set to PROMISe. Utilizing the PROMISe Change Control Process will allow trackability of the NCCI code set updates for business use and auditing purposes. The Claims and Reference Unit submitted a Data Maintenance Request (DMR) on 01/27/2021 requesting the vendor add the NCCI code set to PROMISe for the first quarter 2021. The BDCM anticipates the code set validation will occur on or before 2/15/2021. The Claims and Reference Unit will repeat the NCCI code set update process quarterly beginning with the next code set release anticipated in April 2021.</p> <p>Additionally, the current PROMISe contract does not include the NCCI Confidentiality Agreement required by the HHS/CMS Medicaid NCCI Technical Guidance Manual. BDCM will add the NCCI Confidentiality Agreement to the forthcoming vendor contract amendment.</p>	<p>Completed</p> <p>08/31/2021</p>
2020-011	L&I	<p>Nichole Nedinsky, Div. Chief of Fin. Mgmt. and Admin. Services</p>	<p>Significant Deficiency and Noncompliance Related to the Department of Labor and Industry's Preparation and Submission of the Semi-Annual SF-425 Report (A Similar Condition Was Noted in Prior Year Finding 2019-013)</p> <p>The SF-425 review process will be detailed in instructions that require a multi-level review in both the Comptroller's office as well as within the program office to ensure that all information is reported correctly on the report. A checklist was created that includes all internal order numbers that were in use for the specific grant and indicates which portion of the grant the expenditures are to be reported under. The instructions will provide details as to where the information contained within the report can be located within SAP reports.</p> <p>Revised SF-425 reports have been delayed due to the COVID-19 pandemic and the restructuring of the RSA website which has restricted access to previous reports at this time. No changes can be submitted to the previous reports until they are available on the RSA website. Current SF-425s are being completed and all revised and corrected SF-425s will be submitted by the end of April 2021.</p> <p>L&I staff will continue to make every effort to ensure accuracy of the reports prior to submission.</p>	<p>04/30/2021</p>

COMMONWEALTH OF PENNSYLVANIA

Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-011 (cont'd)			Procedures have been revised, created, and implemented to make sure the resubmitted and future SF-425s are accurate.	
2020-012	L&I	<p>Stephanie Perry, Director, Bureau of Vocational Rehabilitation Services</p> <p>Rod Alcidonis, Director, Bureau of Blindness and Visual Services</p>	<p>A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures for Performing Eligibility Determinations (A Similar Condition Was Noted in Prior Year Finding 2019-011)</p> <p>OVR’s previous CAP continues to be implemented however it is subject to change due to the changing conditions necessitated by COVID-19, including the Governor’s order to telework. The previous plan was contingent on operations, staffing, and platforms prior to March 2020.</p> <p>The following reasons significantly impacted the full execution of the previous CAP to address audit finding 2020-012 during the audit period of 7/1/2019 to 6/30/2020:</p> <ul style="list-style-type: none"> • COVID-19 Pandemic impacted the full execution of the standard operating procedure. <ul style="list-style-type: none"> ○ Staff’s ability to perform timely determinations was restricted by the implementation of temporary telework. • Significant Turnover within the agency impacted the monitoring and reinforcement. <ul style="list-style-type: none"> ○ The Executive, Statewide Management, and Direct Staff experienced retirements, separations, and transfers between 12/1/2019 to 6/30/2020. <p>While portions of the previous CAP were not fully executed. The following items were fully executed and will be amended to include additional action items in accordance with the Rehabilitative Services Administration.</p> <p>Effective 3/1/2020, all district offices received a statewide monthly report about the progress of Status 02’s and Status 10’s.</p> <p>a. As part of the CAP, monthly Status 02 and 10 reports continue to be sent out to each District Office management team by a central office designated individual. Reports are housed in the CWDS unit.</p> <p>b. Offices with a case review timeliness rating of 80% or lower were required to implement a local CAP and training on timeliness to address office wide and individual employee progress towards compliance. All local CAP’s and trainings were completed prior to 6/30/2020.</p> <p>c. Local Management was informed of the new requirement at the March 2020 Executive Director</p>	Completed

