



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Department of Public Health and Human Services

For the Two Fiscal Years Ended June 30, 2009

NOVEMBER 2009

09-14

REPORT SUMMARY

Approximately one-third of the expenditures of the state of Montana's General and Special Revenue Funds are made by the Department of Public Health and Human Services (DPHHS) and one of the five appropriation sub committees of the legislature is dedicated exclusively to reviewing the DPHHS budget.

Context

DPHHS is the largest state agency in terms of budget in the state of Montana. The department received nearly \$2.0 billion of assistance from the federal government in the two fiscal years ended June 30, 2009, under various federal programs, 16 of which are considered major under federal audit guidelines. Major federal programs require the state to provide substantive audit attention to specified compliance requirements of the program and controls in place to ensure the programs spend federal funds appropriately. Much of the general and state special revenue fund money spent by the department is used to provide required match for federal funds.

DPHHS categorizes its expenditures in twelve expenditure programs, the largest of which are Addictive and Mental Disorders, Disability Services, Health Resources, Human and Community Services and Senior and Long-term Care. Caseloads for five of the largest programs operated by the department totalled more than 150,000 in June of 2009, an increase of nearly 22 percent from the prior year.

DPHHS is authorized to employ nearly 2900 full-time staff in office and service locations in Helena and around the state. In addition, many of the department's programs are operated through local private contractors and service providers.

Results

The first ten sections in our audit report discuss areas where DPHHS should improve controls over its federal programs to ensure that it is complying with program requirements and properly managing program cash as required by the federal government.

Several of the report sections describe areas where the department did not appropriately determine or document the eligibility of participants for the program and/or the specific services provided to them. Other sections discuss opportunities for the department to improve controls over its required monitoring of service providers.

The audit report discusses two programs where DPHHS did not perform required income verifications to support the eligibility or continued eligibility of program participants.

Finally, we noted that DPHHS did not, in all cases, properly report program activity to the federal government and that DPHHS did not initiate or document reviews of its daily cash sheets which support the department's requests for funds.

When, during the course of our audit work for federal programs, we identify expenditures which we believe are at high risk of being ineligible for reimbursement we are required to question those costs.

This audit report identifies approximately \$258,000 of questioned costs. Resolution of these questioned costs is a matter for negotiation between DPHHS and the federal government.

Each of the findings in this report was also reported to the federal government in our Federal Single Audit Report issued in February 2010.

Recommendation Concurrence	
Concur	14
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.