

FINANCIAL-COMPLIANCE AUDIT

Department of Public Health and Human Services

For the Two fiscal years ended June 30, 2011

OCTOBER 2011

11-14

REPORT SUMMARY

The Department of Public Health and Human Services operates a portfolio of medical, economic assistance, and public health programs to serve Montanans. Many of these programs are counter-cyclical, with increases in demand for services coinciding with downturns in employment, income, and state revenues. We questioned \$285,118 in costs charged to federal grants.

Context

Department expenditures during the past fiscal year included \$1,288,782,706 in federal funds and \$508,777,127 in state matching funds. Thirteen federal programs comprised 92 percent of the federal expenditure total. Medicaid and Supplemental Nutrition Assistance Program (SNAP) are the largest of these programs, but Child Health Insurance Program, Low Income Energy Assistance Program (LIEAP), Weatherization, Women, Infants, and Children, Child Care and Development, and Temporary Assistance for Needy Families (TANF) each incurred expenditures greater than \$25 million for the two fiscal years ended June 30, 2011. The department received increased federal funding throughout the biennium from the American Recovery and Reinvestment Act through increased federal participation rates and direct supplements to grant programs. The department expended \$3.5 billion in the two fiscal years ended June 30, 2011.

The department also operates mental health, developmental disabilities, and long-term care facilities. The department contracts for Medicaid claims processing services and manages a number of information systems to handle eligibility, contractor payments, and other data intensive elements of its programs.

Results

The report includes 15 recommendations to improve controls and enhance compliance with provisions of state law, federal regulations, and state accounting policy. Issues addressed include expending moneys from funds other than those where the costs were incurred to avoid short-term appropriation deficiencies, making payments to federal agencies, and expending general fund before nongeneral fund sources.

The report recommends correcting deficiencies in contract compliance for TANF and Foster Care contracts, limiting LIEAP grant carryforward to the level allowed by federal law, and following state regulations on sole source procurement. The audit also addresses financial reporting controls related to Foster Care and Vocational Rehabilitation federal programs, physical controls over SNAP electronic benefit cards, and the monitoring processes for TANF and LIEAP subgrantees.

The department implemented all of the 14 recommendations made in the previous audit.

Recommendation Concurrence	
Concur	15
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-14#) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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