COMMONWEALTH OF PENNSYLVANIA

Corrective Action Plans - June 30, 2020

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
<p>2020-012 (cont'd)</p>			<p>meeting, which allowed 3 months for offices to work on compliance issues, train staff, or otherwise address the situation prior to the ongoing and regular monitoring that would take effect on 7/1/2020. Offices continued to refer to OVR Back to Basics or other resources for retraining resources.</p> <p>The modified CAP will be implemented to further address the single audit finding 2020-012.</p> <p>Standard to be met and method of evaluation: As part of assessing and evaluating the timely eligibility determination process, the following corrective and preventive actions will be implemented:</p> <p>OVR will assess and evaluate VR counselor performance and identify effective practices that ensure timely eligibility determinations are made within 60 days from the date of application, including the use of case management tools for, and supervisory review of, timely eligibility determinations.</p> <ol style="list-style-type: none"> 1. To assess and evaluate agency performance on eligibility requirements, OVR will develop a survey to assess case processing challenges relating to performance and identify best practices to meet regulatory requirements for determining eligibility within 60 days from the date of application. The survey will be distributed to counselors, supervisors, and local management. 2. OVR will develop an internal monthly report within its case management database to help preempt case processing delays related to the 60-day regulatory requirement to determine eligibility. The monthly report will provide actionable data to alert staff of the upcoming eligibility determination timeline (30 days and 45 days) before the 60th day to determine eligibility. OVR leadership will ensure the utilization of the report as an internal control element to monitor compliance through staff supervision. 3. OVR leadership will strengthen the supervisory staff's capacity to ensure proper oversight and monitoring regarding eligibility determination deadlines as part of the case management process. OVR will implement an annual statewide training structure at the beginning of each performance year to review policy, procedural, and regulatory requirements related to case processing activities' timeliness. Additionally, OVR will require local management to provide training proceeding the six months after the annual statewide training to reinforce topics covered during the annual training. 	<p>03/31/2021</p> <p>07/01/2021</p> <p>12/31/2021</p>

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2020-013	L&I	Nichole Nedinsky, Div. Chief of Fin. Mgmt. and Admin. Services	<p>A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2019-012)</p> <p>Instructions are being created to ensure that personnel review each invoice for the service start date and make sure the proper funding is used. Once created, it will be distributed to staff and training will be conducted.</p>	03/30/2021
2020-014	PennDOT	<p>James Goodrich, Trans. Constr. Mgr. 2</p> <p>Michele Harter, Contr. Mgmt. Section Chief</p> <p>Tom Miller, Civil Eng. Mgr., Trans.</p>	<p>A Significant Deficiency and Noncompliance Exist Related to Monitoring of Locally Sponsored Projects</p> <p>An email will be sent to the Assistant District Engineer (ADE) for each district explaining the issue. The email will contain guidelines for new project review requirements for federal funded local projects. The new requirements will be that a checklist review will be done on the projects at the beginning of every month until project completion and will be required to be attached in ECMS. The new requirement will be in place for the next 12 months. An email will also be sent on the first of every month to the ADE in all the districts to remind them that a checklist review is needed for federal funded local projects and will need to be attached in ECMS within seven days. These new review requirements will be in place for the next 12 months.</p>	02/28/2022
2020-015	OA-OIT	Joseph Centurione, Business Relationship Manager	<p>Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-014)</p> <p>OA-OIT will remove write access from developers and have database administrators as the only staff with write access to databases. Developers can retain read access for troubleshooting and debugging. Additionally, OA-OIT will implement quarterly reviews of the groups/users to help ensure more timely and accurate user access rights.</p>	08/01/2021

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2020-015 (cont'd)		Josh Williams, Solutions Mgr. Brandon Sarzynski, Del. Center Info. Sec. Off. Bill McLean, Chief, Workforce Development & Info. Div.		
2020-016	OB-OCO	Tammy S. Miller, Administrative Officer 4	<p>A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the Quarterly CMS-64 Report</p> <p><u>Assessment</u></p> <ol style="list-style-type: none"> 1. The assessment amount that was not reported on the quarter ending June 30, 2020 (QE0620) CMS-64 report was discovered during a federal fiscal year (FFY) end reconciliation of assessments before closeout of the grant which occurs on the September 30 CMS-64 report. The omitted assessment amount was included on the quarter ending September 30, 2020 (QE0920) CMS-64 report which is acceptable by CMS. 2. A variant has been established in Business Warehouse (BW) for extraction of the assessment amounts by general ledger (GL) each quarter. 3. As a further validation step (as mentioned in 1. above), the Department of Human Services (DHS) General Accounting team performs an annual reconciliation to ensure all assessments have been reported correctly, and any differences are reported on the quarter ending September 30 report. 4. The DHS General Accounting team maintains a procedure and checklist for the reporting of assessments on the CMS-64, which includes managerial review and approval each quarter prior to certification of the report. 	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>

