



Commonwealth of Pennsylvania

SINGLE AUDIT REPORT

For the Fiscal Year
Ended June 30, 2021

Governor
Tom Wolf

Commonwealth of Pennsylvania
Single Audit Report
For the Fiscal Year Ended June 30, 2021

Tom Wolf, Governor



Prepared By:
Office of the Budget

Gregory Thall
Secretary

Brian Lyman, CPA
Chief Accounting Officer

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**Commonwealth of Pennsylvania
Single Audit Report
For the Fiscal Year Ended June 30, 2021**

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COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

GREGORY THALL
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

March 18, 2022

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, 2021. 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 Annual Comprehensive Financial Report for the year ended June 30, 2021 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 \$72.5 billion of federal expenditures by the Commonwealth during the fiscal year ended June 30, 2021. Most of the federal expenditures occurred in fifteen state agencies, as follows:

AGENCY NAME	FEDERAL EXPENDITURES (in thousands)
Human Services	\$32,340,901
Labor & Industry	30,928,258
Education	2,669,176
Transportation	2,471,396
Corrections	1,274,161
Community & Economic Development	594,897
Health	542,654
Executive Offices	299,707
State Police	250,748
Emergency Management Agency	222,877
Agriculture	195,299
Military & Veterans Affairs	175,369
Environmental Protection	115,809
Drug and Alcohol Programs	109,119
Aging	108,916
Subtotal	<u>\$72,299,287</u>
Other Agencies (14)	204,028
Grand Total	<u>\$72,503,315</u>

For purposes of the Commonwealth's single audit, a Type A federal program is any program with federal expenditures of at least \$108.8 million. Of the \$72.5 billion expended, 94 percent, or \$68.4 billion, represents expenditures under federal programs audited as major programs. The Summary of Auditors' Results lists the Commonwealth's 20 major federal programs tested for the fiscal year ended June 30, 2021.

FINDINGS AND RECOMMENDATIONS - CURRENT YEAR

The accompanying report for the fiscal year ended June 30, 2021 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 35 findings are described from single audits between the years ended June 30, 2019 through June 30, 2020.

INDEPENDENT AUDIT

The Commonwealth's June 30, 2021 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, the Commonwealth Financing Authority (blended component units 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,



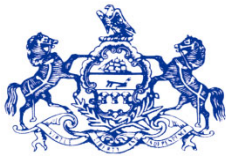
Gregory Thall
Secretary of the Budget

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Independent Auditors' Reports



Commonwealth of Pennsylvania



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

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, 2021, 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 Annual Comprehensive 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	52%	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, Pennsylvania Rural Health Redesign Center Authority, Pennsylvania Health Insurance Exchange 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%	77%

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, the Philadelphia Regional Port Authority and the Pennsylvania Rural Health Redesign Center 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, 2021, 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, 2021, the Commonwealth adopted GASB Statement No. 87 *Leases*. 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 202-212, included in the separately issued Annual Comprehensive 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.

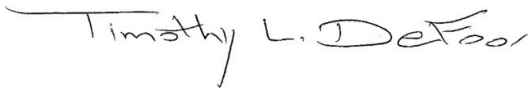
The combining non-major fund and component unit financial statements, and the budgetary comparison schedules for budgeted non-major special revenue funds, as listed in the table of contents of the separately issued Annual Comprehensive Financial Report, are the responsibility of management and were derived 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 by us and other auditors. In our opinion based on our audit, the procedures performed as described below 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.

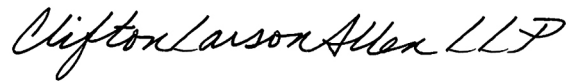
The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, 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 10, 2021



Baltimore, Maryland
December 10, 2021



CliftonLarsonAllen LLP
 CLAconnect.com

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, 2021, 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 10, 2021. 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	52%	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, Pennsylvania Rural Health Redesign Center Authority, Pennsylvania Health Insurance Exchange 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%	77%

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, the Pennsylvania Rural Health Redesign Center Authority 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) as a basis for designing 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

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 financial statements. 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*.

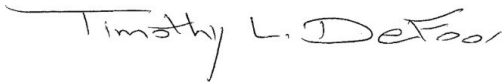
The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania

Commonwealth’s Response to Findings

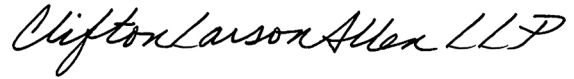
The Commonwealth’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commonwealth’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no 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 10, 2021



Baltimore, Maryland
December 10, 2021



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, 2021. 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, the Commonwealth Financing Authority, and the Judicial Department of Pennsylvania, which received approximately \$5.1 billion in federal awards and \$18.2 billion of federal loan guarantees that are not included in the schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of these eight 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 9 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	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Department of Environmental Protection	2021-004	15.252	Abandoned Mine Land Reclamation	Subrecipient Monitoring
Department of Human Services	2021-005	10.551 – C 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	2021-008	93.558	Temporary Assistance for Needy Families	Subrecipient Monitoring
		93.658 – C	Foster Care – Title IV-E	
		93.659 – C	Adoption Assistance	

State Administering Agency	Finding Number	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Various Agencies	2021-015	15.252	Abandoned Mine Land Reclamation	Subrecipient Monitoring
		16.575	Crime Victim Assistance	
		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	
		97.036 – C	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	

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 9 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, 2021.

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, 2021.

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	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Department of Education	2021-003	84.425 – C	Education Stabilization Fund	Reporting
Department of Human Services	2021-006	21.023 – C	Emergency Rental Assistance Program	Reporting
Department of Human Services	2021-007	93.558	Temporary Assistance for Needy Families	Subrecipient Monitoring
Department of Human Services	2021-009	93.775 93.777 – C 93.778 – C	Medicaid Cluster	Special Tests and Provisions related to the Medicaid National Correct Coding Initiative (NCCI)
Department of Human Services	2021-010	93.775 93.777 – C 93.778 – C	Medicaid Cluster	Special Tests and Provisions related to the Managed Care Financial Audit
Department of Labor and Industry	2021-011	17.225 – C	Unemployment Insurance	Eligibility
		97.050 – C	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs	

State Administering Agency	Finding Number	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Various Agencies	2021-014	20.205 – C 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	2021-015	93.775 93.777 – C 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 2021-004, 2021-005, 2021-008, and 2021-015 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 2021-003, 2021-006, 2021-007, 2021-009, 2021-010, 2021-011, 2021-012, 2021-013, 2021-014, and 2021-015 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.

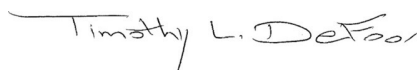
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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, 2021, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements. We issued our report thereon dated December 10, 2021, 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 18, 2022



Baltimore, Maryland
March 18, 2022

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Schedule of Expenditures of Federal Awards



Commonwealth of Pennsylvania

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing 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	2,768,077		
10.551	COVID-19 - Supplemental Nutrition Assistance Program	<u>2,083,766</u>		
	Total Supplemental Nutrition Assistance Program		4,851,843	
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program		<u>194,812</u>	21,577
	<i>Total SNAP Cluster</i>			5,046,655
<i>Child Nutrition Cluster:</i>				
10.553	School Breakfast Program	64,721		64,582
10.553	COVID-19 - School Breakfast Program	<u>37,620</u>		37,620
	Total School Breakfast Program		102,341	
10.555	National School Lunch Program (Cash Assistance)	173,412		173,160
10.555	COVID-19 - National School Lunch Program (Cash Assistance)	83,383		83,383
10.555	National School Lunch Program (Food Commodities)	<u>48,292</u>		48,292
	Total National School Lunch Program		305,087	
10.556	Special Milk Program for Children	24		24
10.556	COVID-19 - Special Milk Program for Children	<u>13</u>		13
	Total Special Milk Program for Children		37	
10.559	Summer Food Service Program for Children (Cash Assistance)	124,441		123,998
10.559	COVID-19 - Summer Food Service Program for Children (Cash Assistance)	41,647		41,647
10.559	Summer Food Service Program for Children (Food Commodities)	<u>587</u>		587
	Total Summer Food Service Program for Children		166,675	
10.579	Child Nutrition Discretionary Grants Limited Availability		<u>1,130</u>	1,130
	<i>Total Child Nutrition Cluster</i>			575,270
<i>Food Distribution Cluster:</i>				
10.565	Commodity Supplemental Food Program (Cash Assistance)	3,719		3,715
10.565	Commodity Supplemental Food Program (Food Commodities)	<u>8,045</u>		8,045
	Total Commodity Supplemental Food Program		11,764	
10.568	Emergency Food Assistance Program (Administrative Costs)	4,928		3,668
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)	<u>5,539</u>		5,539
	Total Emergency Food Assistance Program (Administrative Costs)		10,467	
10.569	Emergency Food Assistance Program (Food Commodities)		<u>78,416</u>	78,416
	<i>Total Food Distribution Cluster</i>			100,647
<i>Forest Service Schools and Roads Cluster:</i>				
10.665	Schools and Roads - Grants to States			2,642

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
10.025	Plant and Animal Disease, Pest Control, and Animal Care	6,946	260
10.170	Specialty Crop Block Grant Program - Farm Bill	1,335	1,188
10.171	Organic Certification Cost Share Programs	176	
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	1,180	1,180
10.304	Homeland Security - Agricultural	143	
10.534	Child and Adult Care Food Program (CACFP) Meal Training Grants	32	
10.541	Child Nutrition- Technology Innovation Grant	124	
10.545	Farmers' Market SNAP Support Grants	2	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	105,729	37,263
10.557	COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	15,197	4,000
	Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children	<u>120,926</u>	
10.558	Child and Adult Care Food Program (Cash Assistance)	52,547	51,641
10.558	COVID-19 - Child and Adult Care Food Program (Cash Assistance)	25,980	25,980
10.558	Child and Adult Care Food Program (Food Commodities)	76	76
	Total Child and Adult Care Food Program	<u>78,603</u>	
10.560	State Administrative Expenses for Child Nutrition	9,932	318
10.572	WIC Farmers' Market Nutrition Program (FMNP)	1,190	213
10.574	Team Nutrition Grants	31	
10.575	Farm to School Grant Program	55	
10.576	Senior Farmers Market Nutrition Program	1,028	
10.578	WIC Grants to States (WGS)	2,153	512
10.582	Fresh Fruit and Vegetable Program	3,043	3,043
10.649	COVID-19 - Pandemic EBT Administrative Costs	342	
10.664	Cooperative Forestry Assistance	257	
10.675	Urban and Community Forestry Program	1	
10.676	Forest Legacy Program	7	7
10.678	Forest Stewardship Program	7	
10.680	Forest Health Protection	589	12
10.691	Good Neighbor Authority	3	
10.698	State & Private Forestry Cooperative Fire Assistance	1,392	678
Passed through: National Fish and Wildlife Foundation			
10.902	Soil And Water Conservation (Award ID 060217057473)	43	
10.931	Agricultural Conservation Easement Program	257	
Total - U.S. Department of Agriculture		<u>\$5,955,011</u>	<u>\$824,409</u>

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Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
U.S. Department of Commerce			
	<i>Economic Development Cluster</i>		
11.307	Economic Adjustment Assistance	240	
11.407	Interjurisdictional Fisheries Act of 1986	22	
11.419	Coastal Zone Management Administration Awards	1,728	723
11.474	Atlantic Coastal Fisheries Cooperative Management Act	13	
Total - U.S. Department of Commerce		\$2,003	\$723
U.S. Department of Defense			
12.112	Payments to States in Lieu of Real Estate Taxes	401	401
12.400	Military Construction, National Guard	5,066	
12.401	National Guard Military Operations and Maintenance (O&M) Projects	69,997	
12.401	COVID-19 - National Guard Military Operations and Maintenance (O&M) Projects	1,207	
	Total National Guard Military Operations and Maintenance (O&M) Projects	71,204	
12.404	National Guard Challenge Program	1,335	
12.617	Economic Adjustment Assistance for State Governments	1,031	924
12.620	Troops to Teachers Grant Program	71	
Total - U.S. Department of Defense		\$79,108	\$1,325
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	3,444	3,362
14.228	Community Development Block Grants/State's Program	39,379	38,343
14.228	COVID-19 - Community Development Block Grants/State's Program	2,667	2,313
	Total Community Development Block Grants/State's Program	42,046	
14.231	Emergency Solutions Grant Program	5,566	5,313
14.231	COVID-19 - Emergency Solutions Grant Program	5,232	4,943
	Total Emergency Solutions Grant Program	10,798	
14.239	Home Investment Partnerships Program	9,277	8,279
14.241	Housing Opportunities for Persons with AIDS	2,290	2,287
14.241	COVID-19 - Housing Opportunities for Persons with AIDS	391	391
	Total Housing Opportunities for Persons with AIDS	2,681	
14.267	Continuum of Care Program	828	
14.401	Fair Housing Assistance Program - State and Local	371	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	377	340
Total - U.S. Department of Housing and Urban Development		\$69,822	\$65,571
U.S. Department of the Interior			
<i>Fish and Wildlife Cluster:</i>			
15.605	Sport Fish Restoration	8,648	
15.611	Wildlife Restoration and Basic Hunter Education	<u>25,000</u>	
	<i>Total Fish and Wildlife Cluster</i>		33,648
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	12,046	15
15.252	Abandoned Mine Land Reclamation (AMLR)	57,712	8,783
15.433	Flood Control Act Lands	5	5
15.608	Fish and Wildlife Management Assistance	66	
15.615	Cooperative Endangered Species Conservation Fund	167	
15.634	State Wildlife Grants	1,540	
15.667	Highlands Conservation	693	
15.808	U.S. Geological Survey - Research and Data Collection	19	
15.810	National Cooperative Geologic Mapping	79	
15.904	Historic Preservation Fund Grants-In-Aid	2,010	126
15.916	Outdoor Recreation Acquisition, Development and Planning	839	831
15.925	National Maritime Heritage Grants	10	10
15.928	Battlefield Land Acquisition Grants	948	948
15.957	Emergency Supplemental Historic Preservation Fund	186	
15.981	Water Use and Data Research	34	
Total - U.S. Department of the Interior		\$110,002	\$10,718
U.S. Department of Justice			
16.004	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	2,462	
16.017	Sexual Assault Services Formula Program	582	582
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program	10,395	5,285
16.321	Antiterrorism Emergency Reserve	1,854	1,854
16.540	Juvenile Justice and Delinquency Prevention	552	399
16.550	State Justice Statistics Program for Statistic Analysis Centers	233	
16.554	National Criminal History Improvement Program (NCHIP)	2,121	388
16.575	Crime Victim Assistance	83,352	79,847
16.576	Crime Victim Compensation	4,168	
16.582	Crime Victim Assistance/Discretionary Grants	217	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
16.588	Violence Against Women Formula Grants	4,843	4,469
16.593	Residential Substance Abuse Treatment for State Prisoners	372	134
16.606	State Criminal Alien Assistance Program	1,639	
16.609	Project Safe Neighborhoods	598	278
16.710	Public Safety Partnership and Community Policing Grants	1,623	
16.734	Special Data Collections and Statistical Studies	138	131
16.738	Edward Byrne Memorial Justice Assistance Grant Program	5,778	3,756
16.741	DNA Backlog Reduction Program	1,004	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	815	417
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	3	
16.750	Support for Adam Walsh Act Implementation Grant Program	256	
16.752	Economic, High-Tech, and Cyber Crime Prevention	26	
16.754	Harold Rogers Prescription Drug Monitoring Program	666	59
16.812	Second Chance Act Reentry Initiative	348	16
16.813	NICS Act Record Improvement Program	144	
16.816	John R. Justice Prosecutors and Defenders Incentive Act	56	
16.825	Smart Prosecution Initiative	192	136
16.827	Justice Reinvestment Initiative	(2)	(2)
16.835	Body Worn Camera Policy and Implementation	514	516
16.838	Comprehensive Opioid Abuse Site-Based Program	578	565
16.839	STOP School Violence	60	59
16.922	Equitable Sharing Program	196	
Total - U.S. Department of Justice		\$125,783	\$98,889
U.S. Department of Labor			
<i>Employment Service Cluster:</i>			
17.207	Employment Service/Wagner-Peyser Funded Activities	22,491	
17.801	Jobs for Veterans State Grants	5,966	
<i>Total Employment Service Cluster</i>		<u>28,457</u>	
<i>WIOA Cluster:</i>			
17.258	WIOA Adult Program	28,349	25,072
17.259	WIOA Youth Activities	30,851	29,082
17.278	WIOA Dislocated Worker Formula Grants	52,012	46,608
<i>Total WIOA Cluster</i>		<u>111,212</u>	
17.002	Labor Force Statistics	2,388	
17.005	Compensation and Working Conditions	300	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
17.225	Unemployment Insurance		5,271,655	366
17.225	COVID-19 - Unemployment Insurance		<u>23,321,031</u>	
	Total Unemployment Insurance			28,592,686
17.235	Senior Community Service Employment Program		3,962	3,835
17.245	Trade Adjustment Assistance		23,639	8,205
17.271	Work Opportunity Tax Credit Program (WOTC)		1,122	
17.273	Temporary Labor Certification for Foreign Workers		386	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		2,116	2,086
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants		<u>498</u>	460
	Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants			2,614
17.280	WIOA Dislocated Worker National Reserve Demonstration Grants		1,544	1,438
17.285	Apprenticeship USA Grants		1,192	597
17.600	Mine Health and Safety Grants		420	
	Total - U.S. Department of Labor		<u>\$28,769,922</u>	<u>\$117,749</u>
U.S. Department of Transportation				
<i>Highway Planning and Construction Cluster:</i>				
20.205	Highway Planning and Construction		1,914,213	158,348
20.205	COVID-19 - Highway Planning and Construction		<u>407,152</u>	
	Total Highway Planning and Construction			2,321,365
20.219	Recreational Trails Program		<u>2,515</u>	2,288
	<i>Total Highway Planning and Construction Cluster</i>			2,323,880
<i>Federal Motor Carrier Safety Assistance Cluster:</i>				
20.218	Motor Carrier Safety Assistance			8,325
<i>Federal Transit Cluster:</i>				
20.500	Federal Transit - Capital Investment Grants		1,027	310
20.507	Federal Transit - Formula Grants		21,525	1,349
20.525	State of Good Repair Grants Program		<u>4,793</u>	3,858
	<i>Total Federal Transit Cluster</i>			27,345
<i>Transit Services Programs Cluster:</i>				
20.513	Enhanced Mobility of Seniors & Individuals with Disabilities			10,355
				9,939
<i>Research and Development Cluster:</i>				
20.530	Public Transportation Innovation (Award ID PA202005800)			178
				178

