



COMMONWEALTH OF PENNSYLVANIA

SINGLE AUDIT REPORT

For the Fiscal Year Ended June 30, 2022

Commonwealth of Pennsylvania
Single Audit Report
For the Fiscal Year Ended June 30, 2022

Josh Shapiro, Governor



Prepared By:
Office of the Budget

Uri Z. Monson
Secretary

Brian Lyman, CPA
Chief Accounting Officer

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**Commonwealth of Pennsylvania
Single Audit Report
For the Fiscal Year Ended June 30, 2022**

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COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

URI Z. MONSON
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

March 17, 2023

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, 2022. 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, 2022 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 \$58.3 billion of federal expenditures by the Commonwealth during the fiscal year ended June 30, 2022. Most of the federal expenditures occurred in thirteen state agencies, as follows:

AGENCY NAME	FEDERAL EXPENDITURES (in thousands)
Human Services	\$37,984,924
Labor & Industry	6,852,687
Education	4,910,293
Executive Offices	4,060,768
Transportation	2,213,452
Health	656,387
Emergency Management Agency	292,080
Community & Economic Development	272,273
Military & Veterans Affairs	186,928
Agriculture	168,618
Corrections	124,128
Drug and Alcohol Programs	116,408
Environmental Protection	105,226
Subtotal	<u>\$57,944,172</u>
Other Agencies (16)	326,407
Grand Total	<u><u>\$58,270,579</u></u>

For purposes of the Commonwealth's single audit, a Type A federal program is any program with federal expenditures of at least \$87.4 million. Of the \$58.3 billion expended, 80 percent, or \$46.8 billion, represents expenditures under federal programs audited as major programs. The Summary of Auditors' Results lists the Commonwealth's 21 major federal programs tested for the fiscal year ended June 30, 2022.

FINDINGS AND RECOMMENDATIONS - CURRENT YEAR

The accompanying report for the fiscal year ended June 30, 2022 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 those findings is described from single audits between the years ended June 30, 2020 through June 30, 2021.

INDEPENDENT AUDIT


The Commonwealth's June 30, 2022 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 (blended component unit 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,


Uri Z. Monson
Secretary of the Budget

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Independent Auditors' Reports



Commonwealth of Pennsylvania



CliftonLarsonAllen LLP
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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

Report on the Audit of the Financial Statements

Opinions

We have jointly audited the accompanying 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, 2022, 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.

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, as of June 30, 2022, 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.

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 statements were audited by other auditors, including CliftonLarsonAllen LLP and the Commonwealth of Pennsylvania's Department of the Auditor General acting separately, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for those funds and component units, are based solely on the report of 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	58%	18%
Major Proprietary Fund	Tuition Payment Fund	100%	100%
Major Proprietary Fund	State Stores Fund	100%	100%
Major Proprietary Fund	Commonwealth Financing Authority	100%	100%

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
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%
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%	65%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commonwealth and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commonwealth's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 – 46, 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 204 – 215, included in the separately issued Annual Comprehensive Financial Report, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 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 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 in the separately issued Annual Comprehensive Financial Report, are presented for purposes of additional analysis and are 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 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

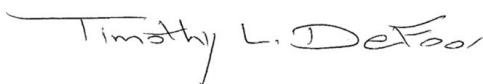
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, 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 9, 2022



Baltimore, Maryland
December 9, 2022



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, 2022, 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 9, 2022. 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 described in our report of 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	58%	18%
Major Proprietary Fund	Tuition Payment Fund	100%	100%
Major Proprietary Fund	State Stores Fund	100%	100%
Major Proprietary Fund	Commonwealth Financing Authority	100%	100%

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
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%
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%	65%

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*.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

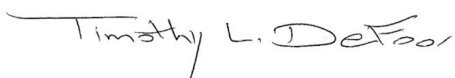
As part of obtaining reasonable assurance about whether the Commonwealth’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Commonwealth’s Response to Findings


Government Auditing Standards requires the auditor to perform limited procedures on the Commonwealth’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commonwealth’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisburg, Pennsylvania
December 9, 2022



Baltimore, Maryland
December 9, 2022



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



CliftonLarsonAllen LLP
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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 Joshua D. Shapiro, Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have jointly audited the Commonwealth of Pennsylvania's (Commonwealth) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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 \$4.6 billion in federal awards and \$15.9 billion of federal loan guarantees that are not included in the schedule of expenditures of federal awards for the year ended June 30, 2022. 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.

Summary of Opinions

Major Federal Program/Cluster	Type of Opinion
Supplemental Nutrition Assistance Program (SNAP) Cluster	Qualified
Child Nutrition Cluster	Qualified
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Qualified
Child and Adult Care Food Program	Qualified
Abandoned Mine Land Reclamation	Qualified
Emergency Rental Assistance Program	Qualified
Title I Grants to Local Educational Agencies	Qualified
Special Education Cluster (IDEA)	Qualified
Education Stabilization Fund	Qualified
Epidemiology and Laboratory Capacity for Infectious Diseases	Qualified
Temporary Assistance for Needy Families	Qualified
Child Support Enforcement	Qualified
Child Care and Development Fund (CCDF) Cluster	Qualified
Foster Care – Title IV-E	Qualified
Adoption Assistance	Qualified
Pandemic EBT Food Benefits	Unmodified
Crime Victim Assistance	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	Unmodified
Medicaid Cluster	Unmodified
Social Security – Disability Insurance	Unmodified
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Unmodified

Qualified Opinion on the 15 Major Federal Programs Identified in the Preceding Table

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Commonwealth complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the identified major programs for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs Identified in the Preceding Table

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, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commonwealth and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commonwealth’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the 15 Major Federal Programs Identified in the Following Table

As described in the accompanying schedule of findings and questioned costs, the Commonwealth did not comply with the requirements regarding the following:

State Administering Agency	Finding Number	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
Department of Environmental Protection	2022-005	15.252	Abandoned Mine Land Reclamation	Subrecipient Monitoring
Department of Human Services	2022-006	10.551 – C 10.561 – C	Supplemental Nutrition Assistance Program (SNAP) Cluster	Special Tests and Provisions related to Electronic Benefits Transfer (EBT) Card Security
		93.558 – C	Temporary Assistance for Needy Families	
Office of the Budget – Office of Comptroller Operations	2022-012	93.323 – C	Epidemiology and Laboratory Capacity for Infectious Diseases	Reporting
		93.558 – C	Temporary Assistance for Needy Families	