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2020-016 (cont'd)			<p><u>Grant Reconciliation</u> The grant award reconciliations are in process. The goal is to have the grant award analysis complete and reconciled within six months after quarter end so when the CMS finalization award is received, the Department of Human Services (DHS) General Accounting Unit can validate CMS' grant award analysis timely. Enhancements have been made to the grant award reconciliation process over the past two years which have resulted in more timely reconciling of current grant awards. The grant award resulting in this finding is from federal fiscal year (FFY) 2018. For this particular reconciliation, the DHS General Accounting team did not receive the finalization award from CMS until 11 months after quarter end. The finalization award is typically received within six months after quarter end. The SAP expenditures were reconciled to the grant award and to the CMS-64 report prior to receiving the finalization. However, as a result of two disallowances reflected in the FFY18 grant award from prior grants years (FFY13 and FFY17) being reduced in duplicate on the finalization award, the grant award allotment in PMS was deficient. The DHS General Accounting Unit continues to work with CMS to resolve the grant award. Follow-up requests have been sent to CMS and we continue to await a response.</p>	03/31/2021
2020-017	PCCD	Chris Epoca, Manager, Grants Management	<p>A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency's Procedures Related to Period of Performance Requirements (A Similar Condition Was Noted in Prior Year Finding 2019-017)</p> <p>Internal operating procedures have been revised to include an additional level of review of transactions posted within the liquidation period after the end of the federal award period. The period of performance of the expenditures and the termination date of the federal award have been cross-referenced to ensure that federal grant(s) are charged correctly.</p> <p>A revised Federal Financial Report will be submitted for the 2016-VA-GX-0048 award that removes the charges where the period of performance was verified to have been outside of the grant period. The amount charged to the federal grant for activities conducted outside the grant period will be refunded to the United States Department of Justice.</p>	<p>Completed</p> <p>Completed</p>
2020-018	PCCD	Kathleen Buckley, Director, OVS	<p>Material Weakness and Material Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency Monitoring of Crime Victim Assistance Program Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2019-018)</p> <ol style="list-style-type: none"> PCCD implemented the USDOJ Office for Victims of Crime (OVC) Approved Alternative Monitoring Plan that allowed for risk-based monitoring on January 1, 2020. All required monitorings based on this risk-based level were conducted in 2020. Office of Victim Services (OVS) will ensure staff continue to release monitoring reports within 	Completed

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2020-018 (cont'd)		Jeffrey Blystone, Deputy Director, OVS	8-weeks of the monitoring date. In 2020, OVS released all monitoring reports within 8-weeks. 3. OVS staff will modify the OVS Monitoring Guidelines to provide a specific number of days in which a supervisor must review and take action (approve or return) on a monitoring report submitted for compliance by the employee.	
2020-019	PCCD	Kathleen Buckley, Director, OVS Jeffrey Blystone, Deputy Director, OVS	A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency's Procedures Related to Performance Reporting Requirements OVS will update its existing procedures to include: 1. Data entered into PMT manually will be verified at the end of every quarter. 2. Quarterly data will be reconciled with the VOCA Annual Report from PMT every year. 3. Resubmission of data in PMT when discrepancies are found after the quarterly PMT has been submitted. (This will need to be discussed with OVC to determine if PMT can actually be updated after the fact, and the effects these changes will have on the annual report. Further guidance from OVC will be needed.)	04/30/2021
2020-020	PennDOT	Nick Balzer, Asst. Counsel, OCC Dougie Chon, Asst. Counsel, OCC Ryan Shiffler, Project Dev. Eng., Bur. of Proj. Delivery	State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient's Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2019-019) PennDOT has included the CFDA title and number in all agreements in the system. PennDOT is reviewing all agreements to ensure they contain a notice provision. Any agreement in the system that does not contain a notice provision will have an attachment uploaded with party contacts to satisfy the notice requirement. Based on a meeting with Auditor General staff, PennDOT's Office of Chief Counsel (OCC) staff members believe these steps will correct the issues cited in the audit finding.	12/31/2021
	DHS	Tia Petrovitz, Fiscal	Temporary Assistance for Needy Families, Foster Care and Adoption Assistance: Fiscal year 2020-2021 Tentative Allocation Letters were issued by March 5, 2021. Federal Award Information for FY20-21	06/30/2021

