LAD Audit Report Name	Rec #	Recommendation	Corrective Action Plan	Status	Comments/Changes to CAP
Financial Compliance 2002-2003	1	We recommend the department maintain state expenditure of substance abuse at the level required by the Substance Abuse Prevention & Treatment grant.	The department will ensure future state spending levels for the Substance Abuse and Prevention grant meet the level of effort requirement. Addictive and Mental Disorders Division personnel are currently working with SAMHSA on resolution of the federal fiscal year 2001 shortfall.	Awaiting Federal Response	
Financial Compliance 2002-2003	2	We recommend the department increase prevention activities to meet Substance Abuse Prevention & Treatment grant requirements.	The department has identified adequate prevention expenditures to satisfy the federal fiscal year 2001 requirement and adjusted the state's financial records accordingly.	Implemented	
Financial Compliance 2002-2003	3	We recommend the department strengthen procedures to ensure client files document resource eligibility requirements before vocational rehabilitation services are provided.	The department will reinforce and/or strengthen vocational rehabilitation procedures involving client file documentation by 1) training all affected staff by the end of December 2003, 2) highlighting the importance of the annual financial review during ongoing training, 3) increasing the importance of financial documentation during case auditing and 4) strengthening Montana's requirements for the standard of proof concerning trust funds.	Implemented	
Financial Compliance 2002-2003	4	We recommend the department charge only payroll costs incurred within the grant period.	The department has reviewed the costs in question and adjusted the expenditures to the appropriate federal fiscal year. The Vocational Rehabilitation budget staff will continue to monitor the monthly expenditure reports and ensure they are charged to the correct grant period.	Implemented	
Financial Compliance 2002-2003	5	We recommend the department ensure the RSA-2 Program Cost Report includes only costs related to the period covered by the report.	In the future, all financial reports completed by the Vocational Rehabilitation budget analyst will be reviewed by the Disability Services Division Financial Services Bureau Chief prior to the submission of the reports.	Implemented	
Financial Compliance 2002-2003	6	We recommend the department improve the accuracy of its administrative cost allocation to the Foster Care and Adoption Assistance programs.	The department has completed all major accounting changes required to more accurately reflect the administrative burden of the Foster Care and Adoption Assistance grants. Several additional minor accounting improvements will be completed by December 31, 2003.	Implemented	
Financial Compliance 2002-2003	7	We recommend the department provide supervisory oversight to ensure personnel make weekly transfers from the Title IV-E Foster Care to the Adoption Assistance program or administrative expenses in compliance with the federal cash management agreement.	The department will ensure that the transfers are completed weekly as agreed upon. Once recommendation 6 is fully implemented the transfers will no longer be necessary and the language will be removed from the cash management agreement.	Implemented	
Financial Compliance 2002-2003	8	We recommend the department perform reconciliations of Foster Care cash draws according to department policy to ensure compliance with federal requirements.	The Fiscal Services Division has developed a work plan to review the supervisory responsibilities within the division. Included in the development and implementation of this work plan is a review of all division policies, including cash reconciliations, and the methods used to ensure they are accomplished timely.	Implemented	
Financial Compliance 2002-2003	9	We recommend the department run and review its WIC dual certification report monthly to ensure prevention of dual participation by clients.	The WIC program has implemented procedures to ensure that the dual certification report is run and reviewed by the last day of the month following the reporting period.	Implemented	
Financial Compliance 2002-2003	10	We recommend that the department complete and document daily reviews of WIC voucher activity.	Procedures have been implemented to ensure WIC personnel complete a weekly review of the daily void/reissue receipts. All documentation will include the follow-up and justification/clarification of noted inconsistencies.	Implemented	

EXHIBIT 8
DATE Mon Feb 7 2005

LAD Audit Report Name	Rec #	Recommendation	Corrective Action Plan	Status	Comments/Changes to CAP
Financial Compliance 2002-2003	11	We recommend the department complete monitoring visits and the associated reports in accordance with federal regulations.	The WIC program will ensure the required federal monitoring requirements are met by tracking the visits via the annual monitoring spreadsheet. The timely performance of monitoring visits and related report submissions will be included as a performance measure in all applicable staff appraisals.	Implemented	
Financial Compliance 2002-2003	12	We recommend the department immediately resolve unreconciled differences between computer system used to track and record activity for the Child Support Enforcement Program.	The department is working diligently to complete a review of all available financial data. Upon completion of the review an adjusting journal to bring the two systems into balance will be completed. A daily reconciliation procedure has been implemented to ensure future imbalances are detected and resolved timely	Implemented	
Financial Compliance 2002-2003	13	We recommend the department conduct periodic monitoring of childcare program local agencies.	The department agrees that a monitoring program is a necessary component of the management of the Child Care Development Fund to assure that funds are used appropriately. A contract-monitoring program is currently established and is planned to continue.	Implemented	
Financial Compliance 2002-2003	14	We recommend the department file Financial Status Reports for Low Income Housing Energy Assistance Program grants using correct expenditure information.	The Fiscal Services and Human and Community Services Divisions have implemented procedures to ensure that all future LIEAP financial reports will be filed accurately.	Implemented	
Financial Compliance 2002-2003	15a	We recommend the department match expenditures with revenue for each grant in accordance with state accounting policy.	The department has implemented a procedure which will strengthen the ongoing revenue adjustment practices. Improving the ongoing activities will allow us to demonstrate compliance with state accounting policies.	Implemented	
Financial Compliance 2002-2003	15b	We recommend the department record receivables in accordance with state accounting policy.	The department has policies in place directing the appropriate designation of receivables. The item in question was recorded previous to the policy implementation and subsequently overlooked during clean up efforts. The receivable has been moved to the appropriate account and additional review of the categorization of existing assets is being performed.	Implemented	
Financial Compliance 2002-2003	15c	We recommend the department record Medicaid expenditure accrual reductions consistently on the state's accounting records.	The department updated its fund balance policies and provided a refresher training course to all general ledger accountants.	Implemented	
Financial Compliance 2002-2003	16a	We recommend the department execute agreements with counties setting standards for operation of offices of public assistance as required by section 53-2-305(1).	All county operating agreements have been updated and reviewed for completeness.	Implemented	
Financial Compliance 2002-2003	16b	We recommend the department adopt rules necessary to implement the trauma care system in compliance with section 50-6-402 and 50-6-410.	The department will continue striving towards compliance with the statutes with current resources, while pursuing additional funding opportunities.	Not Implemented	
Financial Compliance 2002-2003	16c	We recommend the department adopt rules establishing medical assistance benefits for children with an adoption assistance agreement as required by section 42-10-127	The department will adopt rules as recommended.	Implemented	No additional ARM was added. The division feels that ARM 37.82.101 meets the statutory requirement.