State Administering Agency	Finding Number	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
	2022-012 (continued)	93.575 – C 93.596	Child Care and Development Fund (CCDF) Cluster	
Various Agencies	2022-014	10.553 – C 10.555 – C 10.556 10.559 10.582	Child Nutrition Cluster	Subrecipient Monitoring
		10.557 – C	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	
		10.558 – C	Child and Adult Care Food Program	
		15.252	Abandoned Mine Land Reclamation	
		21.023 – C	Emergency Rental Assistance Program	
		84.010	Title I Grants to Local Educational Agencies	
		84.027 – C 84.173 – C	Special Education Cluster (IDEA)	
		84.425 – C C, D, R, U, W	Education Stabilization Fund	
		93.558 – C	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	

Compliance with such requirements is necessary, in our opinion, for the Commonwealth to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commonwealth's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commonwealth's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commonwealth's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commonwealth's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commonwealth's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Commonwealth's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 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	2022-004	84.425 – C C, D, R, U	Education Stabilization Fund	Reporting
Department of Human Services	2022-007	21.023 – C	Emergency Rental Assistance Program	Reporting and Special Tests and Provisions related to Emergency Rental Assistance (ERA) Funds Reallocation
Department of Human Services	2022-008	93.558 – C	Temporary Assistance for Needy Families	Subrecipient Monitoring
Department of Human Services	2022-009	93.775 93.777 – C 93.778 – C	Medicaid Cluster	Special Tests and Provisions related to the Medicaid National Correct Coding Initiative (NCCI)
Office of Administration – Office for Information Technology and Department of Agriculture	2022-010	10.553 – C 10.555 – C 10.556 10.559 10.582	Child Nutrition Cluster	Special Tests and Provisions related to Accountability for United States Department of Agriculture (USDA) – Donated Foods
Office of the Budget – Governor’s Budget Office	2022-011	21.027 – C	Coronavirus State and Local Fiscal Recovery Funds	Reporting
Various Agencies	2022-013	93.323 – C	Epidemiology and Laboratory Capacity for Infectious Diseases	Subrecipient Monitoring
		93.558 – C	Temporary Assistance for Needy Families	
		93.658 – C	Foster Care – Title IV-E	
		93.659 – C	Adoption Assistance	
Department of Human Services	2022-014	93.775 93.777 – C 93.778 – C	Medicaid Cluster	Subrecipient Monitoring

Government Auditing Standards requires the auditor to perform limited procedures on the Commonwealth's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Commonwealth's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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 2022-005, 2022-006, 2022-012, and 2022-014 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 2022-004, 2022-007, 2022-008, 2022-009, 2022-010, 2022-011, 2022-013, and 2022-014 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Commonwealth's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Commonwealth's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

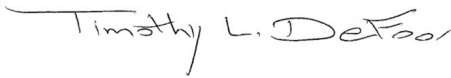
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

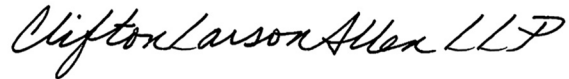
We have jointly audited the financial statements, issued under separate cover, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth as of and for the year ended June 30, 2022, and

The Honorable Joshua D. Shapiro, Governor
Commonwealth of Pennsylvania

the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements. We issued our report thereon dated December 9, 2022, 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Harrisburg, Pennsylvania
March 17, 2023



Baltimore, Maryland
March 17, 2023

Schedule of Expenditures of Federal Awards



Commonwealth of Pennsylvania

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing 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		3,601,002	
10.551	COVID-19 - Supplemental Nutrition Assistance Program		<u>2,006,583</u>	
	Total Supplemental Nutrition Assistance Program			5,607,585
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program		204,128	39,203
10.561	COVID-19 - State Administrative Matching Grants for Supplemental Nutrition Assistance Program		<u>16,104</u>	
	Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program			<u>220,232</u>
	<i>Total SNAP Cluster</i>			5,827,817
<i>Child Nutrition Cluster:</i>				
10.553	School Breakfast Program		205,044	204,892
10.553	COVID-19 - School Breakfast Program		<u>(81)</u>	(81)
	Total School Breakfast Program			204,963
10.555	National School Lunch Program (Cash Assistance)		741,119	740,832
10.555	COVID-19 - National School Lunch Program (Cash Assistance)		78,476	78,470
10.555	National School Lunch Program (Food Commodities)		<u>62,761</u>	62,761
	Total National School Lunch Program			882,356
10.556	Special Milk Program for Children			113
10.559	Summer Food Service Program for Children (Cash Assistance)		34,248	33,724
10.559	Summer Food Service Program for Children (Food Commodities)		<u>47</u>	47
	Total Summer Food Service Program for Children			34,295
10.582	Fresh Fruit and Vegetable Program		<u>6,210</u>	6,210
	<i>Total Child Nutrition Cluster</i>			1,127,937
<i>Food Distribution Cluster:</i>				
10.565	Commodity Supplemental Food Program (Cash Assistance)		2,300	2,292
10.565	COVID-19 - Commodity Supplemental Food Program (Cash Assistance)		122	112
10.565	Commodity Supplemental Food Program (Food Commodities)		<u>9,260</u>	9,260
	Total Commodity Supplemental Food Program			11,682
10.568	Emergency Food Assistance Program (Administrative Costs)		8,099	7,515
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)		<u>194</u>	194
	Total Emergency Food Assistance Program (Administrative Costs)			8,293
10.569	Emergency Food Assistance Program (Food Commodities)		<u>66,111</u>	66,111
	<i>Total Food Distribution Cluster</i>			86,086
<i>Forest Service Schools and Roads Cluster:</i>				
10.665	Schools and Roads - Grants to States			2,885