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2020-020 (cont'd)		Management Specialist 4	<p>will be shared with Counties and Child Welfare agencies prior to March 31st and will include the Amount, CFDA Number and Title.</p> <p>The Final Allocation Letters that go out in July 2021 will have an attachment with all the Federal Award information. This will include the Amount, Federal Award Identification Number (FAIN); Federal Award Date; Subaward Period of Performance Start and End Date; Name of Federal awarding agency, pass-through entity, and contact information for awarding official; CFDA Number and Title.</p> <p>OCYF has a risk assessment process in place for Title IV-E and TANF awards. During the Quality Assurance reviews, which occur twice a year at a minimum, OCYF reviews a sample of Title IV-E eligible foster care cases, Title IV-E ineligible foster care cases, Title IV-E eligible adoption assistance cases, and TANF eligible cases. Depending on the number of eligibility and claiming errors identified during the review, OCYF schedules more frequent visits as the risk of repeated and continued errors in these CCYAs is higher. Inaccurate eligibility determinations lead to inaccurate federal claiming, so basing the review schedule on a CCYA's eligibility review outcome allows OCYF to target those CCYAs where inaccurate claiming is a higher risk. However, to address this finding, we will include written evidence that the risk assessment considers other risk factors, such as the risk factors identified in 2 CFR Section 200.331 in future risk assessments.</p> <p>OCYF is in the process of working with DHS' Bureau of Financial Operations to develop a more substantial risk assessment tool and for developing a letter with all of the required subrecipient information for the federal awards.</p>	
2020-021	<p>DCED</p>	Brad Shover, Director of Compliance Monitoring	<p>A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2019-020)</p> <p>DCED is in disagreement with this finding. See Agency Response in the body of the finding for details regarding the disagreement.</p>	N/A
	DDAP	Tia J. Roebuck, Director, Division of Budget and Procurement	DDAP has faced personnel challenges which made processing the backlog of audits extremely difficult. Recently, the Department has filled two key positions responsible for performing these auditing functions. The Department has developed and implemented procedures to streamline the process. In addition, staff training on the subrecipient audit process has begun. The review of current audits has commenced, and staff are addressing auditing issues related to funds distributed by DDAP. The Department understands the necessity to establish methods to address reconciliation of SEFA	06/30/2021

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2020-021 (cont'd)	DEP	Jennifer L. Brandt, Senior Fiscal Management Specialist, Federal Grants and Audits	<p>submissions in a timelier manner, as well as to seek and finalize corrective action to audit findings of subrecipients, should such findings occur.</p> <p>In December 2020, DEP Fiscal Management became aware of staff not completing the necessary steps for the management decision process that is included in our instructions for handling single audit reviews. DEP Fiscal Management staff immediately contacted our DEP Program Grant Officers for a review of the findings cited and the submitted corrective action plans. At that time, there was also a thorough review of all single audits received with findings for the calendar year to ensure these steps were not missed on any other submissions.</p> <p>In addition, DEP Fiscal Management staff participated in a mandatory review of DEP and Commonwealth policies focusing on these steps on January 21, 2021. DEP Fiscal Management updated the internal procedures on February 1, 2021, to highlight these steps to ensure they are not missed on any future single audit review.</p> <p>DEP staff contacted OB-OCO, Bureau of Accounting & Financial Management to request high level training for all staff as a refresher and for new staff that have recently been hired. The training is anticipated to occur by the end of April 2021.</p>	04/30/2021
	DHS	David Bryan, Manager, Audit Resolution Section Alexander Matolyak, Director, Division of Audit and Review	<p>Regarding the timeliness of finding resolution and procedures related to the SEFA reviews, the Audit Resolution Section is continuing to explore ways to further streamline the process of single audit reviews to gain efficiencies. We are continuing to have meetings with OB-BAFM to discuss ways of streamlining the process further. Additionally, we are having staff from other areas in the Division of Audit and Review assist with these reviews to make them more timely.</p> <p>Regarding enforcement of the subrecipients' submission deadlines, we disagree with this part of the finding for the reasons stated in our response to this finding.</p> <p>Additionally, the auditor's conclusion raised some issues that we will address here.</p> <p>The auditors state that "the overall intent of the federal regulations is that agencies which pass through federal funding to subrecipients are responsible for properly administering the funds and monitoring the subrecipients to ensure that the subrecipients comply with federal regulations and the terms and conditions of the grant awards, including timely compliance with Single Audit report submission requirements. In addition to enforcing subrecipient Single Audit report submission, other pass-through agency responsibilities include assessing subrecipient risk and conducting subrecipient program monitoring." We understand this intent, and risk assessment and monitoring are not a part of this finding</p>	06/30/2021 N/A