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
<i>Highway Safety Cluster:</i>			
20.600	State and Community Highway Safety	12,730	5,862
20.616	National Priority Safety Programs	5,873	3,589
	<i>Total Highway Safety Cluster</i>	18,603	
20.106	Airport Improvement Program	17,041	16,623
20.106	COVID-19 - Airport Improvement Program	2,057	2,057
	<i>Total Airport Improvement Program</i>	19,098	
20.200	Highway Research and Development Program		11
20.215	Highway Training and Education		72
20.232	Commercial Driver's License Program Implementation Grant		367
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort		69
20.505	Metropolitan Trans Planning & State & Non-Metropolitan Planning & Research		5,188
20.509	Formula Grants for Rural Areas and Tribal Transit Program	25,946	25,487
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	36,054	36,054
	<i>Total Formula Grants for Rural Areas and Tribal Transit Program</i>	62,000	
20.520	Paul S. Sarbanes Transit in the Parks		55
20.528	Rail Fixed Guideway Public Trans. System State Safety Oversight Form. Grant Program		741
20.614	National Highway Traffic Safety Admin Discretionary Safety Grants & Cooperative Agreements		164
20.615	E-911 Grant Program		2,120
20.700	Pipeline Safety Program State Base Grant		2,212
20.703	Interagency Hazardous Materials Training and Planning Grants		155
20.933	National Infrastructure Investments		7,659
Total - U.S. Department of Transportation		\$2,491,362	\$273,822
U.S. Department of the Treasury			
21.016	Equitable Sharing		431
21.019	COVID-19 - Coronavirus Relief Fund	2,764,742	823,479
21.023	COVID-19 - Emergency Rental Assistance Program	564,535	564,110
Total - U.S. Department of the Treasury		\$3,329,708	\$1,387,589
Appalachian Regional Commission			
23.002	Appalachian Area Development		146
Total - Appalachian Regional Commission		\$458	\$146

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
Equal Employment Opportunity Commission			
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	549	
Total - Equal Employment Opportunity Commission		\$549	\$0
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	648	648
Total - General Services Administration		\$648	\$648
National Foundation on the Arts and Humanities			
45.025	Promotion of the Arts - Partnership Agreements	800	
45.025	COVID-19 - Promotion of the Arts - Partnership Agreements	517	517
	Total Promotion of the Arts - Partnership Agreements	<u>1,317</u>	
45.310	Grants to States	4,489	2,602
45.310	COVID-19 - Grants to States	134	132
	Total Grants to States	<u>4,623</u>	
45.312	COVID-19 - National Leadership Grants	82	
Total - National Foundation on the Arts and Humanities		\$6,022	\$3,251
National Science Foundation			
47.076	Education and Human Resources	15	
Total - National Science Foundation		\$15	\$0
Small Business Administration			
59.061	State Trade Expansion	182	
Total - Small Business Administration		\$182	\$0
U.S. Department of Veterans Affairs			
64.010	Veterans Nursing Home Care		113
64.014	Veterans State Domiciliary Care	3,895	
64.014	COVID-19 - Veterans State Domiciliary Care	54	
	Total Veterans State Domiciliary Care	<u>3,949</u>	
64.015	Veterans State Nursing Home Care	47,749	
64.015	COVID-19 - Veterans State Nursing Home Care	11,092	
	Total Veterans State Nursing Home Care	<u>58,841</u>	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
64.111	Veterans Education Assistance	1,213	
Total - U.S. Department of Veterans Affairs		\$64,116	\$0
Environmental Protection Agency			
<i>Clean Water State Revolving Fund Cluster:</i>			
66.458	Capitalization Grants for Clean Water State Revolving Funds	62,947	62,947
<i>Drinking Water State Revolving Fund Cluster:</i>			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	32,328	23,408
66.001	Air Pollution Control Program Support	5,450	
66.032	State Indoor Radon Grants	462	64
66.034	Surveys, Studies, Research, Investigations, Demos & Special Purpose Activities - Clean Air Act	745	
66.040	Diesel Emissions Reduction Act (DERA) State Grants	332	332
66.204	Multipurpose Grants to States and Tribes	124	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	6,003	
66.432	State Public Water System Supervision	4,957	
66.441	Healthy Watersheds Consortium Grant Program	57	
66.444	Lead Testing in School and Child Care Program Drinking Water	151	
66.454	Water Quality Management Planning	401	
66.460	Nonpoint Source Implementation Grants	2,514	1,822
66.461	Regional Wetland Program Development Grants	248	
66.466	Chesapeake Bay Program	8,226	5,545
Passed through: National Fish and Wildlife Foundation			
66.466	Chesapeake Bay Program (Award ID 060216053407)	165	162
66.466	Chesapeake Bay Program (Award ID 060217057473)	229	
Total Chesapeake Bay Program		<u>8,620</u>	
66.469	Great Lakes Program	275	176
66.605	Performance Partnership Grants	1,037	
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	240	
66.801	Hazardous Waste Management State Program Support	3,796	
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	393	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,562	
66.817	State and Tribal Response Program Grants	437	
Total - Environmental Protection Agency		\$133,079	\$94,456

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
U.S. Department of Energy			
81.041	State Energy Program	2,276	440
81.042	Weatherization Assistance for Low-Income Persons	14,661	11,541
81.138	State Heating Oil & Propane Program	9	
Total - U.S. Department of Energy		\$16,946	\$11,981
U.S. Department of Education			
<i>Special Education Cluster (IDEA):</i>			
84.027	Special Education - Grants to States	468,327	454,815
84.173	Special Education - Preschool Grants	13,217	12,702
<i>Total Special Education Cluster (IDEA)</i>		481,544	
<i>TRIO Cluster:</i>			
84.042	TRIO - Student Support Services		325
<i>Student Financial Assistance Programs Cluster:</i>			
84.007	Federal Supplemental Educational Opportunity Grants	63	
84.033	Federal Work-Study Program	4	
84.063	Federal Pell Grant Program	2,803	
84.268	Federal Direct Student Loans	3,717	
<i>Total Student Financial Assistance Programs Cluster</i>		6,587	
84.002	Adult Education - Basic Grants to States	17,588	16,953
84.010	Title I Grants to Local Educational Agencies	642,312	626,405
84.011	Migrant Education - State Grant Program	5,291	4,866
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	1,464	1,145
84.048	Career and Technical Education - Basic Grants to States	41,674	39,482
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	107,538	
84.144	Migrant Education - Coordination Program	54	54
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	1,266	
84.181	Special Education - Grants for Infants and Families	15,298	13,663
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	610	
84.196	Education for Homeless Children and Youth	3,407	3,132
84.287	Twenty-First Century Community Learning Centers	51,267	48,493
84.323	Special Education - State Personnel Development	1,576	1,403
84.358	Rural Education	1,281	1,281
84.365	English Language Acquisition State Grants	15,320	14,543
84.367	Supporting Effective Instruction State Grants	74,665	71,320

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Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
84.369	Grants for State Assessments and Related Activities	10,955	
84.372	Statewide Longitudinal Data Systems	1,535	
84.377	Title I Grants to Local Educational Agencies	6,059	6,059
84.424	Student Support and Academic Enrichment Program	46,485	45,965
84.425C	COVID-19 - Education Stabilization Fund - GEER Fund	63,927	63,927
84.425D	COVID-19 - Education Stabilization Fund - ESSER Fund	479,749	479,713
84.425E	COVID-19 - Education Stabilization Fund - HEERF Student Aid Portion	136	
84.425F	COVID-19 - Education Stabilization Fund - HEERF Institutional Portion	134	
84.425R	COVID-19 - Education Stabilization Fund - CRRSA EANS Program	833	793
	Total COVID-19 - Education Stabilization Fund	544,779	
84.938	Disaster Recovery Assistance for Education	217	217
Total - U.S. Department of Education		\$2,079,097	\$1,906,931
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments	1,614	401
90.404	2018 HAVA Election Security Grants	6,200	1,934
90.404	COVID-19 - 2018 HAVA Election Security Grants	8,267	6,393
	Total 2018 HAVA Election Security Grants	14,467	
Total - Elections Assistance Commission		\$16,081	\$8,728
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	25,533	23,775
93.044	COVID-19 - Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs	6,970	6,970
	Total Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs	32,503	
93.045	Special Programs for the Aging - Title III, Part C, Nutrition Services	22,347	22,300
93.045	COVID-19 - Special Programs for the Aging - Title III, Part C, Nutrition Services	24,614	24,614
	Total Special Programs for the Aging - Title III, Part C, Nutrition Services	46,961	
93.053	Nutrition Services Incentive Program	5,933	5,933
	Total Aging Cluster	85,397	
<i>CCDF Cluster:</i>			
93.575	Child Care and Development Block Grant	240,740	215,679
93.575	COVID-19 - Child Care and Development Block Grant	262,441	262,441
	Total Child Care and Development Block Grant	503,181	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	110,115	109,977
	Total CCDF Cluster	613,296	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
	<i>Head Start Cluster:</i>			
93.600	Head Start		7,312	7,312
93.600	COVID-19 - Head Start		396	396
	Total Head Start		<u>7,708</u>	
	<i>Total Head Start Cluster</i>			7,708
	<i>Medicaid Cluster:</i>			
93.775	State Medicaid Fraud Control Units		7,667	
93.777	State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare		16,311	
93.777	COVID-19 - State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare		3,136	
	Total State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare		<u>19,447</u>	
93.778	Medical Assistance Program		22,195,842	323,099
93.778	COVID-19 - Medical Assistance Program		1,605,735	
	Total Medical Assistance Program		<u>23,801,577</u>	
	<i>Total Medicaid Cluster</i>			23,828,691
93.041	Special Programs for the Aging - Title VII, Chapter 3, Programs for Prev of Elder Abuse			200
93.042	Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services		612	612
93.042	COVID-19 - Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services		227	215
	Total Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services			839
93.043	Special Programs for the Aging - Title III, Part D, Disease Prevent and Health Promo Serv			753
93.048	COVID-19 - Special Programs for the Aging - Title IV and Title II, Discretionary Projects			1,712
93.052	National Family Caregiver Support, Title III, Part E		5,882	5,882
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E		3,995	3,995
	Total National Family Caregiver Support, Title III, Part E			9,877
93.069	Public Health Emergency Preparedness			16,909
93.070	Environmental Public Health and Emergency Response			239
93.071	Medicare Enrollment Assistance Program			990
93.079	Cooperative Agreements to Promote Adolescent Health			25
93.090	Guardianship Assistance		13,249	12,554
93.090	COVID-19 - Guardianship Assistance		1,416	1,416
	Total Guardianship Assistance			14,665
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program			920
93.103	Food and Drug Administration - Research			2,241
93.104	Community Mental Health Services for Children with Serious Emotional Disturbances			2,538
93.110	Maternal and Child Health Federal Consolidated Programs			130
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs			762
93.127	Emergency Medical Services for Children			183

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.130	Coop. Agreements to States/Territories for the Coordination & Dev. of Primary Care Offices		145
93.136	Injury Prevention & Control Research & State & Community Based Programs	8,489	4,386
93.136	COVID-19 - Injury Prevention & Control Research & State & Community Based Programs	<u>124</u>	124
	Total Injury Prevention & Control Research & State & Community Based Programs		8,613
93.150	Projects for Assistance in Transition from Homelessness (PATH)		2,386
93.165	Grants to States for Loan Repayment		1,124
93.197	Childhood Lead Poisoning Prevention Projects, St and Lcl Childhood Lead Poising Prev		390
93.226	Research on Healthcare Costs, Quality and Outcomes		(463)
93.234	Traumatic Brain Injury State Demonstration Grant Program		356
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		1,140
93.236	Grants to States to Support Oral Health Workforce Activities		389
93.240	State Capacity Building	204	
93.240	COVID-19 - State Capacity Building	<u>56</u>	
	Total State Capacity Building		260
93.243	Substance Abuse and Mental Health Services - Projects of Reg. and Nat. Significance	8,245	6,729
36	Passed through: Vibrant Emotional Health		
93.243	Substance Abuse and Mental Health Services - Projects of Reg. and Nat. Significance (Award ID 988 Planning Grant)	<u>127</u>	127
	Total Substance Abuse and Mental Health Services - Projects of Reg. and Nat. Significance		8,372
93.251	Early Hearing Detection and Intervention		186
93.268	Immunization Cooperative Agreements (Cash Assistance)	9,026	2,601
93.268	COVID-19 - Immunization Cooperative Agreements (Cash Assistance)	7,417	2,512
93.268	Immunization Cooperative Agreements (Vaccines)	<u>101,717</u>	
	Total Immunization Cooperative Agreements		118,160
93.270	Viral Hepatitis Prevention and Control		149
93.283	Centers for Disease Control & Prevention - Investigations and Technical Assistance		243
93.305	PPHF 2018: Office of Smoking and Hlth-Nat State-Based Tobacco Control Programs		73
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	3,240	310
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	<u>98,387</u>	11,266
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		101,627
93.324	State Health Insurance Assistance Program		1,607
93.354	Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises	66	85
93.354	COVID-19 - Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises	<u>19,113</u>	4,684
	Total Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises		19,179
93.366	State Actions to Improve Oral Health Outcomes & Partner Actions to Improve Oral Health Outcomes		394
93.367	Flexible Funding Model - Infrastructure Development & Maintenance for SMFRP		558
93.369	ACL Independent Living State Grants		750
93.387	National and State Tobacco Control Program		1,658
93.426	Improving the Hlth of Americans through Prev & Mgmt of Diab & HD and Stroke		1,882
93.434	Every Student Succeeds Act/Preschool Development Grants		(6)