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
10.025	Plant and Animal Disease, Pest Control, and Animal Care		215
10.170	Specialty Crop Block Grant Program - Farm Bill	1,941	1,805
10.170	COVID-19 - Specialty Crop Block Grant Program - Farm Bill	39	39
	Total Specialty Crop Block Grant Program - Farm Bill	1,980	
10.171	Organic Certification Cost Share Programs	204	
10.525	Farm and Ranch Stress Assistance Network Competitive Grants	65	14
10.541	Child Nutrition- Technology Innovation Grant	13	
10.542	COVID-19 - Pandemic EBT Food Benefits	1,189,863	
10.545	Farmers' Market SNAP Support Grants	10	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	136,576	45,270
10.557	COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	4,557	
	Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children	141,133	
10.558	Child and Adult Care Food Program (Cash Assistance)	92,412	91,371
10.558	COVID-19 - Child and Adult Care Food Program (Cash Assistance)	14,324	14,324
10.558	Child and Adult Care Food Program (Food Commodities)	65	65
	Total Child and Adult Care Food Program	106,801	
10.560	State Administrative Expenses for Child Nutrition	9,656	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	1,121	220
10.574	Team Nutrition Grants	222	
10.575	Farm to School Grant Program	90	
10.576	Senior Farmers Market Nutrition Program	1,669	
10.578	WIC Grants to States (WGS)	136	112
10.579	Child Nutrition Discretionary Grants Limited Availability	288	288
10.649	COVID-19 - Pandemic EBT Administrative Costs	26,054	1,154
10.664	Cooperative Forestry Assistance	64	
10.675	Urban and Community Forestry Program	2	
10.678	Forest Stewardship Program	94	
10.680	Forest Health Protection	1,002	
10.691	Good Neighbor Authority	13	
10.698	State & Private Forestry Cooperative Fire Assistance	1,564	474
10.931	Agricultural Conservation Easement Program	148	
10.932	Regional Conservation Partnership Program	8	
	Total - U.S. Department of Agriculture	\$8,534,742	\$1,409,891

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COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing 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	92	
11.407	Interjurisdictional Fisheries Act of 1986	11	
11.419	Coastal Zone Management Administration Awards	2,010	927
11.474	Atlantic Coastal Fisheries Cooperative Management Act	30	
Total - U.S. Department of Commerce		\$2,143	\$927
U.S. Department of Defense			
12.112	Payments to States in Lieu of Real Estate Taxes	273	273
12.400	Military Construction, National Guard	1,466	
12.401	National Guard Military Operations and Maintenance (O&M) Projects	70,672	
12.404	National Guard Challenge Program	7,421	
12.617	Economic Adjustment Assistance for State Governments	152	18
12.620	Troops to Teachers Grant Program	43	
Total - U.S. Department of Defense		\$80,027	\$291
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	293	241
14.228	Community Development Block Grants/State's Program	47,023	46,031
14.228	COVID-19 - Community Development Block Grants/State's Program	376	
	Total Community Development Block Grants/State's Program	47,399	
14.231	Emergency Solutions Grant Program	4,851	4,558
14.231	COVID-19 - Emergency Solutions Grant Program	15,357	14,776
	Total Emergency Solutions Grant Program	20,208	
14.239	Home Investment Partnerships Program	9,736	8,947
14.239	COVID-19 - Home Investment Partnerships Program	138	
	Total Home Investment Partnerships Program	9,874	
14.241	Housing Opportunities for Persons with AIDS	2,597	2,594
14.241	COVID-19 - Housing Opportunities for Persons with AIDS	3	3
	Total Housing Opportunities for Persons with AIDS	2,600	
14.267	Continuum of Care Program	1,024	
14.276	Youth Homelessness Demonstration Program	51	
14.401	Fair Housing Assistance Program - State and Local	52	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	288	280
Total - U.S. Department of Housing and Urban Development		\$81,789	\$77,430
U.S. Department of the Interior			
<i>Fish and Wildlife Cluster:</i>			
15.605	Sport Fish Restoration	9,951	
15.611	Wildlife Restoration and Basic Hunter Education	<u>35,000</u>	
	<i>Total Fish and Wildlife Cluster</i>		44,951
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	11,368	15
15.252	Abandoned Mine Land Reclamation (AMLR)	49,400	13,270
15.608	Fish and Wildlife Management Assistance	78	
15.615	Cooperative Endangered Species Conservation Fund	96	
15.616	Clean Vessel Act	23	
15.634	State Wildlife Grants	1,391	
15.667	Highlands Conservation	1,596	
15.808	U.S. Geological Survey - Research and Data Collection	45	
15.810	National Cooperative Geologic Mapping	127	
15.904	Historic Preservation Fund Grants-In-Aid	1,326	177
15.916	Outdoor Recreation Acquisition, Development and Planning	2,435	2,435
15.928	Battlefield Land Acquisition Grants	67	67
15.981	Water Use and Data Research	4	
Total - U.S. Department of the Interior		\$112,907	\$15,964
U.S. Department of Justice			
16.004	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	1,460	
16.017	Sexual Assault Services Formula Program	761	761
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program	3,442	3,008
16.321	Antiterrorism Emergency Reserve	797	797
16.540	Juvenile Justice and Delinquency Prevention	756	556
16.550	State Justice Statistics Program for Statistic Analysis Centers	297	
16.554	National Criminal History Improvement Program (NCHIP)	2,981	394
16.575	Crime Victim Assistance	79,660	76,029
16.576	Crime Victim Compensation	4,898	
16.582	Crime Victim Assistance/Discretionary Grants	231	(12)
16.588	Violence Against Women Formula Grants	4,707	4,281
16.593	Residential Substance Abuse Treatment for State Prisoners	475	150

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
16.606	State Criminal Alien Assistance Program	2,834	
16.609	Project Safe Neighborhoods	671	353
16.710	Public Safety Partnership and Community Policing Grants	1,930	
16.734	Special Data Collections and Statistical Studies	188	185
16.738	Edward Byrne Memorial Justice Assistance Grant Program	6,410	4,044
16.741	DNA Backlog Reduction Program	1,568	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	395	235
16.750	Support for Adam Walsh Act Implementation Grant Program	241	
16.752	Economic, High-Tech, and Cyber Crime Prevention	113	
16.754	Harold Rogers Prescription Drug Monitoring Program	747	37
16.812	Second Chance Act Reentry Initiative	308	
16.813	NICS Act Record Improvement Program	78	
16.816	John R. Justice Prosecutors and Defenders Incentive Act	57	
16.824	Emergency Law Enforcement Assistance Grant	3,539	3,429
16.825	Smart Prosecution Initiative	93	20
16.831	Children of Incarcerated Parents	201	
16.835	Body Worn Camera Policy and Implementation	775	775
16.838	Comprehensive Opioid Abuse Site-Based Program	628	618
16.839	STOP School Violence	1,248	1,248
16.922	Equitable Sharing Program	1,666	
Total - U.S. Department of Justice		\$124,155	\$96,908
U.S. Department of Labor			
<i>Employment Service Cluster:</i>			
17.207	Employment Service/Wagner-Peyser Funded Activities	28,088	
17.801	Jobs for Veterans State Grants	6,110	
<i>Total Employment Service Cluster</i>			34,198
<i>WIOA Cluster:</i>			
17.258	WIOA Adult Program	30,581	28,853
17.259	WIOA Youth Activities	40,364	37,783
17.278	WIOA Dislocated Worker Formula Grants	52,431	45,434
<i>Total WIOA Cluster</i>			123,376
17.002	Labor Force Statistics		2,098
17.005	Compensation and Working Conditions		302
17.225	Unemployment Insurance	1,573,912	
17.225	COVID-19 - Unemployment Insurance	4,813,327	252
<i>Total Unemployment Insurance</i>			6,387,239