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
<p>2020-021 (cont'd)</p>			<p>– this part of the finding solely relates to enforcing subrecipients’ submissions deadlines.</p> <p>The auditors also state that “DHS erroneously asserts that terminology in 2 CFR §200 including “may” or “consider” absolves the pass-through agencies from their responsibility for conducting a series of progressive remedial action steps to ensure subrecipient compliance with Single Audit reporting requirements.” We are not asserting that this terminology absolves us of anything, but rather are pointing out that the Uniform Guidance provides examples of what a pass-through entity may do to enforce submission deadlines but does not specifically require any of those examples to be implemented. Our intent is to obtain the required audit reports, which we do.</p> <p>Finally, the auditors state that “the evidence DHS provided for remedial action for these subrecipients with chronic noncompliance appeared to consist of sporadic communication with these subrecipients, as opposed to frequent, on-going, and documented follow up and evidence of progressive remedial action steps taken.” We believe the actions we are taking are sufficient, in compliance with the Uniform Guidance, and get the results we need (as stated above we do get the reports). As a practical matter, if an audit is underway, frequent communication is not going to get it completed any faster.</p>	
	<p>PennDOT</p>	<p>David Maynard, Administrative Officer 1</p> <p>Kathryn Tartaglia, Administrative Officer 2</p>	<p>PennDOT will review the Federal Audit Clearinghouse (FAC) transmittal received from the Office of Budget’s Desk Review Unit. If there are audits with findings assigned to PennDOT, they will be downloaded from the FAC website for processing. A closure letter will be completed and sent out to the subrecipient within the six-month turnaround period. This objective will be completed by June 30, 2021.</p>	<p>06/30/2021</p>
	<p>PCCD</p>	<p>Chris Epoca, Manager, Grants Management</p>	<p>PCCD will formally document all management decisions on subrecipient audit reports with findings within six months of the Federal Audit Clearinghouse acceptance notification according to our written procedure. PCCD will not incorporate monitoring activities with the single audit review.</p>	<p>Completed</p>

Appendix



Commonwealth of Pennsylvania

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APPENDIX - Legend of Abbreviations - June 30, 2020

The following legend presents descriptions of abbreviations:

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
AA	Adoption Assistance
AMLR	Abandoned Mine Land Reclamation
ACA	Affordable Care Act
ACF	Administration for Children and Families
ACH	Automated Clearing House
AG	Department of the Auditor General
AGRI	Department of Agriculture
AICPA	American Institute of Certified Public Accountants
ARC	Appalachian Regional Commission
ARRA	American Recovery and Reinvestment Act
BAFM	Bureau of Accounting and Financial Management
BCSE	Bureau of Child Support Enforcement
BFD	Bureau of Food Distribution
BFO	Bureau of Financial Operations
BFS	Basic Financial Statements
BOA	Bureau of Audits
BPS	Bureau of Payable Services
BQA	Bureau of Quality Assurance
BUCD	Bureau of Unemployment Compensation Disbursements
BWDA	Bureau of Workforce Development Administration
CACFP	Child and Adult Care Food Program
CAFR	Comprehensive Annual Financial Report
CAO	County Assistance Office
CAP	Corrective Action Plan
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CCIS	Child Care Information Service
CCYA	County Children and Youth Agency
CDBG	Community Development Block Grants
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CHIP	Children's Health Insurance Program
CIS	Client Information System
CMIA	Cash Management Improvement Act of 1990
CMS	Centers for Medicare and Medicaid Services
CNC	Child Nutrition Cluster
CN-PEARS	Child Nutrition Program Electronic Application and Reimbursement System
COPPAR	Commonwealth of Pennsylvania Policy and Procurement Action Request
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	Coronavirus Disease 2019
CSE	Child Support Enforcement
CVA	Crime Victim Assistance
CWDS	Commonwealth Workforce Development System
CWSRF	Capitalization Grants for Clean Water State Revolving Funds
DCED	Department of Community and Economic Development
DDAP	Department of Drug and Alcohol Programs
DEP	Department of Environmental Protection
DFN	Division of Food and Nutrition
DFP	Division of Federal Programs
DGS	Department of General Services
DHS	Department of Human Services
DMVA	Department of Military and Veterans Affairs

