

FINANCIAL-COMPLIANCE AUDIT  
 Department of Public Health and Human  
 Services

For the Two Fiscal Years Ended June 30, 2015

OCTOBER 2015

15-14

REPORT SUMMARY

The Department of Public Health and Human Services manages various medical, economic assistance, and public health programs to serve Montanans. These services account for around 80 percent of the department's operations. The 2015 Legislature voted to expand Medicaid. If approved by the federal government, the law will expand Medicaid to tens of thousands of Montanans and result in increased expenditures and case load as early as fiscal year 2016. The 2015 Legislature also passed a bill to close the Montana Developmental Center (MDC). Most residents of MDC will be transitioned into community based services by December 31, 2016.

**Context**

The Department of Public Health and Human Services (department) expenditures during the past fiscal year included \$1.5 billion in federal funds. Twelve federal programs comprised over 90 percent of the federal expenditure total with Medicaid and the Supplemental Nutrition Assistance Program (SNAP) comprising around 70 percent of that total.

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 ten recommendations primarily related to improving internal controls and compliance with federal laws and regulations. Issues are directed towards 8 of

the 12 largest federal programs and primarily relate to reporting.

The report also includes a recommendation related to the department not receiving funds in a timely manner resulting from a conflict of interest and excessive access to a department's computer system.

The report results in a modified opinion of the department's financials resulting from an error in recording federal revenue.

Recommendation Concurrence	
Concur	9
Partially Concur	1
Do Not Concur	0
<b>Source: Agency audit response included in final report.</b>	

For a complete copy of the report (15-14) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>  
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