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
17.235	Senior Community Service Employment Program	4,013	3,886
17.245	Trade Adjustment Assistance	18,935	5,527
17.271	Work Opportunity Tax Credit Program (WOTC)	522	
17.273	Temporary Labor Certification for Foreign Workers	286	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	1,544	1,502
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	1,077	1,014
	Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants	2,621	
17.280	WIOA Dislocated Worker National Reserve Demonstration Grants	573	521
17.285	Apprenticeship USA Grants	1,878	1,332
17.600	Mine Health and Safety Grants	709	
Total - U.S. Department of Labor		\$6,576,750	\$126,104
U.S. Department of Transportation			
<i>Highway Planning and Construction Cluster:</i>			
20.205	Highway Planning and Construction	1,780,310	134,661
20.219	Recreational Trails Program	1,971	1,415
	Total Highway Planning and Construction Cluster	1,782,281	
<i>Federal Motor Carrier Safety Assistance Cluster:</i>			
20.218	Motor Carrier Safety Assistance		11,087
<i>Federal Transit Cluster:</i>			
20.500	Federal Transit - Capital Investment Grants	10,472	2,869
20.507	Federal Transit - Formula Grants	24,375	18,615
20.525	State of Good Repair Grants Program	1,275	71
	Total Federal Transit Cluster	36,122	
<i>Transit Services Programs Cluster:</i>			
20.513	Enhanced Mobility of Seniors & Individuals with Disabilities	10,810	10,615
20.516	Job Access and Reverse Commute Program	525	525
	Total Transit Services Programs Cluster	11,335	
<i>Highway Safety Cluster:</i>			
20.600	State and Community Highway Safety	10,318	5,434
20.616	National Priority Safety Programs	9,087	4,258
	Total Highway Safety Cluster	19,405	

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COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
20.106	Airport Improvement Program	12,925	12,423
20.106	COVID-19 - Airport Improvement Program	1,107	1,104
	Total Airport Improvement Program		14,032
20.200	Highway Research and Development Program		285
20.215	Highway Training and Education		6
20.232	Commercial Driver's License Program Implementation Grant		237
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort		12
20.505	Metropolitan Trans Planning & State & Non-Metropolitan Planning & Research		5,026
20.509	Formula Grants for Rural Areas and Tribal Transit Program	32,519	32,456
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	21,112	21,112
	Total Formula Grants for Rural Areas and Tribal Transit Program		53,631
20.520	Paul S. Sarbanes Transit in the Parks		61
20.528	Rail Fixed Guideway Public Trans. System State Safety Oversight Form. Grant Program		1,168
20.610	State Traffic Safety Information System Improvement Grants		7
20.614	National Highway Traffic Safety Admin Discretionary Safety Grants & Cooperative Agreements		238
20.615	E-911 Grant Program		2,767
20.700	Pipeline Safety Program State Base Grant		2,391
20.703	Interagency Hazardous Materials Training and Planning Grants		433
20.933	National Infrastructure Investments		6,239
Total - U.S. Department of Transportation		\$1,958,670	\$252,100
U.S. Department of the Treasury			
21.016	Equitable Sharing		628
21.019	COVID-19 - Coronavirus Relief Fund		233
21.023	COVID-19 - Emergency Rental Assistance Program		482,242
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		4,769,844
Total - U.S. Department of the Treasury		\$5,252,947	\$585,308
Appalachian Regional Commission			
23.002	Appalachian Area Development		199
Total - Appalachian Regional Commission		\$199	\$9
Equal Employment Opportunity Commission			
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964		642
Total - Equal Employment Opportunity Commission		\$642	\$0

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	646	646
Total - General Services Administration		\$646	\$646
National Foundation on the Arts and Humanities			
45.025	Promotion of the Arts - Partnership Agreements	1,031	
45.025	COVID-19 - Promotion of the Arts - Partnership Agreements	896	896
Total Promotion of the Arts - Partnership Agreements			1,927
45.310	Grants to States	6,471	4,304
45.310	COVID-19 - Grants to States	1,711	1,640
Total Grants to States			8,182
45.312	COVID-19 - National Leadership Grants		163
Total - National Foundation on the Arts and Humanities		\$10,272	\$6,840
Small Business Administration			
59.061	State Trade Expansion		546
Total - Small Business Administration		\$546	\$0
U.S. Department of Veterans Affairs			
64.010	Veterans Nursing Home Care		107
64.014	Veterans State Domiciliary Care		2,928
64.015	Veterans State Nursing Home Care	39,728	
64.015	COVID-19 - Veterans State Nursing Home Care	5,479	
Total Veterans State Nursing Home Care			45,207
64.111	Veterans Education Assistance		1,358
Total - U.S. Department of Veterans Affairs		\$49,600	\$0
Environmental Protection Agency			
<i>Clean Water State Revolving Fund Cluster:</i>			
66.458	Capitalization Grants for Clean Water State Revolving Funds		62,939
<i>Drinking Water State Revolving Fund Cluster:</i>			
66.468	Capitalization Grants for Drinking Water State Revolving Funds		23,572