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Legend of Abbreviations (Continued) - June 30, 2020

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
DOD	United States Department of Defense
DOE	United States Department of Energy
DOH	Department of Health
DOI	United States Department of Interior
DOJ	United States Department of Justice
DOL	United States Department of Labor
DOR	Department of Revenue
DOT	United States Department of Transportation
EBT	Electronic Benefits Transfer
eCIS	Electronic Client Information System
ED	United States Department of Education
EPA	United States Environmental Protection Agency
ESEA	Elementary and Secondary Education Act
FAC	Federal Audit Clearinghouse
FAIN	Federal Award Identification Number
FC	Foster Care – Title IV-E
FEMA	Federal Emergency Management Agency
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
FNS	Food and Nutrition Service
FYE	Fiscal Year Ended
GAAP	Generally Accepted Accounting Principles
GAO	United States Government Accountability Office
HHS	United States Department of Health and Human Services
HIV	Human Immunodeficiency Virus
HPC	Highway Planning and Construction
HSGP	Homeland Security Grant Program
HUD	United States Department of Housing and Urban Development
IDEA	Individuals with Disabilities Education Act
IES	Integrated Enterprise System
IESO	Integrated Enterprise Systems Office
IT	Information Technology
ITP	Information Technology Policy
ITS	Integrated Tax System
L&I	Department of Labor and Industry
LCB	Liquor Control Board
LEA	Local Educational Agency
LIHEAP	Low-Income Home Energy Assistance Program
LWIB	Local Workforce Investment Board
MA	Medical Assistance Program
MD	Management Directive
MLF	Motor License Fund
MOU	Memorandum of Understanding
NCLB	No Child Left Behind
NGMO	National Guard Military Operations and Maintenance Projects
NIST	National Institute of Standards and Technology
NSLP	National School Lunch Program
NSP	Neighborhood Stabilization Program
OA	Office of Administration
OB	Office of the Budget
OCDEL	Office of Child Development and Early Learning
OCO	Office of Comptroller Operations
OCYF	Office of Children, Youth, and Families
ODP	Office of Developmental Programs
OIG	Office of Inspector General

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Legend of Abbreviations (Continued) - June 30, 2020

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
OIM	Office of Income Maintenance
OIT	Office for Information Technology
OMB	Office of Management and Budget
OVR	Office of Vocational Rehabilitation
PCCD	Pennsylvania Commission on Crime and Delinquency
PDA	Pennsylvania Department of Aging
PDE	Pennsylvania Department of Education
PDOT	Pennsylvania Department of Transportation
PEMA	Pennsylvania Emergency Management Agency
PennDOT	Pennsylvania Department of Transportation
PENNVEST	Pennsylvania Infrastructure Investment Authority
PID	Pennsylvania Insurance Department
PIMS	Pennsylvania Information Management System
PLCB	Pennsylvania Liquor Control Board
PTE	Pass-through entity
RFP	Request for Proposal
RS-VR	Rehabilitation Services – Vocational Rehabilitation Grants to States
SABG	Block Grants for Prevention and Treatment of Substance Abuse
SAS	Statement on Auditing Standards
SDLC	Systems Development Life Cycle
SEA	State Educational Agency
SEFA	Schedule of Expenditures of Federal Awards
SNAP	Supplemental Nutrition Assistance Program
SOC	System and Organization Controls
SSA	United States Social Security Administration
SSAE	Statements on Standards for Attestation Engagements
SSBG	Social Services Block Grant
SW	Statewide Finding
SWIF	State Workers' Insurance Fund
TANF	Temporary Assistance for Needy Families
UC	Unemployment Compensation
UCMS	Unemployment Compensation Modernization System
UG	Uniform Guidance
UI	Unemployment Insurance
USDA	United States Department of Agriculture
USDE	United States Department of Education
USDHS	United States Department of Homeland Security
USDOJ	United States Department of Justice
USDOL	United States Department of Labor
WIA	Workforce Investment Act
WIC	Women, Infants, and Children
WIOA	Workforce Innovation and Opportunity Act