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	609	97
93.439	State Physical Activity and Nutrition (SPAN)	884	390
93.448	Food Safety and Security Monitoring Project	114	
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	232	4
93.498	COVID-19 - Provider Relief Fund	2,519	
93.500	Pregnancy Assistance Fund Program	239	237
93.556	Promoting Safe and Stable Families Program	10,266	10,149
93.558	Temporary Assistance for Needy Families	391,359	205,982
93.563	Child Support Enforcement	163,401	137,399
93.566	Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	7,589	6,597
93.568	Low-Income Home Energy Assistance	174,778	23,166
93.568	COVID-19 - Low-Income Home Energy Assistance	30,604	4,761
	Total Low-Income Home Energy Assistance	205,382	
93.569	Community Services Block Grant	26,267	25,444
93.569	COVID-19 - Community Services Block Grant	9,373	9,126
	Total Community Services Block Grant	35,640	
93.576	Refugee and Entrant Assistance - Discretionary Grants	551	438
93.590	Community-Based Child Abuse Prevention Grants	814	814
93.599	Chafee Education and Training Vouchers Program (ETV)	1,614	1,614
93.599	COVID-19 - Chafee Education and Training Vouchers Program (ETV)	1,818	1,818
	Total Chafee Education and Training Vouchers Program (ETV)	3,432	
93.603	Adoption and :Legal Guardianship Incentive Payments	246	27
93.630	Developmental Disabilities Basic Support and Advocacy Grants	3,527	2,466
93.643	Children's Justice Grants to States	176	176
93.645	Stephanie Tubbs Jones Child Welfare Services Program	9,205	8,353
93.658	Foster Care - Title IV-E	221,752	212,073
93.658	COVID-19 - Foster Care - Title IV-E	6,020	6,020
	Total Foster Care - Title IV-E	227,772	
93.659	Adoption Assistance	144,850	107,147
93.659	COVID-19 - Adoption Assistance	11,449	11,449
	Total Adoption Assistance	156,299	
93.667	Social Services Block Grant	87,301	73,959
93.669	Child Abuse and Neglect State Grants	871	89
93.671	Family Violence Prevention & Services/Domestic Violence Shelter & Supportive Services	4,498	4,498
93.671	COVID-19 - Family Violence Prevention & Services/Domestic Violence Shelter & Supportive Services	746	746
	Total Family Violence Prevention & Services/Dom. Violence Shelter & Supportive Services	5,244	
93.674	John H. Chafee Foster Care Program for Successful Transition for Adulthood	4,081	4,081
93.735	State Public Health Approaches for Ensuring Quitline Capacity- Funded in part by PPHF	6	2
93.747	Elder Abuse Prevention Interventions Program	(51)	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance Listing #	Assistance Listing Program Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.767	Children's Health Insurance Program	545,512	265,780
93.767	COVID-19 - Children's Health Insurance Program	36,418	15,293
	Total Children's Health Insurance Program		581,930
93.788	Opioid STR		51,547
93.791	Money Follows the Person Rebalancing Demonstration	3,841	496
93.791	COVID-19 - Money Follows the Person Rebalancing Demonstration	33	
	Total Money Follows the Person Rebalancing Demonstration		3,874
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		1,067
93.829	Section 223 Demonstration Programs to Improve Community Mental Health Services		(40)
93.870	Maternal, Infant & Early Childhood Home Visiting Grant Program		9,838
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		128
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program		257
93.889	National Bioterrorism Hospital Preparedness Program	5,138	3,582
93.889	COVID-19 - National Bioterrorism Hospital Preparedness Program	2,635	2,584
	Total National Bioterrorism Hospital Preparedness Program		7,773
93.898	Cancer Prevention & Control Programs for State, Territorial & Tribal Organizations		2,861
93.917	HIV Care Formula Grants	34,461	604
93.917	COVID-19 - HIV Care Formula Grants	537	537
	Total HIV Care Formula Grants		34,998
93.940	HIV Prevention Activities - Health Department Based		4,804
93.944	Human Immunodeficiency Virus (HIV)/AIDS Surveillance		299
93.946	Cooperative Agreements to Support Safe Motherhood and Infant Health Initiative Program		263
93.958	Block Grants for Community Mental Health Services		24,104
93.959	Block Grants for Prevention and Treatment of Substance Abuse		65,828
93.968	Funding in Support of the Pennsylvania Rural Health Model		2,150
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		1,860
93.982	COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health		622
93.991	Preventive Health and Health Services Block Grant		7,064
93.994	Maternal and Child Health Services Block Grant to the States		24,929
	Total - U.S. Department of Health and Human Services		\$27,022,230
			\$2,394,904
Corporation for National and Community Service			
94.003	State Commissions		388
94.006	AmeriCorps		10,729
94.009	Training and Technical Assistance		187
	Total - Corporation for National and Community Service		\$11,304
			\$10,781

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2021

Assistance		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
Listing #	Assistance Listing Program Name		
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program	3,912	
Total - Executive Office of the President		\$3,912	\$0
Social Security Administration			
<i>Disability Insurance/SSI Cluster:</i>			
96.001	Social Security - Disability Insurance	126,571	
Total - Social Security Administration		\$126,571	\$0
U.S. Department of Homeland Security			
97.008	Non-Profit Security Program	429	429
97.012	Boating Safety Financial Assistance	2,442	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	161	
97.029	Flood Mitigation Assistance	(4)	(264)
97.032	COVID-19 - Crisis Counseling	269	245
97.036	Disaster Grants - Public Assist (Presidentially Declared Disasters)	22,408	10,785
97.036	COVID-19 - Disaster Grants - Public Assist (Presidentially Declared Disasters)	<u>133,337</u>	60,003
	Total Disaster Grants - Public Assist (Presidentially Declared Disasters)		
97.039	Hazard Mitigation Grant	155,745	
97.041	National Dam Safety Program	2,430	2,324
97.042	Emergency Management Performance Grants	197	106
97.042	COVID-19 - Emergency Management Performance Grants	9,684	4,825
97.042	COVID-19 - Emergency Management Performance Grants	<u>126</u>	
	Total Emergency Management Performance Grants		
97.044	Assistance to Firefighters Grant	9,810	
97.045	Cooperating Technical Partners	135	
97.047	BRIC: Building Resilient Infrastructure and Communities	62	
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	957	901
97.067	Homeland Security Grant Program	1,889,403	
97.067	Homeland Security Grant Program	26,901	21,358
97.091	Homeland Security Biowatch Program	447	
Total - U.S. Department of Homeland Security		\$2,089,384	\$100,712
GRAND TOTAL		\$72,503,315	\$7,313,333

COMMONWEALTH OF PENNSYLVANIA

Notes to the Schedule of Expenditures of Federal Awards - June 30, 2021

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, the Philadelphia Regional Port Authority (PRPA) and the Commonwealth Financing Authority (CFA), which are blended component units, elect to have their own single audits (when required) and their expenditures of federal awards are therefore excluded from the Commonwealth's SEFA. These seven 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, 2021, 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 Assistance Listing Number (ALN) 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, 2021.

Expenditures reported under ALN 10.555, National School Lunch Program, ALN 10.558, Child and Adult Care Food Program, ALN 10.559, Summer Food Service Program, ALN 10.565, Commodity Supplemental Food Program, and ALN 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, 2020 and January 1, 2021.

Subrecipient expenditures reported under ALN 14.228, Community Development Block Grants, ALN 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 ALN 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 ALN 20.200, Highway Research and Development Program, ALN 20.205, Highway Planning and Construction, ALN 20.215, Highway Training and Education, ALN 20.219, Recreational Trails Program, ALN 20.505, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, and ALN 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 ALN 39.003, Donation of Federal Surplus Personal Property, represent the General Services Administration's average fair market value percentage of 23.34 percent 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 ALN 93.268, Immunization Cooperative Agreements, represent the dollar value of the items used.

Expenditures reported by the Pennsylvania Department of Transportation (PennDOT) for ALN 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, 2021

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, 2021. The categorization of expenditures by program included in the SEFA is based on the Assistance Listing. Changes in the categorization of expenditures occur based on revisions to the ALN, which are issued on a real-time basis on the Assistance Listing 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 ALN 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	\$4,582,709
Federal UC Benefits	23,767,016
Federal Admin.	242,961
Total Expenditures	<u>\$28,592,686</u>

Note E: Unaudited Donations

Federally funded COVID-19 related PPE donations with an estimated value of \$20 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, 2021

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?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> 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 (ALN 10.551 and 10.561)
- Abandoned Mine Land Reclamation (ALN 15.252)
- Crime Victim Assistance (ALN 16.575)
- Temporary Assistance for Needy Families (ALN 93.558)
- Child Support Enforcement (ALN 93.563)
- Child Care and Development Fund (CCDF) Cluster (ALN 93.575 and 93.596)
- Foster Care – Title IV-E (ALN 93.658)
- Adoption Assistance (ALN 93.659)
- Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036)

Unmodified for the following major federal programs:

- Unemployment Insurance (ALN 17.225)
- WIOA Cluster (ALN 17.258, 17.259, and 17.278)
- Highway Planning and Construction Cluster (ALN 20.205 and 20.219)
- Coronavirus Relief Fund (ALN 21.019)
- Emergency Rental Assistance Program (ALN 21.023)
- Education Stabilization Fund (ALN 84.425)
- Immunization Cooperative Agreements (ALN 93.268)

COMMONWEALTH OF PENNSYLVANIA

Summary of Auditors' Results - June 30, 2021

Unmodified for the following major federal programs (continued):

- Low-Income Home Energy Assistance (ALN 93.568)
- Children's Health Insurance Program (ALN 93.767)
- Medicaid Cluster (ALN 93.775, 93.777, and 93.778)
- Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (ALN 97.050)

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:

Assistance Listing Number(s)	Name of Federal Program or Cluster	Federal Expenditures (000s)
10.551 and 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster (C)	\$5,046,655
15.252	Abandoned Mine Land Reclamation	57,712
16.575	Crime Victim Assistance	83,352
17.225	Unemployment Insurance (C)	28,592,686
17.258, 17.259, and 17.278	WIOA Cluster	111,212
20.205 and 20.219	Highway Planning and Construction Cluster (C)	2,323,880
21.019	Coronavirus Relief Fund (C)	2,764,742
21.023	Emergency Rental Assistance Program (C)	564,535
84.425	Education Stabilization Fund (C)	544,779
93.268	Immunization Cooperative Agreements (C)	118,160
93.558	Temporary Assistance for Needy Families	391,359
93.563	Child Support Enforcement	163,401
93.568	Low-Income Home Energy Assistance (C)	205,382
93.575 and 93.596	Child Care and Development Fund (CCDF) Cluster (C)	613,296
93.658	Foster Care – Title IV-E (C)	227,772
93.659	Adoption Assistance (C)	156,299
93.767	Children's Health Insurance Program (C)	581,930
93.775, 93.777, and 93.778	Medicaid Cluster (C)	23,828,691
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (C)	155,745
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (C)	1,889,403
Total Federal Expenditures – Major Programs		\$68,420,991

(C) = COVID-19 Funds included

Dollar threshold used to distinguish between Type A and Type B programs (000s):

 \$108,755

Auditee qualified as low-risk auditee?

 yes X no

COMMONWEALTH OF PENNSYLVANIA

Index to Basic Financial Statement Findings - June 30, 2021

Finding No.	Finding Title	Impacted State Agency	Finding Page	CAP Page
2021-001*	Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-001)	OA-OIT	47	102
2021-002*	Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems	L&I OA-OIT	49	102

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

COMMONWEALTH OF PENNSYLVANIA

Basic Financial Statement Findings - June 30, 2021

Office of Administration – Office for Information Technology

Finding 2021 – 001:

Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-001)

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, 2021, disclosed the following control deficiencies in applications supported by the Employment, Banking, and Revenue (EBR) and Infrastructure and Economic Development (I&ED) Delivery Centers:

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 in the EBR Delivery Center. 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, the associated risk should be mitigated with monitoring of production environments for unauthorized changes).
2. In the EBR Delivery Center there were a large number of users with privileged and administrative access to a mainframe environment. The use of this access was not logged and/or monitored, and there were no policies or procedures governing the granting of powerful user attributes in the mainframe environment. The mainframe in question was replaced June 2021 and is no longer considered production. In two client-server environments, certain users had access to accounts with shared passwords.
3. Two system administrators retained access to EBR and I&ED Delivery Center applications after they separated employment. Further, during the period when applications were being implemented quickly in response to the COVID-19 pandemic, the EBR 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 large 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, 2021

Finding 2021 – 001: (continued)

Cause: Certain segregation of duties weaknesses, as well as certain privileged user control issues, were noted in legacy systems in the EBR Delivery Center that have been replaced or are scheduled for replacement during fiscal year end 2022. The segregation of duties weaknesses in other client-server environments have not been addressed by the EBR Delivery Center because of the belief that there is not enough staff to separate development of code from promotion to production.

Management in the EBR Delivery Center has not developed policies for granting privileged/administrative access to systems. The shared accounts in one client-server system were default IDs which were not monitored, despite the recommendation of the application manufacturer. The shared administrative accounts in another client-server environment were created during system installation. Management is hesitant to delete the accounts and has not developed controls to lock the accounts or monitor their use.

A new system designed to remove separated users automatically from an I&ED Delivery Center application was abandoned when it erroneously removed active users. The I&ED Delivery Center has begun planning for a new automated system; however, the manual system used in the interim failed to operate effectively when a user's termination was backdated on a separation report generated by Human Resources. In the EBR Delivery Center, 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. The formal process used to track new and terminated users in these systems was re-implemented in May 2021. Additionally, a designated backup was not identified to process termination requests.

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, Insurance, and Transportation 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:

- Creating controls and procedures that segregate the development of programs from promotion of code to the production environment;
- Preventing developers from having access to the production environment and the operations schedule;
- 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;
- Continuing efforts to develop an automated system to deactivate separated user accounts in the I&ED Delivery Center;
- Developing an alert system when employee/contractor user separations are backdated in Human Resource reports; and
- Ensuring controls designed to remove users' access from systems when employees or contractors no longer need access or terminate employment are operating effectively.

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

Agency Response: Office of Administration, Office for Information Technology (OA-OIT), agrees with this finding.

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

Basic Financial Statement Findings - June 30, 2021

Department of Labor and Industry Office of Administration – Office for Information Technology

Finding 2021 – 002:

Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems

Type of Finding: Significant Deficiency

Condition: During the fiscal year ended June 30, 2021, the Department of Labor and Industry (L&I) paid Pandemic Unemployment Assistance (PUA) and regular Unemployment Compensation (UC) benefits using three systems: 1) the outsourced PUA system; 2) the legacy UC mainframe system through June 8, 2021; and 3) the UC Benefits Modernization System (UC Ben Mod) after June 8, 2021. We identified the following control weaknesses in these systems:

- Issuance of duplicate PUA payments of approximately \$304.8 million in July 2020 without adequate controls over the outsourced system.
- Inconsistent application of UC applicant identity verification software and data cross-match procedures without a documented fraud risk assessment.
- Implementation of the UC Ben Mod system without the following:
 - adherence to the Office of Administration, Office for Information Technology’s (OA-OIT) *Enterprise Data and Information Management Policy*;
 - a list of known issues provided to one individual responsible for the “go live” decision; and
 - a signed agreement with OA-OIT for management and governance of the UC Ben Mod servers hosted at the Enterprise Data Center (EDC).
- Creation of large numbers of system administrator accounts granted to vendor personnel in the UC Ben Mod system without policies or procedures for granting the access and without documented monitoring of the administrators’ actions in the system.