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
66.001	Air Pollution Control Program Support	3,283	
66.032	State Indoor Radon Grants	343	
66.034	Surveys, Studies, Research, Investigations, Demos & Special Purpose Activities - Clean Air Act	600	
66.204	Multipurpose Grants to States and Tribes	142	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	6,848	
66.432	State Public Water System Supervision	4,228	
66.441	Healthy Watersheds Consortium Grant Program	13	
66.444	Lead Testing in School and Child Care Program Drinking Water	115	
66.454	Water Quality Management Planning	805	
66.460	Nonpoint Source Implementation Grants	3,947	3,129
66.461	Regional Wetland Program Development Grants	283	
66.466	Chesapeake Bay Program	8,458	5,693
66.469	Great Lakes Program	307	193
66.605	Performance Partnership Grants	981	
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	97	
66.801	Hazardous Waste Management State Program Support	4,596	
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	1,292	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	566	
66.817	State and Tribal Response Program Grants	580	
Total - Environmental Protection Agency		\$130,651	\$95,526
U.S. Department of Energy			
81.041	State Energy Program	1,662	153
81.042	Weatherization Assistance for Low-Income Persons	17,482	14,206
81.138	State Heating Oil & Propane Program	5	
Total - U.S. Department of Energy		\$19,149	\$14,359
U.S. Department of Education			
<i>Special Education Cluster (IDEA):</i>			
84.027	Special Education - Grants to States	409,981	399,798
84.027	COVID-19 - Special Education - Grants to States	64,253	64,253
	Total Special Education - Grants to States	474,234	
84.173	Special Education - Preschool Grants	11,861	11,231
84.173	COVID-19 - Special Education - Preschool Grants	3,260	3,260
	Total Special Education - Preschool Grants	15,121	
	<i>Total Special Education Cluster (IDEA)</i>	489,355	

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
84.042	TRIO - Student Support Services	229	
	<i>TRIO Cluster:</i>		
	<i>Student Financial Assistance Programs Cluster:</i>		
84.007	Federal Supplemental Educational Opportunity Grants	65	
84.033	Federal Work-Study Program	15	
84.063	Federal Pell Grant Program	2,863	
84.268	Federal Direct Student Loans	3,629	
	<i>Total Student Financial Assistance Programs Cluster</i>	6,572	
84.002	Adult Education - Basic Grants to States	16,976	16,204
84.010	Title I Grants to Local Educational Agencies	658,588	646,021
84.011	Migrant Education - State Grant Program	5,631	5,161
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	832	505
84.048	Career and Technical Education - Basic Grants to States	43,901	41,221
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	105,467	
84.126	COVID-19 - Rehabilitation Services - Vocational Rehabilitation Grants to States	397	
	<i>Total Rehabilitation Services - Vocational Rehabilitation Grants to States</i>	105,864	
84.144	Migrant Education - Coordination Program	54	54
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	298	
84.181	Special Education - Grants for Infants and Families	15,686	13,773
84.184	School Safety National Activities	353	22
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	635	
84.196	Education for Homeless Children and Youth	4,284	3,966
84.287	Twenty-First Century Community Learning Centers	44,312	41,864
84.323	Special Education - State Personnel Development	1,721	1,490
84.358	Rural Education	763	763
84.365	English Language Acquisition State Grants	12,852	12,109
84.367	Supporting Effective Instruction State Grants	65,655	62,765
84.369	Grants for State Assessments and Related Activities	9,958	
84.372	Statewide Longitudinal Data Systems	761	
84.377	Title I Grants to Local Educational Agencies	4,078	4,078
84.424	Student Support and Academic Enrichment Program	44,481	43,604
84.425C	COVID-19 - Education Stabilization Fund - GEER Fund	52,237	52,200
84.425D	COVID-19 - Education Stabilization Fund - ESSER Fund	1,405,593	1,405,453
84.425E	COVID-19 - Education Stabilization Fund - HEERF Student Aid Portion	2,584	
84.425F	COVID-19 - Education Stabilization Fund - HEERF Institutional Portion	712	
84.425N	COVID-19 - Education Stabilization Fund - HEERF FIPSE Formula Grant	232	
84.425R	COVID-19 - Education Stabilization Fund - CRRSA EANS Program	58,488	58,100

COMMONWEALTH OF PENNSYLVANIA

Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
Listing #	Assistance Listing Name		
84.425U	COVID-19 - Education Stabilization Fund - ARP ESSER	545,711	545,070
84.425W	COVID-19 - Education Stabilization Fund - ARP ESSER HCY	<u>1,200</u>	1,200
	Total COVID-19 - Education Stabilization Fund		2,066,757
Total - U.S. Department of Education			<u>\$3,600,596</u>
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments		1,817
90.404	2018 HAVA Election Security Grants		1,249
Total - Elections Assistance Commission			<u>\$3,066</u>
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	17,451	15,819
93.044	COVID-19 - Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs	<u>5,781</u>	5,131
	Total Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs		23,232
93.045	Special Programs for the Aging - Title III, Part C, Nutrition Services	30,316	30,084
93.045	COVID-19 - Special Programs for the Aging - Title III, Part C, Nutrition Services	<u>7,955</u>	7,038
	Total Special Programs for the Aging - Title III, Part C, Nutrition Services		38,271
93.053	Nutrition Services Incentive Program	<u>5,975</u>	5,975
	Total Aging Cluster		67,478
<i>CCDF Cluster:</i>			
93.575	Child Care and Development Block Grant	136,505	112,719
93.575	COVID-19 - Child Care and Development Block Grant	<u>865,083</u>	864,997
	Total Child Care and Development Block Grant		1,001,588
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	<u>125,740</u>	125,581
	Total CCDF Cluster		1,127,328
<i>Head Start Cluster:</i>			
93.600	Head Start	9,223	9,223
93.600	COVID-19 - Head Start	<u>743</u>	743
	Total Head Start		9,966
	Total Head Start Cluster		9,966