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 1 – Demonstrate Commitment to Integrity and Ethical Values, states in part:
 - *1.04 The oversight body’s and management’s directives, attitudes, and behaviors reflect the integrity and ethical values expected throughout the entity. The oversight body and management reinforce the commitment to doing what is right, not just maintaining a minimum level of performance necessary to comply with applicable laws and regulations, so that these priorities are understood by all stakeholders, such as regulators, employees, and the general public.*
- Green Book Principle 8 – Assess Fraud Risk, states in part:
 - *8.02 Management considers the types of fraud that can occur within the entity to provide a basis for identifying fraud risks. Types of fraud [include]... Misappropriation of assets - Theft of an entity’s assets. This could include ... fraudulent payments....*

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Basic Financial Statement Findings - June 30, 2021

Finding 2021 – 002: (continued)

- 8.04 and 8.05 Management considers fraud risk factors...Management uses the fraud risk factors to identify fraud risks... Other information provided by internal and external parties can also be used to identify fraud risks. This may include allegations of fraud or suspected fraud reported by the office of the inspector general or internal auditors, personnel, or external parties that interact with the entity.
- 8.06 Management analyzes and responds to identified fraud risks so that they are effectively mitigated. Fraud risks are analyzed through the same risk analysis process performed for all identified risks. Management analyzes the identified fraud risks by estimating their significance, both individually and in the aggregate, to assess their effect on achieving the defined objectives.
- 8.07 Management responds to fraud risks through the same risk response process performed for all analyzed risks. Management designs an overall risk response and specific actions for responding to fraud risks. It may be possible to reduce or eliminate certain fraud risks by making changes to the entity's activities and processes. Further, when fraud has been detected, the risk assessment process may need to be revised.
- Green Book Principle 11 – Design Activities for the Information System, states in part:
 - 11.09 Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology. ... Management evaluates the objectives of the entity and related risks in designing control activities for the information technology infrastructure.
 - 11.12 Management designs control activities over access to protect an entity from inappropriate access and unauthorized use of the system... 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.
 - 11.17 ... Management ... evaluates the unique risks that using a service organization presents for the completeness, accuracy, and validity of information submitted to and received from the service organization

OA-OIT issued the following Information Technology Policies (ITPs) and Operational Document (OPD) to provide governance and guidance to agencies during implementation of new systems and placement of servers in the Enterprise Data Center:

- ITP-INF000 – Enterprise Data and Information Management Policy, provides direction for effectively managing data and information life cycles including establishing data migration controls for data sets to be accessed from their original sources, and efficiently moved from source to target destinations in an effective and secure manner.
- OPD-INF000A – Migration Audit Checklist Template, which agencies must use to facilitate data migration as delineated in ITP-INF000.
- ITP-BUS007 – Enterprise Service Catalog, establishes policy that Agency and Delivery Centers under the Governor's jurisdiction are required to utilize all Enterprise Standards that are identified in the Enterprise Service Catalog if that Enterprise Standard is needed to support agency/delivery center business needs.

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Basic Financial Statement Findings - June 30, 2021

Finding 2021 – 002: (continued)

Cause: In response to the economic upheaval caused by the COVID-19 pandemic, L&I management was forced to implement the PUA program under an extremely compressed timeline. They responded by contracting with the vendor already tasked with building the UC Ben Mod system. The vendor implemented the PUA system on cloud infrastructure. The duplicate PUA payments in July 2020 occurred when normal vendor processing was interrupted and the outsourced system failed to mark 30,000 high-dollar payments as already sent to claimants. While L&I procedures required a manual review of high-dollar claims, due to time constraints, the payments were processed without the required review. After the duplicate payments were made, L&I management adjusted the recipients' claim records to withhold a percentage of future payments until the overpayments were recouped. After the event, additional controls were implemented to mark payments as they were paid and verify future payments against those previously paid to prevent duplications.

After the PUA program was implemented, L&I management received information that cyber actors from inside and outside the United States were mining personally identifiable information (PII) obtained from data breaches external to the Department and using that PII to file fraudulent claims. L&I management implemented fraud measures including contracting with an identity verification vendor to prevent fraudulent PUA claims filed after October 20, 2020. L&I management did not, however, perform a formal fraud risk assessment prior to implementing the new procedures as required by Federal standards on internal control. L&I management did not apply the new identity verification procedures to all PUA claims filed prior to October 2020, although certain previously-flagged claims were subjected to review. Further, L&I management did not apply the new identity verification procedures to regular UC claimants until July 2021. Finally, while L&I management performed several cross-matches between regular UC claimants and other databases as a fraud detection measure during the audit period, L&I management excluded PUA claims from certain cross-matches that were routinely applied to regular UC claims.

When implementing the new UC Ben Mod system in June 2021 as a replacement for the legacy UC mainframe, L&I management chose to follow the vendor's data migration plan rather than the OA-OIT policy. While OA-OIT provided guidance to L&I management during the system implementation, L&I management did not obtain a formal waiver from the *Enterprise Data and Information Management Policy* as was required. When questioned about the lack of a list of known issues provided to the individual who gave the approval to go-live with the new system, L&I management responded that the go-live decision was not attributable to one individual but was a shared decision based on all available information at the time. As for the large number of users with administrative access into the UC Ben Mod system, L&I management relied heavily on the vendor during the initial months of the system implementation and has begun removing administrative access into the system. L&I management has yet to develop policies for granting and monitoring vendor access into the system and has not entered into a formal agreement with OA-OIT for administration of the servers at the Enterprise Data Center.

Finally, during the course of our procedures, we identified additional causes of the duplicate payments that we have specifically excluded from this finding because of the sensitive nature of this information. This additional information has been included in a separate communication provided to management and the Commonwealth Audit Committee.

Effect: While L&I management took steps to recoup the duplicate payments from future PUA payments, L&I management did not provide an estimate of the amount of the \$304.8 million in duplicate payments that have not been recovered. Similarly, there is no estimate of the amount of fraud that could have been prevented had identity verification procedures and data cross-matches been applied uniformly to PUA and regular UC claims filed during the pandemic.

L&I management's failure to follow the OA-OIT *Enterprise Data and Information Management Policy* resulted in the lack of certain controls over data migration, such as comparison of before and after snapshots of financial balances, which may have led to data migration errors that may impact the accuracy of payments in the new system. Also, certain documentation required by the policy has not been developed and retained that would be helpful for the ongoing administration of the system by L&I management and OA-OIT management. Without procedures for granting and monitoring administrative access to the UC Ben Mod system, L&I cannot be assured that changes to data and programs are properly authorized. Without these controls and a formal governance agreement over the system with OA-OIT, management cannot be assured the system is functioning in accordance with management's intent.

Recommendations: We recommend that L&I management perform the following:

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Basic Financial Statement Findings - June 30, 2021

Finding 2021 – 002: (continued)

- Take steps to identify and recover any duplicate PUA payments that have not been recouped through withholding of benefits;
- Continue to monitor the controls over the outsourced PUA system as long as the system continues to pay claims;
- Perform an additional after-action review of management’s response to the computer operations error that led to the duplicate payments and evaluate the need for further corrective actions in the control environment to prevent overrides of controls in the future;
- Establish written procedures for error handling during production processing in the UC Ben Mod system to ensure computer operations errors do not result in duplicate payments;
- Refine the formal risk assessment process to document consideration of various types of fraud risk, including the risk of fraudulent payments, so that formal responses and controls can be developed to reduce or eliminate fraud risk;
- Develop processes to revise the formal fraud risk assessment as needed when additional fraud is detected;
- Implement identity verification procedures during weekly certifications for regular UC claims filed prior to July 2021 and for any PUA claims backlogged in the benefit determination process;
- Fully complete OA-OIT’s *Migration Audit Checklist Template* to ensure key artifacts are created and retained to ensure successful operation of the UC Ben Mod system; and
- Make a request to OA-OIT to consume Enterprise Standard services from the *Enterprise Service Catalog* so that a written agreement can be made for OA-OIT to document the management and governance of the UC Ben Mod servers hosted at the Enterprise Data Center (EDC).

We recommend that OA-OIT management perform the following:

- Issue guidance to make it clear that the OA-OIT *Enterprise Data and Information Management Policy* and *Migration Audit Checklist Template* apply to all agencies who implement new systems and migrate data to the new systems. When OA-OIT provides guidance to agencies during system implementation, OA-OIT should ensure the agencies follow OA-OIT policy so that available resources from OA-OIT can be leveraged for large system implementations; and
- Clarify the responsibility for the “go live” decision on any new system implementation and ensure that the person or persons responsible for “go live” have a list of known issues presented in writing so that they have documented awareness of the risks of implementation.

We recommend that L&I management and OA-OIT management perform the following:

- Implement a privileged user management system over the UC Ben Mod system. In the absence of an automated tool, implement manual processes to monitor changes to the database, operating system, system files, and application.

Agency Response: Office of Administration, Office for Information Technology (OA-OIT on behalf of Labor & Industry) agrees with this finding.

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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Index to Federal Award Findings and Questioned Costs - June 30, 2021

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2021-003 *	84.425	COVID 19 – Education Stabilization Fund	A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of Elementary and Secondary School Emergency Relief Fund Annual Reporting	NC	ND	PDE	57	103
2021-004 **	15.252	Abandoned Mine Land Reclamation	A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2020-004)	MNC	ND	DEP	59	105
2021-005 **	10.551 10.561 93.558	Supplemental Nutrition Assistance Program (SNAP) Cluster (including COVID-19) 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 2020-005)	MNC	ND	DHS	61	106
2021-006 *	21.023	COVID 19 – Emergency Rental Assistance Program	A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to Submission of Emergency Rental Assistance Monthly and Quarterly Reporting	NC	ND	DHS	64	107
2021-007 *	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 2020-006)	NC	ND	DHS	66	107

* - 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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Index to Federal Award Findings and Questioned Costs - June 30, 2021

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2021-008 **	93.558	Temporary Assistance for Needy Families	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 2020-007)	MNC	ND	DHS	68	108
	93.658	Foster Care – Title IV-E (including COVID-19)						
	93.659	Adoption Assistance (including COVID-19)						
2021-009 *	93.775	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 (A Similar Condition Was Noted in Prior Year Finding 2020-010)	NC	None	DHS	71	109
	93.777							
	93.778							
2021-010 *	93.775	Medicaid Cluster (including COVID-19)	A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Managed Care Financial Audit	NC	None	DHS	73	109
	93.777							
	93.778							
2021-011 *	17.225	Unemployment Insurance (including COVID-19)	A Significant Deficiency and Noncompliance Exist Related to Eligibility of Unemployment Recipients	NC	ND	L&I	75	110
	97.050	COVID-19 – Presidential Declared Disaster Assistance to Individuals and Households – Other Needs						
2021-012 *	17.225	Unemployment Insurance (including COVID-19)	A Significant Deficiency Exists at the Department of Labor and Industry Related to the Reemployment Services and Eligibility Assessments Program	N/A	None	L&I	78	111

* - 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	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2021-013 *	16.575	Crime Victim Assistance	Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-015)	N/A	None	OA-OIT	80	111
2021-014 *	Various	Various ALNs – 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 2020-020)	NC	ND	Various	82	111
2021-015 *- Medicaid **- All Other Programs	Various	Various ALNs – 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 2020-021)	NC – Medicaid MNC – All Other Programs	ND	Various	85	113

55

* - 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, 2021

Federal Agency	USDA	DOI	DOJ	DOL	DOT	TRE	ED	HHS	USDHS
Prefix	10	15	16	17	20	21	84	93	97
Finding									
2021-003							X		
2021-004		X							
2021-005	X							X	
2021-006						X			
2021-007								X	
2021-008								X	
2021-009								X	
2021-010								X	
2021-011				X					X
2021-012				X					
2021-013			X						
2021-014					X			X	
2021-015		X	X					X	X

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Federal Award Findings and Questioned Costs - June 30, 2021

Department of Education

Finding 2021 – 003:

ALN 84.425 – COVID 19 – Education Stabilization Fund

A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of Elementary and Secondary School Emergency Relief Fund Annual Reporting

Federal Grant Number(s) and Year(s): S425D2 (3/13/2020 – 9/30/2022)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Reporting

Condition: As the State Educational Agency (SEA), the Pennsylvania Department of Education (PDE) is required to submit an annual data report to the United States Department of Education (USDE). This report supports the annual collection of data pertaining to the uses of funds under the Elementary and Secondary School Emergency Relief Fund (ESSER). USDE awards ESSER grants to SEAs for the purpose of providing local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact of the Novel Coronavirus Disease 2019 (COVID-19) on elementary and secondary schools across the nation. LEAs must provide equitable services to students and teachers in non-public schools as required under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

During the fiscal year ended June 30, 2021, PDE was required to submit an annual report for the period March 13, 2020 to September 30, 2020 by February 1, 2021. As the direct recipient of ESSER funds, PDE is responsible for ensuring the timeliness and accuracy of the annual report submission. PDE worked with USDE's contractor and obtained summary information from the LEAs to compile and submit the report. The report contained all required data elements. However, PDE did not implement policies and procedures to ensure the accuracy of the information reported by the LEAs. Therefore, PDE was unable to provide supporting documentation for amounts reported by LEAs on the annual report or to demonstrate that they had reviewed and verified the accuracy of this information.

Criteria: The July 2021 OMB Compliance Supplement, Part 4, Section L.3.c, Reporting – Special Reporting – Annual Reporting, states in part:

Direct recipients of ESSER I and ESSER II grants must submit an annual report [OMB No. 1810-0749] with data for the following categories:

- Overall ESSER I and ESSER II Fund Grant for SEA;
- SEA Reserve (up to 10 percent of total allocation);
- Mandatory Subgrants to LEAs, Section 18003(c) of the CARES Act and Section 313(c) of the CRRSA Act...
- Student Participation and Engagement; and
- Full-Time Equivalent (FTE) Positions.

2 CFR Section 200.303, Internal controls, states:

The non-Federal entity must:

- (a) *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).*

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Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 003: (continued)

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: PDE did not implement policies and procedures to ensure the accuracy of information reported by LEAs which was included on the Annual Report.

Effect: Without review and validation of the detail supporting the summary information reported by LEAs, the Annual Report may have contained inaccurate information.

Recommendation: We recommend that PDE implement formal policies and procedures to verify the information reported by LEAs to be included on the Annual Report. Reported amounts should be reviewed for accuracy before reports are submitted to USDE to ensure that reports filed are complete and accurate.

Agency Response: PDE agrees with the finding as written.

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, 2021

Department of Environmental Protection

Finding 2021 – 004:

ALN 15.252 – Abandoned Mine Land Reclamation

A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2020-004)

Federal Grant Number(s) and Year(s): S21AF10015 (4/01/2021 – 12/31/2021), S21AF10015 (1/01/2021 – 12/31/2023), S20AF20092 (10/01/2020 – 09/30/2023), S20AF20006 (1/01/2020 – 12/31/2022), S19AF20006 (1/01/2019 – 12/31/2021), S19AF20004 (12/01/2018 – 11/30/2021), S18AF20006 2018 (4/01/2018 – 12/31/2020), S18AF20004 (11/01/2017 – 10/31/2020), S16AF20042 (6/01/2016 – 5/31/2021)

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, 2021, DEP expended \$57,711,525 for the AMLR program, of which \$8,783,233 was paid to 23 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, 2021.

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 200.332, 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, 2021

Finding 2021 – 004: (continued)

Cause: DEP management indicated that the 23 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 23 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. DEP did charge expenditures against the previously executed agreements but did not execute any new agreements during the current audit period.

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 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. DEP should seek formal federal DOI approval to revise any existing agreements to contractor agreements. DEP should also 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 facts as presented in 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, 2021

Department of Human Services

Finding 2021 – 005:

ALN 10.551 and 10.561 – Supplemental Nutrition Assistance Program (SNAP) Cluster (including COVID-19)

ALN 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 2020-005)

Federal Grant Number(s) and Year(s): 211PA405S2514 (10/01/2020 – 9/30/2021), 201PA405S2514 (10/01/2019 – 9/30/2020), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020)

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, 2021 totaled \$4.9 billion. Total benefit expenditures for TANF for the fiscal year ended June 30, 2021 totaled \$111.2 million.

Fourteen of the 87 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 all CAO and district locations selected for testing. These exceptions included the following:

- 1) Certain EBT personnel interviewed were unable to adequately answer all questions regarding EBT Security policies and procedures (1 district office and 4 locations);
- 2) The ending inventory count of EBT cards at June 30, 2021 which was calculated using the weekly log including July 1, 2020, the daily logs for the fiscal year ended June 30, 2021, and the EBT shipment logs for the fiscal year ended June 30, 2021 did not reconcile to the inventory count on the weekly log including June 30, 2021 in the EBT Card Tracking Database (2 district offices and 9 locations);
- 3) The EBT card issuance total on the Over the Counter (OTC) Card Reconciliation Report for the fiscal year ended June 30, 2021 provided by the EBT Project Office did not reconcile to the daily logs for the fiscal year ended June 30, 2021 in the EBT Card Tracking Database (2 district offices and 8 locations);
- 4) Failure to perform the following:
 - Appoint an Alternate EBT Coordinator (1 district office and 1 location);
 - Completion of the witness field on an EBT Shipment Verification Log (1 location);
 - Completion of the witness field on a Ribbon Installation and Destruction Log (1 location);
 - Create adequate written internal procedures for EBT Security for over the counter card mailings (6 locations);
 - Designate a manager or supervisor to the Alternate EBT Coordinator role (1 location);
 - Destroy paper EBT logs after four years (2 locations);
 - Ensure that coverage for card pinning is available until 5:00 PM each business day (1 location);
 - Locate shipping manifest to support the EBT Shipments Verification Log (1 location);

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Finding 2021 – 005: (continued)

- Maintain adequate segregation of duties when completing the Weekly Log in the EBT Card Tracking Database. A user edited the Weekly Log after it was approved (1 location);
- Maintain adequate security of EBT Cards (5 locations);
- Maintain adequate security of pinning device (4 locations);
- Maintain adequate security of ribbons, paper EBT logs, and Electronic Payment Processing and Information Control (EPPIC) EBT Systems Application forms (2 locations);
- Proper completion of the date field on the EBT Shipment Verification Log (1 location);
- Proper completion of the requestor field on the EPPIC EBT Systems Application forms (2 district offices and 9 locations);
- Retain paper EBT logs for four years (1 location);
- Retain EPPIC EBT Systems Application forms electronically (2 district offices and 1 location);
- Timely completion and submission of the EPPIC EBT Systems Application forms to the Office of Income Maintenance EBT Security (1 location).

Forty of the 261 business days in the current audit period were selected to review the handling and destruction of returned EBT cards. During our review of the handling and destruction of returned EBT cards, we noted exceptions on two of the forty business days selected for testing. These exceptions included the following:

- 1) Failure to properly complete the EBT Headquarters Card Destruction Log. The "Cards Destroyed By" column of the EBT Headquarters Card Destruction Log was signed and dated by the clerk two days prior to the daily log date.
- 2) Failure to properly complete the EBT Headquarters Card Destruction Log. The "Approved by Project Office" column of the EBT Headquarters Card Destruction Log was signed and dated by the supervisor one year earlier than the daily log date.

Criteria: The 2021 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:

- i. Secure storage;*
- ii. Access limited to authorized personnel;*
- iii. Bulk inventory control records;*
- iv. Subsequent control records maintained through the point of issuance or use; and*
- v. 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):

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Finding 2021 – 005: (continued)

(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.

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 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 2021 – 006:

ALN 21.023 – COVID 19 – Emergency Rental Assistance Program

A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to Submission of Emergency Rental Assistance Monthly and Quarterly Reporting

Federal Grant Number(s) and Year(s): G019649899 (3/13/2020 – 9/30/2021)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Reporting

Condition: Emergency Rental Assistance (ERA) 1 and ERA 2 state, local, and territorial recipients were required to submit monthly and quarterly reports to the United States Department of the Treasury (US Treasury). The monthly reports are brief two-question updates through which ERA recipients provide US Treasury with very high-level counts of the numbers of households receiving assistance and the amounts of ERA funds distributed. The quarterly reports are in-depth reports with data on an array of programmatic and financial information to provide transparency in the use and progress of ERA funds. Monthly reports were required beginning with the month ending April 30, 2021, and quarterly reports were required beginning with Quarter 1, covering the period of award date through March 30, 2021, and for Quarter 2, covering the period of April 1 through June 30, 2021. As the direct recipient of ERA funds, the Department of Human Services (DHS) is responsible for ensuring the timeliness and accuracy of the report submissions. DHS obtained report information from subrecipients which was compiled and submitted by the due dates. The reports contained all required data elements, however, DHS did not implement policies and procedures to ensure the accuracy of the information reported by the counties. Therefore, DHS was unable to provide supporting documentation for amounts reported by county subrecipients on the reports or to demonstrate that they had reviewed and verified the accuracy of this information.

Criteria: The Emergency Rental Assistance Program Reporting Guidance published by the US Treasury identifies several steps in the reporting process:

- *Recipients gather and maintain required information such as counts of applicants and participants; amounts paid directly or indirectly to tenants, landlords, and utility/home energy providers; amounts paid to subrecipients and contractors; and administrative expenses.*
- *Recipients will need to communicate with and gather required information from their subrecipients and contractors, if applicable.*
- *After manually entering or uploading the report information, Recipients must review the information entered or submitted to the online reporting forms for any errors and completeness. Following completion of the report in Treasury's portal, the Recipient's designated Authorized Representative for Reporting must certify to the authenticity and accuracy of the information provided and formally submit the report to Treasury.*

2 CFR Section 200.303, Internal controls, states:

The non-Federal entity must:

- (a) *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).*

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Finding 2021 – 006: (continued)

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 did not implement policies and procedures to ensure the accuracy of information reported by counties which was included on the reports.

Effect: Without review and validation of the detail supporting the summary information reported by counties, the reports may have contained inaccurate information.

Recommendation: We recommend that DHS implement formal policies and procedures to verify the information reported by counties to be included on the reports. Reported amounts should be reviewed for accuracy before reports are submitted to US Treasury to ensure that reports filed are complete and accurate.

Agency Response: DHS agrees with this finding. DHS is working to validate information provided by counties for federal submission. Given the urgent nature of this program, delay in receiving federal guidance, and state legislated reporting, DHS has not yet validated county submittals for the payments made during the period from March 2021 through June 30, 2021, as this new program was in response to a global health pandemic.

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 2021 – 007:

ALN 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 2020-006)

Federal Grant Number(s) and Year(s): 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: During the fiscal year ended June 30, 2021, the Department of Human Services (DHS) paid \$69.2 million in Temporary Assistance for Needy Families (TANF) funding to subrecipients within the New Directions, Cash Grants, and Alternatives to Abortion appropriations (or 17.6 percent) out of total federal TANF expenditures of \$391.4 million reported on the June 30, 2021 Schedule of Expenditures of Federal Awards.

Our testing of DHS's during-the-award monitoring of subrecipients for the fiscal year ended June 30, 2021 disclosed that DHS performed on-site monitoring for all 15 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 15 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's monitoring personnel 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 subrecipients' procedures to monitor Single Audits and any related findings.

In addition to the 15 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 began to perform on-site monitoring on this subrecipient. However, the on-site monitoring was not completed at the time we completed our on-site monitoring testing. Since the on-site monitoring was not completed, internal control weaknesses, noncompliance, and questioned costs may have existed and remained undetected during the current audit period. This subrecipient received approximately \$815,000 of TANF funds during the fiscal year ended June 30, 2021.

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 performance reports required by the pass-through entity.

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Finding 2021 – 007: (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 200.332, Requirements for Pass-through Entities, states in part:

All pass-through entities must:

(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 for 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 for which on-site monitoring was not completed, DHS personnel stated that they are working with the subrecipient to obtain the necessary documentation to complete the on-site monitoring.

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 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 2021 – 008:

ALN 93.558 – Temporary Assistance for Needy Families

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

ALN 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 2020-007)

Federal Grant Number(s) and Year(s): 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 1801PATANF (10/01/2017 – 9/30/2018), 2101PAFOST (10/01/2020 – 9/30/2021), 2001PAFOST (10/01/2019 – 9/30/2020), 2101PAADPT (10/01/2020 – 9/30/2021), 2001PAADPT (10/01/2019 – 9/30/2020)

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:

- On-site inspections of two of the 13 CCYAs tested were not completed within 12 months of the completion of the prior on-site inspection. One of the current year inspections was completed four months late and one of the current year inspections was completed 5 months late.
- On-site inspections of three 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. The inspections were approved between 1 and 207 days after the expiration of the prior license.

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 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, 2021 were \$204.5 million, or 89.8 percent of total Foster Care expenditures of \$227.8 million reported on the June 30, 2021 Schedule of Expenditures of Federal Awards (SEFA). Adoption Assistance program payments made by DHS to its

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Finding 2021 – 008: (continued)

67 CCYA subrecipients during the fiscal year ended June 30, 2021 were \$118.6 million, or 75.9 percent of total Adoption Assistance expenditures of \$156.3 million reported on the June 30, 2021 SEFA. TANF Child Welfare program payments made by DHS to its 67 CCYA subrecipients during the fiscal year ended June 30, 2021 were \$48.6 million, or 12.4 percent of total TANF expenditures of \$391.4 million reported on the June 30, 2021 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 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...

Pennsylvania 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, Pennsylvania 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: DHS personnel indicated that the two on-site inspections that were not completed within 12 months of the prior inspection and the three inspections that were not timely reviewed and approved by a supervisor or a regional director were due to the COVID-19 pandemic, which caused a delay in scheduling the on-site inspections, as well as the subsequent review and approvals.

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, 2021

Finding 2021 – 008: (continued)

Effect: DHS OCYF’s failure to perform timely on-site inspections and the subsequent reviews and approvals of the 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 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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Federal Award Findings and Questioned Costs - June 30, 2021

Department of Human Services

Finding 2021 – 009:

ALN 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 (A Similar Condition Was Noted in Prior Year Finding 2020-010)

Federal Grant Number(s) and Year(s): 2105PA5MAP (10/01/2020 – 9/30/2021), 2105PA5ADM (10/01/2020 – 9/30/2021), 2005PA5MAP (10/01/2019 – 9/30/2020), 2005PA5ADM (10/01/2019 – 9/30/2020)

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, 2021, 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*, 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 significant changes that could impact the internal control system.

The *HHS/CMS Medicaid NCCI Technical Guidance Manual, Section 7.1.2, 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 secure 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 7.1.3, 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 secure RISSNET portal:

Disclosure shall be limited to only those responsible for the implementation of the quarterly state Medicaid NCCI edit files.

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Finding 2021 – 009: (continued)

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 secure RISSNET portal.

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

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

Agency Response: DHS agrees with this 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, 2021

Department of Human Services

Finding 2021 – 010:

ALN 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 Managed Care Financial Audit

Federal Grant Number(s) and Year(s): 2105PA5MAP (10/01/2020 – 9/30/2021), 2105PA5ADM (10/01/2020 – 9/30/2021), 2005PA5MAP (10/01/2019 – 9/30/2020), 2005PA5ADM (10/01/2019 – 9/30/2020)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Special Tests and Provisions related to the Managed Care Financial Audit

Condition: The Pennsylvania Department of Human Services (DHS) administers the Medicaid Cluster for which expenditures reported on the fiscal year ended June 30, 2021 Schedule of Expenditures of Federal Awards totaled \$23,828,691,242. DHS is required by the United States Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), to obtain two types of audits for Medicaid Cluster managed care: annual audited financial reports and periodic audits. The periodic audits concern the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of, each managed care organization (MCO), and the periodic audit results are required to be posted on DHS's website.

During the fiscal year ended June 30, 2021, periodic audits were required for MCOs used for behavioral health, long-term care, and physical health. Periodic audit reports for behavioral health were obtained, and the results were properly posted to DHS's website. DHS's Office of Long-Term Living (OLTL) obtained all three required periodic audit reports for the long-term care MCOs, but OLTL did not ensure the periodic audit reports' results were posted on DHS's website as required by HHS. DHS's Office of Medical Assistance Programs (OMAP) did not obtain one required periodic audit report for the physical health MCOs, so the periodic audit's results were not available to be posted on DHS's website as required by HHS.

Criteria: 42 CFR Section 438.602, State responsibilities, states:

(e) Periodic audits. The State must periodically, but no less frequently than once every 3 years, conduct, or contract for the conduct of, an independent audit of the accuracy, truthfulness, and completeness of the encounter and financial data submitted by, or on behalf of, each MCO, PIHP [Prepaid Inpatient Health Plan], or PAHP [Prepaid Ambulatory Health Plan].

(g) Transparency. The State must post on its website, as required in §438.10(c)(3), the following documents and reports:

(4) The results of any audits under paragraph (e) of this section.

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 significant changes that could impact the internal control system.

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Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 010: (continued)

Cause: DHS's OLTL personnel stated that the periodic audit reports' results were not posted to DHS's website due to an oversight. DHS's OMAP personnel represented the periodic audit was in process but the audit report was not complete, so there were no results available to post to DHS's website.

Effect: Since DHS did not ensure all periodic audit reports were completed, and the periodic audit report results were not all posted to DHS's website, DHS was not in compliance with federal regulations.

Recommendation: DHS's OMAP should implement procedures to timely obtain the required periodic audit reports. OLTL and OMAP should implement procedures to post the periodic audit reports' results to the DHS website.

Agency Response: DHS agrees with this 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, 2021

Department of Labor and Industry

Finding 2021 – 011:

ALN 17.225 – Unemployment Insurance (including COVID-19)

ALN 97.050 – COVID-19 – Presidential Declared Disaster Assistance to Individuals and Households – Other Needs

A Significant Deficiency and Noncompliance Exist Related to Eligibility of Unemployment Recipients

Federal Grant Number(s) and Year(s): C10164 (7/1/2020 – 6/30/2021), C29020 (7/1/2020 – 6/30/2021), C29120 (7/1/2020 – 6/30/2021), C29420 (7/1/2020 – 6/30/2021), C28420 (7/1/2020 – 6/30/2021)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Eligibility

Condition: During the fiscal year ended June 30, 2021, several presidential acts including the Coronavirus Aid, Relief, and Economic Securities Act of 2020, the Continued Assistance for Unemployed Workers Act of 2020, and the American Rescue Plan Act of 2021 were in effect or signed into law authorizing additional funding under both the Unemployment Insurance program and the Presidential Declared Disaster Assistance to Individuals and Households – Other Needs program. This federal funding administered by the Pennsylvania Department of Labor and Industry (L&I) was significant and expanded program eligibility to include individuals affected by changes in employment status resulting from the COVID-19 pandemic. In accordance with the federal guidance in the Unemployment Insurance Program Letter (UIPL) 16-20, dated April 5, 2020, L&I management implemented a self-attestation strategy through January 2021 to expedite the disbursement of funds to the individuals with the greatest need. Federal guidance on self-attestation did not change until the issuance of UIPL 16-20, Change 4, dated January 8, 2021, when L&I management implemented additional changes in procedures. UIPL 16-20, Change 4, introduced the requirement to obtain documentation of employment/self-employment or the planned commencement of employment/self-employment.

During the period under self-attestation, several states, including Pennsylvania, experienced significant fraudulent claims. As a result, the United States Department of Labor (USDOL) and L&I, as well as other federal and state authorities, have partnered to investigate the extent and methods used to perpetuate the fraud and to identify program improvements. L&I management implemented ID.me in October 2020 to strengthen verification procedures to authenticate claimants in the Pandemic Unemployment Assistance (PUA) system. Through January 2021, eligibility determinations made by L&I's management followed the existing policies and procedures for this COVID-19 pandemic funding. However, in order to meet federal and state expectations of timely disbursement, the policies and procedures by design did not include adequate verification procedures for eligibility throughout the fiscal year under audit. The procedures and policies accommodations contributed to vulnerabilities within the unemployment programs.

We also performed certain tests of information technology (IT) general controls as part of our audit of the Annual Comprehensive Financial Report, which included tests of applications that supported activities which were material to the Commonwealth's financial statements. Basic Financial Statement Finding 2021 – 002, which was reported for the Commonwealth for the fiscal year ended June 30, 2021, disclosed internal control deficiencies in applications supporting the unemployment major programs.

Criteria: 2 CFR Section 200.303, Internal controls, states:

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Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 011: (continued)

The non-Federal entity must:

(a) 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 Sponsoring Organizations of the Treadway Commission (COSO).

29 CFR 97.20(b), Standards for financial management systems, states in part:

(3) *Internal Control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.*

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 consider the potential for fraud when identifying, analyzing, and responding to risks.

Management should identify, analyze, and respond to significant changes that could impact the internal control system.

The July 2021 OMB Compliance Supplement, Part 4, states:

State Workforce Agencies (SWA) responsibilities include: (1) establishing specific, detailed policies and operating procedures which comply with the requirements of federal laws and regulations; (2) determining the state UI tax structure; (3) collecting state UI contributions from employers (commonly called “unemployment taxes”); (4) determining claimant eligibility and disqualification provisions; (5) making payment of UI benefits to claimants; (6) managing the program’s revenue and benefit administrative functions; (7) administering the programs in accordance with established policies and procedures; and (8) enacting state UC law that conforms with federal UC law and that state law and operations substantially comply with federal law.