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Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
	<i>Medicaid Cluster:</i>		
93.775	State Medicaid Fraud Control Units	7,902	
93.777	State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare	18,852	
93.777	COVID-19 - State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare	863	
	Total State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare	19,715	
93.778	Medical Assistance Program	24,519,171	338,382
93.778	COVID-19 - Medical Assistance Program	2,644,254	24,163
	Total Medical Assistance Program	27,163,425	
	<i>Total Medicaid Cluster</i>		27,191,042
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	515	509
93.042	COVID-19 - Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services	158	148
	Total Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services		673
93.043	Special Programs for the Aging - Title III, Part D, Disease Prevent and Health Promo Serv		829
93.048	COVID-19 - Special Programs for the Aging - Title IV and Title II, Discretionary Projects		1,260
93.052	National Family Caregiver Support, Title III, Part E	5,643	5,643
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	2,085	1,905
	Total National Family Caregiver Support, Title III, Part E		7,728
93.069	Public Health Emergency Preparedness		19,929
93.070	Environmental Public Health and Emergency Response		601
93.071	Medicare Enrollment Assistance Program		948
93.079	Cooperative Agreements to Promote Adolescent Health		95
93.090	Guardianship Assistance	14,099	13,190
93.090	COVID-19 - Guardianship Assistance	1,368	1,368
	Total Guardianship Assistance		15,467
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		914
93.103	Food and Drug Administration - Research		1,773
93.104	Community Mental Health Services for Children with Serious Emotional Disturbances		3,431
93.110	Maternal and Child Health Federal Consolidated Programs		183
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		805
93.127	Emergency Medical Services for Children		118
93.130	Coop. Agreements to States/Territories for the Coordination & Dev. of Primary Care Offices		239
93.136	Injury Prevention & Control Research & State & Community Based Programs		8,877
93.150	Projects for Assistance in Transition from Homelessness (PATH)		2,308
93.165	Grants to States for Loan Repayment		880
93.197	Childhood Lead Poisoning Prevention Projects, St and Lcl Childhood Lead Poising Prev		321
93.234	Traumatic Brain Injury State Demonstration Grant Program		97
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		1,219

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Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.236	Grants to States to Support Oral Health Workforce Activities	358	232
93.240	State Capacity Building	437	
93.243	Substance Abuse and Mental Health Services - Projects of Reg. and Nat. Significance	6,473	5,053
93.251	Early Hearing Detection and Intervention	174	66
93.262	Occupational Safety and Health Program	27	
93.268	Immunization Cooperative Agreements (Cash Assistance)	9,382	2,620
93.268	COVID-19 - Immunization Cooperative Agreements (Cash Assistance)	57,576	25,887
93.268	Immunization Cooperative Agreements (Vaccines)	105,391	
	Total Immunization Cooperative Agreements		172,349
93.270	Viral Hepatitis Prevention and Control	173	
93.283	Centers for Disease Control & Prevention - Investigations and Technical Assistance	147	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	2,325	177
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	193,106	57,817
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		195,431
93.324	State Health Insurance Assistance Program	1,300	1,272
93.336	Behavioral Risk Factor Surveillance System	102	
93.354	Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises	(339)	
93.354	COVID-19 - Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises	13,641	4,605
	Total Activities to Support STLT Health Dept. Response to Public Health or Healthcare Crises		13,302
93.366	State Actions to Improve Oral Health Outcomes & Partner Actions to Improve Oral Health Outcomes	473	191
93.367	Flexible Funding Model - Infrastructure Development & Maintenance for SMFRP	606	
93.369	ACL Independent Living State Grants	486	138
93.387	National and State Tobacco Control Program	2,229	920
93.391	COVID-19 - STLT Health Department Response to Public Health Crises	2,784	1,449
93.413	The State Flexibility to Stabilize the Market Grant Program	140	
93.426	Improving the Hlth of Americans through Prev & Mgmt of Diab & HD and Stroke	2,275	1,557
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	516	95
93.439	State Physical Activity and Nutrition (SPAN)	869	363
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	350	91
93.498	COVID-19 - Provider Relief Fund and ARP Rural Distribution	2,312	
93.525	COVID-19 - State Plan. & Establishment Grants for Affordable Care Act	1,107	
93.556	Promoting Safe and Stable Families Program	9,377	9,322
93.556	COVID-19 - Promoting Safe and Stable Families Program	794	794
	Total Promoting Safe and Stable Families Program		10,171
93.558	Temporary Assistance for Needy Families	341,886	176,657
93.558	COVID-19 - Temporary Assistance for Needy Families	18,274	
	Total Temporary Assistance for Needy Families		360,160
93.563	Child Support Enforcement	165,095	136,068
93.566	Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	10,717	8,801

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Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.568	Low-Income Home Energy Assistance	141,394	17,823
93.568	COVID-19 - Low-Income Home Energy Assistance	<u>277,432</u>	24,259
	Total Low-Income Home Energy Assistance		
93.569	Community Services Block Grant	30,473	29,212
93.569	COVID-19 - Community Services Block Grant	<u>16,022</u>	15,842
	Total Community Services Block Grant		
			46,495
93.576	Refugee and Entrant Assistance - Discretionary Grants		235
93.583	Refugee and Entrant Assistance - Wilson/Fish Program		544
93.590	Community-Based Child Abuse Prevention Grants		877
93.599	Chafee Education and Training Vouchers Program (ETV)		1,963
93.603	Adoption and :Legal Guardianship Incentive Payments		1,420
93.630	Developmental Disabilities Basic Support and Advocacy Grants	3,427	
93.630	COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	<u>100</u>	2,443
	Total Developmental Disabilities Basic Support and Advocacy Grants		
			3,527
93.639	COVID-19 - State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services		135
93.643	Children's Justice Grants to States		217
93.645	Stephanie Tubbs Jones Child Welfare Services Program		9,205
93.658	Foster Care - Title IV-E	206,873	195,924
93.658	COVID-19 - Foster Care - Title IV-E	<u>6,167</u>	6,167
	Total Foster Care - Title IV-E		
			213,040
93.659	Adoption Assistance	139,706	108,551
93.659	COVID-19 - Adoption Assistance	<u>10,518</u>	10,518
	Total Adoption Assistance		
			150,224
93.665	COVID-19 - Emergency Grants to Address Mental and Substance Use Disorde		968
93.667	Social Services Block Grant		93,045
93.669	Child Abuse and Neglect State Grants		1,741
93.671	Family Violence Prevention & Services/Domestic Violence Shelter & Supportive Services	3,266	3,266
93.671	COVID-19 - Family Violence Prevention & Services/Domestic Violence Shelter & Supportive Services	<u>2,520</u>	2,520
	Total Family Violence Prevention & Services/Dom. Violence Shelter & Supportive Services		
			5,786
93.674	John H. Chafee Foster Care Program for Successful Transition for Adulthood	4,936	4,936
93.674	COVID-19 - John H. Chafee Foster Care Program for Successful Transition for Adulthood	<u>6,992</u>	6,992
	Total John H. Chafee Foster Care Program for Successful Transition for Adulthood		
			11,928
93.734	Empowering Older Adults and Adults with Disabilities (PPHF)		53
93.747	Elder Abuse Prevention Interventions Program	352	
93.747	COVID-19 - Elder Abuse Prevention Interventions Program	<u>195</u>	
	Total Elder Abuse Prevention Interventions Program		
			547