Cause: Pennsylvania experienced unprecedented claims volume with increased funding and additional program requirements with a priority for efficient distribution from both the USDOL and Commonwealth officials. Commonwealth management made decisions to relax verification procedures to meet demand and program expectations. During the fiscal year several verification procedures including ID.me and data cross checks were implemented to assist in determining the extent of fraudulent activity, and to detect and prevent the filing of further fraudulent claims.

Effect: The unemployment programs became more vulnerable to fraudulent claims due to the relaxing of verification procedures.

Recommendation: We recommend that L&I management implement additional internal controls to efficiently verify program eligibility while providing timely payment to program beneficiaries.

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Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 011: (continued)

Agency Response: The Department acknowledges the issuance of this finding. Pennsylvania is tasked with following federal guidelines in the processing of all types of unemployment insurance.

Questioned Costs: Undetermined and under investigation by federal and state authorities.

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, 2021

Department of Labor and Industry

Finding 2021 – 012:

ALN 17.225 – Unemployment Insurance (including COVID-19)

A Significant Deficiency Exists at the Department of Labor and Industry Related to the Reemployment Services and Eligibility Assessments Program

Federal Grant Number(s) and Year(s): C10164 (7/1/2020 – 6/30/2021), C29020 (7/1/2020 – 6/30/2021), C29120 (7/1/2020 – 6/30/2021), C29420 (7/1/2020 – 6/30/2021)

Type of Finding: Significant Deficiency

Compliance Requirement: Special Tests and Provisions related to Unemployment Insurance (UI) Reemployment Programs: Worker Profiling and Reemployment Services (WPRS) and Reemployment Services and Eligibility Assessments (RESEA)

Condition: During the fiscal year ended June 30, 2021, the Department of Labor and Industry (L&I) was required to administer reemployment services for the Unemployment Insurance (UI) program. The Commonwealth of Pennsylvania elected to operate the Reemployment Services and Eligibility Assessments (RESEA) program to satisfy the Worker Profiling and Reemployment Services (WPRS) federal mandate which was permitted by federal requirements.

The RESEA program enables claimants who are most likely to exhaust their benefits to access services that assist them to return to work or provide assistance in areas such as job search or placement, job markets, and testing. Claimant participants work with a case administrator (administrator) throughout the program, and the administrators are supervised by a case manager. L&I's program procedures are outlined in the Labor and Industry RESEA Manual which details claimant selection, eligibility, and the intervention process performed by the administrator to assist participating claimants.

The Commonwealth of Pennsylvania's RESEA program was suspended for the first half of the 2021 fiscal year due to the COVID-19 pandemic and became operational again in January 2021. L&I management indicated that case managers can use reporting tools to monitor that cases are proceeding and being completed as required. Additionally, administrators can use a comprehensive checklist from the RESEA Manual to ensure that all elements of the program are being satisfied for each case. In order to test the RESEA requirements for the period of January 2021 until the fiscal year end of June 30, 2021, a sample of 40 out of 4,087 claimant cases that completed the program during that time period was selected for testing. No noncompliance was identified. However, we were unable to test the operating effectiveness of certain internal control procedures at the case level, since supporting documentation for reporting tools and checklists was not maintained for 31 of the 40 cases tested.

Criteria: 2 CFR Section 200.303, Internal controls, states:

The non-Federal entity must:

(a) 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 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:

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Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 012: (continued)

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

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: According to L&I management, the reporting tools and checklist were optional and could be used by administrators and case managers at their discretion. As a result, these control measures were not being applied and/or documented consistently from case to case.

Effect: The lack of adequate internal controls over compliance in the RESEA program could result in improper identification of claimants and insufficient services resulting in federal noncompliance. Although noncompliance was not identified by our audit procedures, fully operational controls would enable case administrators and managers to ensure compliance with program requirements and to timely prevent and detect instances of noncompliance.

Recommendation: We recommend that L&I management require the use of the checklist and/or reporting tools to strengthen internal controls and to ensure verification of all elements of the RESEA program are occurring, accurate, and complete. Also, L&I management should ensure that proper documentation of the use of these tools is maintained.

Agency Response: In the recent Single Audit conducted on the RESEA program for the fiscal year ended June 30, 2021, it was determined that the program was lacking internal controls. It was recommended through the audit that the staff checklist for the RESEA program provided in the *RESEA Policy and Procedures Desk Guide* be a mandatory requirement. The L&I management team agrees that this checklist become mandatory. The updated RESEA staff checklist will be completed for each RESEA participant. The supervisor will review each RESEA participant's file to ensure all portions of the program have been completed, and both the staff member and the supervisor will sign off, acknowledging their review.

The RESEA Checklist has been sent to all Pennsylvania CareerLink Program Supervisors and Career Advisors/Trainees to notify them of this new mandatory requirement and the requirement to retain the checklist in the participant's file.

In addition, the *RESEA Policy and Procedures Desk Guide* will be updated to reflect this mandatory new requirement for staff.

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, 2021

Office of Administration – Office for Information Technology

Finding 2021 – 013:

ALN 16.575 – Crime Victim Assistance

Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-015)

Federal Grant Number(s) and Year(s): 2020-V2-GX-0063 (10/01/2019 – 9/30/2023), 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)

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 2020 – 015. Our procedures disclosed the following control deficiencies in an application supported by the Public Safety Delivery Center that impacted the Crime Victim Assistance program:

1. As noted in the prior year, we found a lack of segregation of duties between application development and promotion of code to production.
2. Five administrator accounts on servers managed by the Enterprise Data Center (EDC) were not removed timely after the users separated employment. These five accounts had full administrative access rights to the major program's application and database servers.

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.*

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Finding 2021 – 013: (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: As noted in the prior year finding, developers continued to have administrative access to the change management software tool. Although the tool was configured to log activity and send an automated email to a third party when a developer approved code to production, no documentation was maintained as evidence that the logs or the email notifications were monitored. As for the separated users whose accounts were not removed, the control to remove the accounts at the time of separation failed, and the bi-annual access reviews performed by EDC administrators did not identify these inappropriate accounts. When EDC moved to a quarterly review, the separated users' accounts were identified and removed prior to the end of the audit.

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 and untimely removal of access when no longer needed contribute to the risk that system activity can occur that is not in accordance with management's intent. Finally, without properly functioning controls over segregation of duties and separated users, the auditors are precluded from reliance on computer controls in the Crime Victim Assistance program. Separately, not deleting accounts with administrative access after the user separates employment increases the risk that accounts could be misused, intentionally or unintentionally either by authorized users, or by unauthorized external entities that have compromised the account.

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, performing documented monitoring of the activities of developers who have the ability to implement code to production;
- Removing server administrator accounts timely upon user separation; and
- Conducting effective periodic access reviews of privileged users.

Agency Response: Office of Administration, Office for Information Technology (OA-OIT), agrees with this 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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Various Agencies

Finding 2021 – 014:

- ALN 20.205 and 20.219 – Highway Planning and Construction Cluster (including COVID-19)
- ALN 93.558 – Temporary Assistance for Needy Families
- ALN 93.658 – Foster Care – Title IV-E (including COVID-19)
- ALN 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 2020-020)

Federal Grant Number(s) and Year(s): N78000 (7/01/2020 – 6/30/2021), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 1801PATANF (10/01/2017 – 9/30/2018), 2101PAFOST (10/01/2020 – 9/30/2021), 2001PAFOST (10/01/2019 – 9/30/2020), 2101PAADPT (10/01/2020 – 9/30/2021), 2001PAADPT (10/01/2019 – 9/30/2020)

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, 2021. 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 (including COVID-19)	\$160,636	-	-	No	-
TANF – Child Welfare	\$48,556	No	No	No	No (1)
Foster Care – Counties (including COVID-19)	\$204,494	No	No	No	No (1)
Foster Care – Non-Profit Contract	\$13,599	No	No	No	No
Adoption Assistance – Counties (including COVID-19)	\$118,596	No	No	No	No (1)

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Finding 2021 – 014: (continued)

Program	Federal Award Identification Number	Name of Federal Awarding Agency	Assistance Listing Number	Assistance Listing Title
HPC Cluster (including COVID-19)	-	-	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 200.332.

Criteria: 2 CFR Section 200.332, 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 the definition of Federal Award date in section 200.1) of award to the recipient by the Federal agency;

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

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

(xii) Assistance Listings Number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings 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;

(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;

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Finding 2021 – 014: (continued)

- (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 200.332 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 2021 – 015:

ALN 15.252 – Abandoned Mine Land Reclamation

ALN 16.575 – Crime Victim Assistance

ALN 93.558 – Temporary Assistance for Needy Families

ALN 93.563 – Child Support Enforcement

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

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

ALN 93.659 – Adoption Assistance (including COVID-19)

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

ALN 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (including COVID-19)

A Material Weakness and Material Noncompliance Exist in the Commonwealth’s Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2020-021)

Federal Grant Number(s) and Year(s): S21AF10015 (1/01/2021 – 12/31/2023), S20AF20092 (10/01/2020 – 9/30/2023), S20AF20006 (1/01/2020 – 12/31/2022), S19AF20006 (1/01/2019 – 12/31/2021), S19AF20004 (12/01/2018 – 11/30/2021), S18AF20004 (11/01/2017 – 10/31/2020), S18AF20006 (4/01/2018 – 12/31/2020), S16AF20042 (6/01/2016 – 5/31/2021), 2020-V2-GX-0063 (10/01/2019 – 9/30/2023), 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), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 2101PACSES (10/01/2020 – 9/30/2021), 2001PACSES (10/01/2019 – 9/30/2020), G2101PACCDF (10/01/2020 – 9/30/2021), G2001PACCDF (10/01/2019 – 9/30/2020), 2101PAFOST (10/01/2020 – 9/30/2021), 2001PAFOST (10/01/2019 – 9/30/2020), 2101PAADPT (10/01/2020 – 9/30/2021), 2001PAADPT (10/01/2019 – 9/30/2020), 2105PA5MAP (10/01/2020 – 9/30/2021), 2005PA5MAP (10/01/2019 – 9/30/2020), 4506DRPA (1/20/2020 – 3/02/2024), 3441DRPA (1/20/2020 – 1/20/2025), 4408DRPA (11/27/2018 – 11/27/2022)

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 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.

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Finding 2021 – 015: (continued)

Our fiscal year ended June 30, 2021 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, 2020 subrecipient audit universe for audits due for submission to the FAC during the fiscal year ended June 30, 2021. We also evaluated the Commonwealth's review of 33 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, 2021, 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 Environmental Protection (DEP): The time period for making a management decision on findings was approximately 8.6 months after the FAC MDL start date for one out of two audit reports with findings.
- Department of Human Services (DHS): The time period for making a management decision on findings ranged from approximately 7.2 months to 20.3 months after the FAC MDL start date for 22 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 three 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 3.6 months to 10.8 months after the Single Audit due date.
- Pennsylvania Commission on Crime and Delinquency (PCCD): The time period for making a management decision on findings was approximately 10.3 months after the FAC MDL start date for one out of two subrecipient audit reports with findings.
- Pennsylvania Emergency Management Agency (PEMA): The time period for making a management decision on findings was approximately 12 months after the FAC MDL start date for one subrecipient audit report with findings. In addition, our review disclosed the one subrecipient audit report with findings for which PEMA was the lead agency was submitted approximately 16 months late to the FAC and was excluded from PEMA's tracking list.

As a follow-up to the prior year finding, we noted that the Commonwealth subgranted federal funds totaling \$285,634,900 to the City of Philadelphia during the fiscal year ended June 30, 2020, for which a Single Audit was not submitted to the FAC as of our January 2022 testing date. This was over 3.5 months after the September 30, 2021 due date, which had been extended due to the COVID-19 pandemic in accordance with the Office of Management and Budget's Memorandum M-21-20, Appendix 3. Our testing disclosed that DHS's subgrants to the City of Philadelphia were material for four of the 14 major programs/clusters with material subgranted funds.

Our follow-up on the prior year finding also disclosed that the Commonwealth subgranted federal funds totaling \$30,158,167 to Bucks County during the fiscal year ended December 31, 2019. The audit was submitted to the FAC on February 24, 2021, which was nearly two months after the December 31, 2020 due date, which had been extended in accordance with the Office of Management and Budget's Memorandum M-20-26, Appendix A.

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

Criteria: 2 CFR §200.332, 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:

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 015: (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 written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.*

(3) *Issuing a management decision for applicable audit findings pertaining only 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 §200.339 [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. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.*

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 §200.339 [Remedies for noncompliance].

2 CFR §200.339, Remedies for noncompliance, states in part:

If a non-Federal entity fails to comply with the U.S. Constitution, 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 §200.208 [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.*

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 015: (continued)

(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:

- (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.*

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 [now OB-BAFM] 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.*
- (6) Impose or coordinate the imposition of remedial action in accordance with 2 CFR Part 200.338 [now 200.339] and Management Directive 325.8, Remedies for Recipient Noncompliance with Audit Requirements, when subrecipients fail to comply with the provisions of Subpart F.*

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 015: (continued)

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, and for the exclusion of an audit from a tracking list, was either a change in staff or a lack of staff to follow up and process subrecipient audit reports more timely. DEP personnel stated the late management decision resulted from late notification of FAC audit receipt by OB-BAFM. PCCD personnel indicated the management decision was not completed due to an oversight.

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 §200.339 and Commonwealth Management Directive 325.8 in order to ensure compliance with federal audit submission requirements.

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 misspending 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 on a timely basis in accordance with 2 CFR §200.339 and Commonwealth Management Directive 325.8.

DEP Response: DEP agrees with the finding.

DHS Response: While DHS agrees with this finding, we believe we are in compliance with 2 CFR §200.339 and Commonwealth Management Directive 325.8 related to outstanding audits. 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.

PCCD Response: PCCD is in agreement with the finding.

PEMA Response: PEMA agrees with this finding. The subrecipient was inadvertently excluded from PEMA's audit tracking list due to failure of our new employee to enter the information into the Single Audit database. As soon as we became aware of the omission, and having previously reviewed the audit report, a management decision letter was issued

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2021

Finding 2021 – 015: (continued)

to the subrecipient on January 21, 2022. In addition, please note that PEMA had been in constant communication with this subrecipient to resolve its noncompliance due to failure to submit the Single Audit reporting package within nine months of its year end date of December 31, 2018, and BAFM and the Bureau of State and Federal Audits have been provided documentary evidence of these communications.

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

GREGORY THALL
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

FINDINGS FOR THE YEAR ENDED JUNE 30, 2020:

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

FINANCIAL STATEMENT FINDINGS

STATEWIDE (SW)

2020-001 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-001)

The system 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 such that they are managed like service accounts per policy. Account monitoring documentation is being addressed. Continuing to develop the process of changing the profiles such that they are managed like service accounts per policy. A workgroup has been formed and seeking a Privileged Identity Management (PIM) solution. Anticipated completion date: June 2022.

2020-002 Unemployment Compensation Accounts Payable Accrual Methodology and Controls Need Improvement

BAFM and L&I met to discuss what is needed for the ACFR, which included the request for the accrued benefits which included copies of the files that the auditors used last year. The following due dates were established where L&I will send BAFM (by UC program) the benefits paid by benefit week for the period of July-October 31: July info to be received August 10, August info to be received September 10, September 1-17 info to be received September 24, and Sept 18-October 31 to be received November 5. L&I is on target to meet the due dates requested. The anticipated CAP completion date is October 2021.

FEDERAL PROGRAM FINDINGS

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (DCED)

2020-003 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 2019-004)

DCED has made progress towards eliminating the backlog of monitoring and should have it completed by June 30, 2022. Finding was not reissued.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)

- 2020-004 A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring

DEP ceased issuing AMLR Project Grants until the finding is resolved. DOI provided training on the Uniform Guidance. The training provided a broad overview but lacked specific details related to the AML Program. The instructor made numerous mentions that details specific to implementation of the AML Program and, AML and AMLER grants, needed to be provided by DOI. Following a discussion with staff in the Governor's Office, DEP was asked to draft a letter to DOI requesting guidelines that delineate the types of AML service delivery and AML reclamation project activities that would render an AML grant agreement as subrecipient or contractor relationships under Uniform Guidance. Staff in the Governor's Office informed DEP that, in lieu of sending the letter to DOI, they would present the issue to the Intergovernmental Team in DOI. DOI staff in the Pittsburgh Field Office indicated they are preparing a briefing paper on the finding for DOI leadership. Anticipated CAP completion is before the end of 2022.

DEPARTMENT OF HUMAN SERVICES (DHS)

- 2020-005 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)

To comply with the OIM EBT Procedures Manual, County Assistance Offices (CAOs) and District Offices reviewed and updated their internal procedures for over the counter card mailings as needed. Findings will be reported to each area's Staff Assistant. CAOs and district offices were 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. CAOs and district offices were instructed to only use EBT card paper logs in cases of emergency. All card information should be recorded in the EBT card tracking database. CAOs and district offices were 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. 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. Finding repeated due to timing of corrective actions.

- 2020-006 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)

OIM-TANF - The checklist updates need to be completed and will be implemented when onsite monitoring resumes after the pandemic. Office of Policy Development's (OPD) new Grant and Policy Specialist was hired and risk assessments for FY 20-21 were completed in December 2020. Real Alternatives was identified for monitoring. Virtual monitoring took place on June 28, 2021. OPD is still awaiting some of the required documentation for review. The anticipated completion date for the CAP is June 2022.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

DEPARTMENT OF HUMAN SERVICES (DHS) (Continued)

2020-007 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)

OCYF does subrecipient monitoring using regularly scheduled on-site licensing inspections, regular contact with subrecipients, and regular Quality Assurance (QA) reviews and visits. OCYF Regional Director Staff have verified that OCYF Regional Offices are issuing the Licensing Inspection Summary (LIS) within 15 days of the close of the inspection, as is considered timely. Counties are required to maintain a written contract with each provider to which clients are referred. The provider agency must submit to the county children and youth agency (CCYA) quarterly progress reports, discharge summaries, billing statements, and other written reports as required by the CCYA and/or DHS regulations or guidance. The CCYA must also monitor provider adherence to the Child Protective Services Law (CPSL) background check requirements for services coded as "in-home". Counties have primary oversight of their service providers by the fiscal office, quality assurance staff, or their contract monitors. The CCYA must document these efforts and report them to DHS. As part of the County single audit reporting package, counties are required to include a supplemental schedule, subjected to Agreed-Upon Procedures. The schedule documents CCYA monitoring of providers' adherence to the requirements of the CPSL for in-home providers. The schedule lists all providers, date of most recent monitoring, if there were exceptions, submission of a CAP, and acceptance, implementation, and follow-up. The auditor is required to test the list for completeness and analyze the CCYA's documentation of monitoring activities for adequacy, obtaining necessary CAPs, timely follow-up, and adequacy and accuracy of monitoring documentation. As single audit reports are received in the DHS/Audit Resolution Section, a copy is transmitted to OCYF for review by the Bureau of Budget and Fiscal Support and use in the Quality Assurance reviews, including the supplemental information and any applicable findings contained. In addition, the AG conducts annual engagements of the CCYAs to ascertain and certify actual expenditures on behalf of children residing within the County and to determine compliance with regulations. During these engagements, the AG reviews the county policies and procedures of in-home purchased services billings and CPSL adherence. Any issued findings and/or observations included in these reports are also considered in Licensing Inspections and QA reviews. Finding repeated due to timing of corrective actions.

2020-008 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

Corrective action was taken.

2020-009 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)

OA-SSBG: The Bureau of Financial Operations (BFO) conducted the risk assessment during the year ended June 30, 2021, and continues to conduct during-the-award monitoring for SSBG and SABG using the results of that documented risk assessment. For FY20-21, 18 of the 67 counties were identified as high-risk; and six counties were monitored for SSBG, of which two were high-risk. These reports are either in process or complete. Beginning July 1, 2021, DHS will no longer receive SABG funding to pass-through to subrecipients; therefore, risk assessments and monitoring on this funding will stop.

Office of Policy Development (OPD)-SSBG: Risk assessments for FY 20-21 were completed in December 2020. Monitoring prioritizes subrecipients receiving a "high risk" designation and/or those who did not receive monitoring during the prior fiscal year. Three providers were identified for FY 20-21 monitoring. Due to Covid-19, these providers took part in virtual monitoring between May-June 2021. The CAP is considered to be complete for OPD. The CAP for OA-SSBG should be completed by June 2023. Finding was not reissued.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

DEPARTMENT OF HUMAN SERVICES (DHS) (Continued)

2020-010 A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative

DHS, Bureau of Data and Claims Management (BDCM) will add the NCCI Confidentiality Agreement to the forthcoming contract amendment by March 2022.

DEPARTMENT OF LABOR AND INDUSTRY (L&I)

2020-011 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)

Procedures have been revised and implemented to make every effort to ensure the accuracy of the current reports prior to submission. Due to unforeseen circumstances, the revision and correction of previously submitted SF-425s has been delayed. Anticipated CAP completion date is July 2022. Finding was not reissued.

2020-012 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)

Level 3 case reviews are currently underway, and upon completion L&I will have the eligibility determination scores for the period of July 1, 2020 to June 30, 2021. L&I expects analysis of the compliance for this specific item to be complete in August 2021. Anticipated CAP completion date is July 2022. Finding was not reissued.

2020-013 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)

L&I has consultants meeting with OVR district offices prior to formalizing their analysis. Anticipated CAP completion date is December 2021. Finding was not reissued.

DEPARTMENT OF TRANSPORTATION (PennDOT)

2020-014 A Significant Deficiency and Noncompliance Exist Related to Monitoring of Locally Sponsored Projects

Corrective action was taken.

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

2020-015 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2019-014)

OA-OIT is removing write access from developers and having database administrators as the only staff with write access to databases. Developers can retain read access for troubleshooting and debugging. Implementing quarterly reviews of the groups/users to help ensure more timely and accurate user access rights. The 'large number of users' issue is being addressed. OA-OIT is seeking possible solutions and seeing if there is funding for a Privileged Identity Management (PIM) solution. A workgroup has been formed and is seeking a PIM product /vendor. Anticipated completion date: June 2022.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

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

2020-016 A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the Quarterly CMS-64 Report

Corrective action was taken.

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY (PCCD)

2020-017 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)

Corrective action was taken.

2020-018 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)

Corrective action was taken.

2020-019 A Significant Deficiency and Noncompliance Exist in the Pennsylvania Commission on Crime and Delinquency's Procedures Related to Performance Reporting Requirements

Corrective action was taken.

STATEWIDE (SW)

2020-020 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 2019-019)

DHS-OCYF: FY 20-21 Tentative Allocation Letters were sent out on April 1, 2021, with ALN and funding amounts. Final Allocation Letters will be sent by July 31, 2021, with an attachment including all Federal Award information: 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; ALN and Name. 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 further address this finding, the risk assessment now includes documentation of other risk factors, such as: submission of a single audit report, prior experience, and new personnel.

PennDOT is reviewing all RAS agreements to ensure all agreements contain a notice provision. Any RAS agreement that does not contain a notice provision will have an attachment uploaded with party contacts to satisfy the notice requirement.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

STATEWIDE (SW) (Continued)

2020-021 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)

DCED and PennDOT took corrective action.

DDAP finalized written procedures on the subrecipient audit review process. The Procurement Section Chief vacated the position in June of 2021. The position is instrumental in the review process of the subrecipient audits. DDAP continues to train additional staff on the subrecipient audit process. Division staff continues to review current audits. However, due to the Section Chief vacancy, DDAP anticipates the CAP completion to be December 2021. DDAP is not included in the current finding.

DEP staff attended a training held by OB-BAFM. This virtual training, covering subrecipient audit processing, was attended by all DEP fiscal federal fiscal management specialists. Finding repeated due to timing of corrective actions.

DHS remains in contact with entities to obtain outstanding audit reports and anticipates the backlog of reports needing a review will be eliminated by June 30, 2022.

PCCD plans to formally document all management decisions within six months of FAC acceptance according to their written procedures. Finding repeated due to an administrative oversight.

FINDINGS FOR THE YEAR ENDED JUNE 30, 2019:

FINANCIAL STATEMENT FINDINGS

STATEWIDE (SW)

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

Refer to finding 2020-001 for the status of this issue.

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)

Refer to finding 2020-003 for the status of this issue.

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)

Refer to finding 2020-005 for the status of this issue.

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)

Refer to finding 2020-006 for the status of this issue.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

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)

Refer to finding 2020-007 for the status of this issue.

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)

Refer to finding 2020-009 for the status of this issue.

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)

Refer to finding 2020-012 for the status of this issue.

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)

Refer to finding 2020-013 for the status of this issue.

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

Refer to finding 2020-011 for the status of this issue.

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)

Refer to finding 2020-015 for the status of this issue.

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY (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

Refer to finding 2020-017 for the status of this issue.

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

Refer to finding 2020-018 for the status of this issue.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2021

Finding State Agency/Finding Title/Comments

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)

Refer to finding 2020-020 for the status of this issue.

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)

Refer to finding 2020-021 for the status of this issue.

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Management's Corrective Action Plans



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

GREGORY THALL
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

Corrective Action Plans - June 30, 2021

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2021-001	OA-OIT	Michael Dailey, IT Manager 3 Kevin Sperber, IT Generalist Admin. 1 Ken Kitch, IT Manager Gerry Schopman, Prog. Anyst. 4 Loc Tran, IT Manager 1	Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-001) The system(s) in question have been resolved or will be resolved when the system migration is completed. OA-OIT is continuing to develop the process of changing the profiles per policy. Account monitoring documentation is being addressed.	06/30/2022
2021-002	OA-OIT	Edward Bowlen, Dir. of App. and	Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems The system(s) in question have been resolved or will be resolved when the system migration is completed. We are continuing to develop the process of changing the profiles per policy and communicating policy. Account monitoring documentation is being addressed. A large number of the	06/30/2022

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2021-002 (cont'd)		Service Del. David Dodson-Andrews, Sr. Proj. Manager, Ben Mod	system administrator accounts to the vendor have been revoked already.	
2021-003	PDE	Susan McCrone, Division Manager, Federal Programs, PDE	<p>A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of Elementary and Secondary School Emergency Relief Fund Annual Reporting</p> <p>The Pennsylvania Department of Education (PDE) recognizes that backup documentation for the reporting monitoring was not provided. However, PDE does not believe it was out of compliance.</p> <p>The information submitted to the United States Department of Education (USDE) contained information collected and reviewed by several programmatic and administrative levels at PDE. The monitoring and record keeping procedures provided reasonable assurance, to the best of PDE's ability at that time, to ensure the information collected and submitted with the annual report was accurate.</p> <p>Current reporting procedures: PDE used its eGrants system to collect all LEA required records under ESSER I and ESSER II. The eGrants system is designed to allow licensed educational agencies and certain community-based programs within the commonwealth access to PDE grants. Through this system, the LEA can submit applications for funding, e-sign contracting documents, upload back-up documentation, submit program quarterly reports, and file final expenditure reports. The eGrants system makes it possible for records pertaining to the ESSER awards to be retained separately from other grant funds, including funds that an SEA or LEA receives under the CARES Act and CRRSA. This follows the requirements under 2 C.F.R. § 200.334 and 34 C.F.R. § 76.730, including financial records related to the use of grant funds.</p> <p>Only an eGrants authorized user that is associated with an Agency or LEA that has an active Program/Project and the role of Agency Project Writer can upload documents to the project. The SEA staff then reviews and investigates the documents. Projects advance if the documents are complete and correct.</p> <p>The grant process is as follows:</p> <ul style="list-style-type: none"> • PDE announces and releases grant application in eGrants; • LEA designated individual completes application in eGrants; 	09/01/2022

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2021-003 (cont'd)			<ul style="list-style-type: none"> • Prior to submission, LEA’s board-approved designee signs off electronically on application (typically Superintendent or Chief Executive Officer); • The program area reviews the grant application and returns it for corrections (if necessary). Otherwise, an approvable application goes to the division chief for electronic signature; • Chief Counsel reviews and approves application for form and legality; • The Office of Comptroller Operations completes the review of the application and fully executes the contract; and • LEA receives its first monthly payment. Payments for grants processed through eGrants are made monthly through PDE’s Financial Accounting Information (FAI) System. The FAI system interfaces with PDE’s financial accounting records system, SAP. Monthly payments to LEAs are continuous and automatic based on quarterly financial reports collected through the FAI System. <p>Through quarterly financial reporting, LEAs are required to report the amount of cash received, expended, and on hand. If the amount of cash-on-hand reported is determined to be too high, or the quarterly report is not submitted, monthly payments will be suspended until the next quarterly report is due.</p> <p>Current monitoring procedures: Monitoring to ensure compliance with existing federal guidelines typically occurs from January through May annually. LEAs complete an online self-assessment available within Pennsylvania’s federal monitoring online system, Fedmonitor. All LEAs receive a unique username and password to access Fedmonitor. LEAs are monitored cyclically or as needed based on risk.</p> <p>Beginning in 2021–22, all LEAs were placed on a four-year monitoring cycle and will be monitored once between 2021–22 and 2024–25. Additionally, all LEAs are annually assessed for risk to prevent fraud, waste, and abuse. Those deemed to be medium or high risk on the LEA Risk Assessment will be monitored every year. Points range from 1–20, and most LEAs fall in the low-risk category, with a score of nine and under.</p> <p>Annually, the categories and points are evaluated to determine compliance with Uniform Grant Guidance. LEAs are assigned points for the following factors to determine risk:</p> <ul style="list-style-type: none"> • Failure to submit federal grant applications by established deadlines; • Failure to submit reports/plans by established deadlines which include: <ul style="list-style-type: none"> o Pennsylvania Information Management System data collection; o Performance Goal Output Reports; and Schoolwide plan(s); • Previous year monitor/audit findings; 	

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<p>2021-003 (cont'd)</p>			<ul style="list-style-type: none"> • Excessive federal program carryover Title I allocation. All LEAs receive at least one point for allocation; the higher the allocation, the higher the points; • New entity; • New federal program coordinators, business managers, and/or superintendent/chief executive officer; and • New accounting software at the LEA. <p>A risk assessment, conducted by an outside, contracted entity stated that PDE’s risk is heightened due to the four-year monitoring cycle. Therefore, PDE is working to hire an outside contractor to monitor LEA funds distributed through ESSER I and ESSER II by September 2022.</p> <p>PDE has also self-identified gaps in procedures and internal controls and taken steps to correct them.</p> <p>As stated above, policies and procedures are present but are currently being revised, to support the influx of federal dollars over such a short period of time.</p> <p>Due to capacity issues, PDE does take responsibility for the delay in revising its monitoring and internal control policy. However, PDE has been working to mitigate risks in several areas based on an assessment of risk performed by an outside contractor. For the second phase of the risk assessment and internal controls process, PDE is working to secure an outside contractor to assist with monitoring and establish corrected internal policies and procedures.</p>	
<p>2021-004</p>	<p>DEP</p>	<p>Brian Bradley, Director, Bureau of Abandoned Mine Reclamation</p> <p>Tim Golding, Executive Assistant, Office of</p>	<p>A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2020-004)</p> <p>This issue was first identified in the last single audit. The corrective actions are ongoing.</p> <p>AMLR program representatives attended an online training on March 2, 2021, covering 2 CFR 200 and contractor or subrecipient determinations. The training was being provided by the Department of the Interior, Office of Surface Mining Reclamation and Enforcement (DOI/OSM).</p> <p>The DEP has ceased issuing AMLR grants under Management Directive 305.20, Grant Administration and will not resume issuing them until the AMLR program has subrecipient monitoring procedures in place.</p> <p>DEP management has determined the recipients with existing agreements are subrecipients. DEP will</p>	<p>06/30/2022</p>