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Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.767	Children's Health Insurance Program	506,765	84,066
93.767	COVID-19 - Children's Health Insurance Program	<u>35,882</u>	8,208
	Total Children's Health Insurance Program		542,647
93.779	CMS Research, Demonstrations and Evaluations		266
93.788	Opioid STR		74,452
93.791	Money Follows the Person Rebalancing Demonstration	12,552	1,586
93.791	COVID-19 - Money Follows the Person Rebalancing Demonstration	<u>296</u>	
	Total Money Follows the Person Rebalancing Demonstration		12,848
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		1,184
93.870	Maternal, Infant & Early Childhood Home Visiting Grant Program	9,678	9,515
93.870	COVID-19 - Maternal, Infant & Early Childhood Home Visiting Grant Program	<u>648</u>	648
	Total Maternal, Infant & Early Childhood Home Visiting Grant Program		10,326
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		101
93.889	National Bioterrorism Hospital Preparedness Program	10,980	9,378
93.889	COVID-19 - National Bioterrorism Hospital Preparedness Program	<u>3,109</u>	3,059
	Total National Bioterrorism Hospital Preparedness Program		14,089
93.898	Cancer Prevention & Control Programs for State, Territorial & Tribal Organizations		4,487
93.917	HIV Care Formula Grants	24,552	739
93.917	COVID-19 - HIV Care Formula Grants	<u>579</u>	579
	Total HIV Care Formula Grants		25,131
93.940	HIV Prevention Activities - Health Department Based		4,950
93.944	Human Immunodeficiency Virus (HIV)/AIDS Surveillance		308
93.946	Cooperative Agreements to Support Safe Motherhood and Infant Health Initiative Program		247
93.958	Block Grants for Community Mental Health Services	24,969	23,562
93.958	COVID-19 - Block Grants for Community Mental Health Services	<u>22,161</u>	21,762
	Total Block Grants for Community Mental Health Services		47,130
93.959	Block Grants for Prevention and Treatment of Substance Abuse	53,453	43,417
93.959	COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	<u>20,560</u>	19,765
	Total Block Grants for Prevention and Treatment of Substance Abuse		74,013
93.968	Funding in Support of the Pennsylvania Rural Health Model		3,232
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,811	221
93.977	COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	<u>39</u>	
	Total Sexually Transmitted Diseases (STD) Prevention and Control Grants		1,850
93.982	COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health		83
93.991	Preventive Health and Health Services Block Grant		7,690
93.994	Maternal and Child Health Services Block Grant to the States		25,047
	Total - U.S. Department of Health and Human Services		<u>\$31,226,129</u> <u>\$2,837,283</u>

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Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
Corporation for National and Community Service			
94.003	State Commissions		532
94.006	AmeriCorps	7,804	7,804
94.006	COVID-19 - AmeriCorps	1,336	1,336
	Total AmeriCorps		9,140
94.009	Training and Technical Assistance		198
	Total - Corporation for National and Community Service		\$9,870
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program		4,019
	Total - Executive Office of the President		\$4,019
Social Security Administration			
<i>Disability Insurance/SSI Cluster:</i>			
96.001	Social Security - Disability Insurance		129,384
	Total - Social Security Administration		\$129,384
U.S. Department of Homeland Security			
97.008	Non-Profit Security Program		982
97.012	Boating Safety Financial Assistance		2,826
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		120
97.029	Flood Mitigation Assistance		3,034
97.036	Disaster Grants - Public Assist (Presidentially Declared Disasters)	12,944	8,078
97.036	COVID-19 - Disaster Grants - Public Assist (Presidentially Declared Disasters)	290,760	185,003
	Total Disaster Grants - Public Assist (Presidentially Declared Disasters)		303,704
97.039	Hazard Mitigation Grant		3,632
97.041	National Dam Safety Program		167
97.042	Emergency Management Performance Grants	11,262	5,634
97.042	COVID-19 - Emergency Management Performance Grants	175	
	Total Emergency Management Performance Grants		11,437
97.043	State Fire Training Systems Grants		18
97.044	Assistance to Firefighters Grant		111
97.045	Cooperating Technical Partners		23
97.047	BRIC: Building Resilient Infrastructure and Communities		11,198
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		2,643

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Schedule of Expenditures of Federal Awards - June 30, 2022

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
97.067	Homeland Security Grant Program	20,651	17,099
97.088	Disaster Assistance Projects	9	
97.091	Homeland Security Biowatch Program	470	
97.132	Financial Assistance for Targeted Violence and Terrorism Prevention	59	54
Total - U.S. Department of Homeland Security		\$361,084	\$233,714
<i>Research and Development Cluster:</i>			
U.S. Department of Transportation			
20.530	Public Transportation Innovation (Award ID PA202005800)	234	234
U.S. Department of Education			
84.305	Education Research, Development and Dissemination (Award ID R305S210026)	362	276
<i>Total Research and Development Cluster</i>		\$596	\$510
GRAND TOTAL		\$58,270,579	\$9,199,346

COMMONWEALTH OF PENNSYLVANIA

Notes to the Schedule of Expenditures of Federal Awards - June 30, 2022

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 CFA, the PCCA, and the PSDC are not required to submit a single audit for the year ended June 30, 2022, 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), and ALN 10.542, Pandemic EBT Food Benefits, represent amounts the Electronic Benefits Transfer (EBT) contractor paid to retail outlets for participants' purchases under the programs during the fiscal year ended June 30, 2022.

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 for Children, 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, 2021 and January 1, 2022.

Subrecipient expenditures reported under ALN 14.228, Community Development Block Grants, ALN 14.231, Emergency Solutions Grant Program, 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.

As prescribed by the Health Resources and Services Administration (HRSA), expenditures reported under ALN 93.498, Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution, represent the amounts reported to HRSA in the period 2 (July 1, 2020 - December 31, 2020) and period 3 (January 1, 2021 - June 30, 2021) PRF reports.