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2021-004 (cont'd)		Administration and Management	follow this determination consistently with future agreements and accounting treatment. DEP is developing written policies and procedures for subrecipient monitoring and will notify grantees to implement them immediately to ensure timely subrecipient compliance with federal regulations.	
2021-005	DHS	Jeanette Coulston, OIM Income Maintenance Program Representative	<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 2020-005)</p> <p>1. The EBT Project Office will make updates to the EBT Procedures Manual (Manual) and OIM EPPIC EBT Systems Application form (application). The manual will be updated to provide one link to the application. The application will be updated to properly identify signature requirements. Notification of updates will be sent to CAO staff via the End of the Week publication.</p> <p>2. All CAOs and district offices will be reminded of the EBT Coordinators', alternates', pinners', and card makers' responsibilities and will ensure users in the EBT Card Tracking Database know their responsibilities and segregation of duties. A reminder will be sent to review the OIM EBT Procedural Manual.</p> <p>3. OIM mandates annual training for EBT personnel to be completed at the beginning of each year. The training reviews the procedures that safeguard access to the EBT systems. Also included is the following:</p> <ul style="list-style-type: none"> a. Review of roles and responsibilities and who may hold a role b. Card maker and pinner coverage for all business hours c. Proper security for EBT cards and associated items d. Timeframes for submitting changes e. Retention timeframes <p>Area managers and Staff assistants monitor completion of the training.</p> <p>4. The EBT Program office will provide guidelines for the CAOs to follow when reviewing/updating their written internal procedures for EBT security for card mailings.</p> <p>5. The EBT Project Officer will start retraining of parties that are responsible for the completion of the EBT Headquarters Card Destruction log.</p>	<p>03/30/2022</p> <p>04/01/2022</p> <p>Completed</p> <p>07/01/2022</p> <p>Completed</p>

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2021-006	DHS	Joel O'Donnell, Dir., Bur. of Prog. Support	<p>A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to Submission of Emergency Rental Assistance Monthly and Quarterly Reporting</p> <p>DHS Office of Income Maintenance has hired a contractor to assist in developing monitoring procedures to ensure the accuracy of ERAP reporting. Once those procedures are developed, the contractor will also assist with the validation of the information from the counties.</p>	09/30/2022
2021-007	DHS	<p>Joel O'Donnell, Director, Bureau of Program Support</p> <p>Jazmin Cartwright, Grants and Policy Specialist</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 2020-006)</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>OIM had planned to move forward with a portion of on-site monitoring during the year ended June 30, 2020, however, since March 13, 2020, agency personnel have been restricted from travel, making on-site monitoring not feasible. OIM is currently operating under a public health emergency. Once the state provides travel guidance at the conclusion of the health emergency and there is a recovery plan in place as an agency, OIM will be able to perform this monitoring.</p> <p><u>Alternatives to Abortion</u> The Office of Policy Development (OPD) initiated numerous conversations with the Alternatives to Abortion grantee regarding receiving the requested documentation for monitoring (communication occurred regularly from April 2021 through January 2022). The grantee disagrees that the disclosure of this information is a requirement of the grant agreement and as such has not provided the documentation needed to complete the monitoring.</p> <p>On January 27, 2022, DHS sent a letter to the grantee requesting a response to determine the next steps for this monitoring review. On January 28, 2022, the grantee requested to meet with DHS's Office of General Counsel to discuss the issue and find a solution.</p> <p>The Office of General Counsel and the Alternatives to Abortion grantee are in the process of scheduling a meeting to discuss this situation and come to a resolution. In addition, OPD completed risk assessments for FY 21-22. Monitoring will prioritize subrecipients receiving a "high risk" designation and/or who have not been monitored in the past 5 years. Monitoring will occur by June 30, 2022.</p>	<p>06/30/2022</p> <p>06/30/2022</p>

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2021-008	DHS	TinaMarie Petrovitz, Director, County Support	<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 2020-007)</p> <p>OCYF Regional Director staff have verified that OCYF Regional Offices are issuing the Licensing Inspection Summary (LIS) within 15 days of the close of the inspection, as is considered timely. If applicable, counties have ten calendar days to respond to the plan of correction (POC) and that POC needs to be reviewed by the regional office within ten business days for compliance. This LIS will be sent to Harrisburg for processing.</p> <p>Concerning the monitoring of subrecipients: Counties are required to maintain a written contract with each provider to which clients are referred. The provider agency must submit to the county children and youth agency (CCYA) quarterly progress reports, discharge summaries, billing statements, and other written reports as required by the CCYA and/or in accordance with DHS regulations or guidance. The CCYA must monitor provider adherence to the Child Protective Services Law (CPSL) background check requirements to assure the safety of children receiving prevention, reunification, and aftercare services (coded as “in-home”). Counties have primary oversight of their service providers by the fiscal office, quality assurance staff or their contract monitors. The CCYA must document these efforts and report them to DHS.</p> <p>As part of the county single audit reporting package, all counties are required to include a supplemental schedule, which is subjected to an Agreed-Upon Procedures engagement. The schedule documents CCYA monitoring of providers’ adherence to the requirements of the CPSL for children in in-home providers. The schedule includes a list of all providers, date of most recent monitoring, if there were exceptions, submission of a corrective action plan (CAP), and acceptance, implementation, and follow-up on the CAP. The county’s independent auditor is required to test the list for completeness and analyze the CCYA’s documentation of monitoring activities for adequacy, obtaining necessary corrective action plans, and timely follow-up on corrective action plans, and adequacy and accuracy of monitoring documentation.</p> <p>As single audit reports are received in DHS, a copy is transmitted to OCYF for review by the Bureau of Budget and Fiscal Support and use in QA reviews, including the supplemental information and any applicable findings contained.</p> <p>In addition, the Pennsylvania Department of the Auditor General (AG) conducts annual engagements of the CCYAs to ascertain and certify actual expenditures on behalf of children residing within the County</p>	06/30/2022

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2021-008 (cont'd)			and to determine compliance with regulations. During these engagements, the AG reviews the county policies and procedures of in-home purchased services billings and CPSL adherence. Any issued findings and/or observations included in these reports are also considered in Licensing Inspections and QA reviews.	
2021-009	DHS	Sandra Marcella, Dir., BDCM	<p>A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative (A Similar Condition Was Noted in Prior Year Finding 2020-010)</p> <p>OMAP’s Bureau of Data and Claims Management (BDCM) is currently negotiating an amendment to the PROMISE contract which will include the necessary NCCI Confidentiality Agreement.</p>	06/30/2022
2021-010	DHS	<p>Michael Penney, Dir., Div. of Rate Setting and Auditing</p> <p>Maranatha Perez, Dir., Bur. of Fiscal Mgmt. (BFM),</p> <p>Maki Traynor, Dir., Div. of HealthChoices Rates, BFM</p>	<p>A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Managed Care Financial Audit</p> <p><u>Office of Long-Term Living (OLTL):</u> OLTL posted the annual Community Health Choices MCO audits to the DHS website on January 31, 2022. In addition, OLTL will post these audits or a summary of them on the DHS website every year.</p> <p><u>Office of Medical Assistance Programs (OMAP):</u> OMAP conducted most recent encounter and financial data audit between September and December 2021. The audit work is complete; however, OMAP is currently reviewing the draft audit report. For this reason, a final audit report was not published to the website in December 2021. OMAP intends to post the final audit report on DHS’ website in the spring of 2022.</p> <p>In order to be in compliance with the encounter and financial data audit requirement in subsequent periods, OMAP will start the next required encounter data audit in time to publish the report by December 31, 2024</p>	<p>Completed</p> <p>05/31/2022</p>

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2021-011	L&I	Rebecca Keen, Acting Director, Office of UC Benefits Policy	<p>A Significant Deficiency and Noncompliance Exist Related to Eligibility of Unemployment Recipients</p> <p>Since the implementation of ID.me in the PUA system in October 2020, and in the Ben Mod system in July 2021, Pennsylvania continues to monitor and address system vulnerabilities as needed. The chart below documents Pennsylvania’s improvements to this fraud preventative measure in the Ben Mod system:</p> <ul style="list-style-type: none"> - 7/16/2021 - ID.me goes live for initial claims. - 7/22/2021 - ID.me goes live for anyone filing weekly certifications on claims with an effective date after March 1, 2021. - 7/30/2021 - ID.me goes live for any time a claimant changes his/her Keystone ID (all claim types). - 10/11/2021 - ID.me goes live for any time a claimant changes his/her payment method (all claim types). <p>A request has been made to Geographic Solutions (GSI), Pennsylvania’s system vendor, to establish a web service connection to the National Association of State Workforce Agency’s (NAWSA’s) Integrity Data Hub. The hub is comprised of a unique set of tools that, when actively utilized by all U.S. states and territories, forms a powerful mechanism for detecting and preventing UI fraud in one robust system.</p> <ul style="list-style-type: none"> - Integrity Data Hub - Designed by the Integrity Center’s leading UI experts, the hub provides critical cross-matching functionality to combat the challenges and urgencies of UI fraud. - Suspicious Actor Repository - Participating states match current claims against this state-populated database of fraudulent and suspicious claims data. The repository leverages the investigative power of all states for the benefit of each state. <p>Plans are also under way to add multi-factor authentication, a two-step process that will add an extra layer of protection against fraud and identity theft.</p> <p>Pennsylvania will be using NASWA's online training resources to train staff on:</p> <ul style="list-style-type: none"> - Properly identifying a caller (identity theft). - Increasing listening skills to assist staff in identifying conflicting information between claimants' statements. - Knowing what questions to ask and when to clarify or verify information. - Educating claimants on their rights, responsibilities, and requirements for eligibility. 	12/31/2022

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2021-011 (cont'd)			<p>- Identifying potential fictitious employer schemes or multi-claimant schemes.</p> <p>Pennsylvania is also working with a U.S. Department of Labor Tiger Team, specifically designed to analyze state systems and processes and, following recommendations by the Tiger Team, to implement any recommendations using federal grant funds. One of the focuses of the Tiger Team grant is to prevent, detect, and recover fraudulent UI overpayments. The Tiger Team is in the process of reviewing current processes and will be making recommendations to improve the fraud measures.</p>	
2021-012	L&I	<p>Dorraine Rauch, Workforce Dev. Super.</p> <p>Crystal Houser, Division Chief, Quality Assurance</p>	<p>A Significant Deficiency Exists at the Department of Labor and Industry Related to the Reemployment Services and Eligibility Assessments Program</p> <p>It was recommended through the audit that an existing staff checklist from the RESEA Policy and Procedures Desk Guide be used as a mandatory control of the program. Based on that recommendation, the agency took the checklist, updated it and made it a fillable PDF. There are signature requirements for the staff case manager to sign off on, certifying that all steps have been completed. The checklist is then provided to the supervisor who is then required to review the participant's activity and sign off, acknowledging that all steps were completed.</p> <p>On February 11, 2022 an email along with the fillable checklist was sent to all PA CareerLink® staff working in the RESEA program notifying them of the new requirement to complete and sign the checklist, effective February 14, 2022.</p>	Completed
2021-013	OA-OIT	Derin Myers, PCCD, Director, OFMA	<p>Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-015)</p> <p>Public Safety Delivery Center will monitor and document the review of email notifications and code production logs to verify that developers are not pushing unauthorized code to production.</p> <p>EDC now performs quarterly review of privileged user accounts to ensure former employees do not continue to have server access.</p>	Completed
2021-014	DHS	TinaMarie	<p>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 2020-020)</p> <p>OCYF is sending out a Restrictions and Requirements document with each FY 21-22 Tentative and</p>	Completed

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
<p>2021-014 (cont'd)</p>		<p>Petrovitz, Director of County Support</p>	<p>Final Allocation letter. The document lists all OCYF’s grants, the federal agency granting the fund and where to find the rules and regulations guiding the usage of the funds.</p> <p>FY 21-22 Tentative Allocation Letters are being sent in March 2022. The Final Allocation Letters will be sent out once the budget passes.</p> <p>FY 20-21 Tentative Allocation Letters were sent on April 1, 2021, with Assistance Listing Numbers (ALN) and funding amounts. Final Allocation Letters were sent July 31, 2021, with an attachment including all Federal Award information: ALN and Name, 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.</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 further address this finding, the risk assessment now includes documentation of other risk factors, such as: submission of a single audit report, prior experience, and new personnel. The corrective actions are considered complete.</p>	
	<p>PennDOT</p>	<p>Ryan Shiffler, Project Dev. Engineer</p> <p>Jeffrey Spotts, Acting Deputy Chief Counsel</p> <p>Nick Balzer, Asst. Counsel</p> <p>Dougie Chon, Asst. Counsel</p>	<p>PennDOT will continue to include the ALN in all RAS agreements. PennDOT is developing further guidance to ensure that Federal & State Assistance Program Names and Numbers are identified correctly and populated in agreements. PennDOT will continue to reinforce the need for a notice provision in RAS agreements. Any RAS agreement that does not contain a notice provision within its body will have an attachment uploaded with party contacts to satisfy the notice requirement and further guidance to remind PennDOT personnel of this approach is forthcoming.</p>	<p>06/30/2022</p>

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2021-015	DEP	Jennifer L. Brandt, Senior Fiscal Management Specialist, Federal Grants and Audits	<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 2020-021)</p> <p>During an audit in December 2020, DEP Fiscal Management became aware of staff not completing the necessary steps for the management decision process that is included in the instructions for handling single audit reviews. DEP Fiscal Management staff immediately contacted the DEP Program Grant Officers for a review of these findings 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>DEP Fiscal Management staff participated in a mandatory review of department and Commonwealth policies focusing on these steps January 21, 2021. DEP Fiscal Management updated the internal procedures to highlight these steps to ensure they are not missed on any future single audit review on February 1, 2021.</p> <p>DEP Fiscal Management staff participated in a high-level training held by OB-BAFM on March 30, 2021. All staff attended the session, including staff who previously worked on single audits and new staff that had recently come on board.</p> <p>OB-BAFM provides agencies with single audit reporting packages that have findings each week that have been accepted by the Federal Audit Clearinghouse. This allows to start the management decision process in a timelier manner and meet the six-month deadline for issuing a decision.</p>	Completed
	DHS	David Bryan, Manager, Audit Res. 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 (ARS) hired an additional staff member in August 2021 and is currently in the process of hiring another staff member as of February 2022. In addition, ARS is continuing to have staff from other areas in the Division of Audit and Review assist with these reviews to make them timelier. Finally, the ARS is working with Office of the Budget, Bureau of Accounting and Financial Management to develop a risk-based approach for single audit reviews, which will greatly streamline the process of single audit reviews to gain substantial efficiencies.</p> <p>Regarding late audit report submissions, DHS will continue to follow the requirements of 2 CFR §200.339 and Commonwealth Management Directive 325.8. DHS will continue to work with counties and their independent auditors to obtain any late Single Audit reports.</p>	06/30/2022

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2021-015 (cont'd)	PCCD	Chris Epoca, Deputy Director, OFMA	Internal operating procedures have been revised to include the following corrective actions: PCCD will monitor the “Agency Finding Responsibility Spreadsheet” provided by OB-BAFM on a weekly basis. Once OB-BAFM determines PCCD is the Lead/Responsible agency, PCCD will document the start date on issuing a management decision. PCCD will issue the Management Decision within six months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC).	Completed
	PEMA	Anne N. Ofili, Grants Comp. Division Chief	The FAC Weekly Listing and Agency Finding Responsibility Spreadsheet provided by OB-BAFM are now reviewed by a more senior staff to ensure the OB-BAFM routine upload emails are being entered correctly into the single audit database by the designated staff.	Completed

Appendix



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APPENDIX - Legend of Abbreviations - June 30, 2021

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
ACFR	Annual Comprehensive Financial Report
ACH	Automated Clearing House
AG	Department of the Auditor General
AGRI	Department of Agriculture
AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number
ARC	Appalachian Regional Commission
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
CAO	County Assistance Office
CAP	Corrective Action Plan
CARES	Coronavirus Aid, Relief, and Economic Security Act
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

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Legend of Abbreviations (Continued) - June 30, 2021

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
DMVA	Department of Military and Veterans Affairs
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
ERA	COVID - 19 – Emergency Rental Assistance Program
ESEA	Elementary and Secondary Education Act
ESSER	Elementary and Secondary School Emergency Relief Fund
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

COMMONWEALTH OF PENNSYLVANIA

Legend of Abbreviations (Continued) - June 30, 2021

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
OCYF	Office of Children, Youth, and Families
ODP	Office of Developmental Programs
OIG	Office of Inspector General
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
PUA	Pandemic Unemployment Assistance
RESEA	Reemployment Services and Eligibility Assessments
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
TRE	United States Department of the Treasury
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
WPRS	Worker Profiling and Reemployment Services