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Notes to the Schedule of Expenditures of Federal Awards - June 30, 2022

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.

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, 2022. 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	\$1,437,703
Federal UC Benefits	4,677,270
Federal Admin.	<u>272,266</u>
Total Expenditures	<u><u>\$6,387,239</u></u>

Schedule of Findings and Questioned Costs



Commonwealth of Pennsylvania

COMMONWEALTH OF PENNSYLVANIA

Summary of Auditors' Results - June 30, 2022

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? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes 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)
- Child Nutrition Cluster (ALN 10.553, 10.555, 10.556, 10.559, and 10.582)
- WIC Special Supplemental Nutrition Program for Women, Infants, and Children (ALN 10.557)
- Child and Adult Care Food Program (ALN 10.558)
- Abandoned Mine Land Reclamation (ALN 15.252)
- Emergency Rental Assistance Program (ALN 21.023)
- Title I Grants to Local Educational Agencies (ALN 84.010)
- Special Education Cluster (IDEA) (ALN 84.027 and 84.173)
- Education Stabilization Fund (ALN 84.425 C, D, R, U, W)
- Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323)
- 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)

Unmodified for the following major federal programs:

- Pandemic EBT Food Benefits (ALN 10.542)
- Crime Victim Assistance (ALN 16.575)

COMMONWEALTH OF PENNSYLVANIA

Summary of Auditors' Results - June 30, 2022

Unmodified for the following major federal programs (continued):

- Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)
- Medicaid Cluster (ALN 93.775, 93.777, and 93.778)
- Social Security – Disability Insurance (ALN 96.001)
- Disaster Grants – Public Assistance (Presidentially Declared Disasters) (ALN 97.036)

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)
10.542	Pandemic EBT Food Benefits (C)	\$1,189,863
10.551 and 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster (C)	5,827,817
10.553, 10.555, 10.556, 10.559, and 10.582	Child Nutrition Cluster (C)	1,127,937
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children (C)	141,133
10.558	Child and Adult Care Food Program (C)	106,801
15.252	Abandoned Mine Land Reclamation	49,400
16.575	Crime Victim Assistance	79,660
21.023	Emergency Rental Assistance Program (C)	482,242
21.027	Coronavirus State and Local Fiscal Recovery Funds (C)	4,769,844
84.010	Title I Grants to Local Educational Agencies	658,588
84.027 and 84.173	Special Education Cluster (IDEA) (C)	489,355
84.425 C, D, E, F, N, R, U, W	Education Stabilization Fund (C)	2,066,757
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (C)	195,431
93.558	Temporary Assistance for Needy Families (C)	360,160
93.563	Child Support Enforcement	165,095
93.575 and 93.596	Child Care and Development Fund (CCDF) Cluster (C)	1,127,328
93.658	Foster Care – Title IV-E (C)	213,040
93.659	Adoption Assistance (C)	150,224
93.775, 93.777, and 93.778	Medicaid Cluster (C)	27,191,042
96.001	Social Security – Disability Insurance	129,384
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (C)	303,704
Total Federal Expenditures – Major Programs		\$46,824,805

(C) = COVID-19 Funds included

Dollar threshold used to distinguish between Type A and Type B programs (000s): \$87,406

Auditee qualified as low-risk auditee? yes X no

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Index to Basic Financial Statement Findings - June 30, 2022

Finding No.	Finding Title	Impacted State Agency	Finding Page	CAP Page
2022-001*	Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2021-001)	OA-OIT	47	98
2022-002**	Material Weakness Over Financial Reporting in the Unemployment Compensation Fund	OB-OCO	49	99
2022-003*	Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems (A Similar Condition Was Noted in Prior Year Finding 2021-002)	L&I OA-OIT	50	99

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

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Basic Financial Statement Findings - June 30, 2022

Office of Administration – Office for Information Technology

Finding 2022 – 001:

Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2021-001)

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, 2022, disclosed the following control deficiencies in applications supported by the Employment, Banking, and Revenue (EBR) Delivery Center:

1. There was a lack of segregation of duties between application development and promotion of code to production in an application in a mid-range computing environment. A developer (contractor) was granted the ability to develop code and to promote code to production.
2. Five database administrators had access to three accounts with shared passwords in a client/server environment.

A detailed schedule of issues has been provided to the OA-OIT for corrective action.

Criteria: Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*.

- 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.*

OA-OIT issued the following Operational Documents (OPD) to provide governance and guidance to agencies and delivery centers when administering IT systems and managing IT vendors:

- *OPD-SEC007 – Configurations for IDs, Passwords, and Multi-Factor Authentication*, effective March 1, 2006, which states that, “System Administrators shall have a unique user ID for system login that exclusively identifies the individual to whom it is assigned.” ... and “System Administrators are prohibited from logging into any system anonymously. System Administrator IDs and passwords must not be shared.”

A well-designed system of internal controls dictates that effective IT general controls, which include adequate segregation of duties and access controls to programs and data, be established and functioning to ensure that overall agency operations are conducted in accordance with management’s intent.

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Basic Financial Statement Findings - June 30, 2022

Finding 2022 – 001: (continued)

Cause: The segregation of duties weakness in the mid-range computing environment has not been addressed by the EBR Delivery Center because the system in question has been scheduled for replacement.

The shared accounts in a client-server database were default IDs and a custom administrative account which were not monitored, despite the recommendation of the application manufacturer. Management represented that access to these accounts had been reduced to one person. After the audit period, a formal request was submitted for the user to change and maintain the passwords to ensure the other users were prevented from using these accounts.

Effect: The segregation of duties weakness and the unmonitored privileged access to shared accounts contribute to the risk that system actions can occur that are not in accordance with management's intent. Applications serving the Pennsylvania Insurance Department and the Department of Labor and Industry were impacted by these control weaknesses. Further, without properly functioning controls over segregation of duties and privileged access, 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. When the system in question is replaced, we recommend implementation of controls in the new system that conform to the criteria listed above; and
- Monitoring and controlling the use of privileged accounts that include shared user IDs with shared passwords such as:
 - Documenting who has access to the accounts, who is responsible for managing the accounts, and how the accounts will be used;
 - Limiting access to the accounts to a primary and secondary user;
 - Changing passwords regularly or whenever users of the accounts no longer need to access (examples: job function change, offboarding, etc.); and
 - Logging the use of these accounts and performing documented monitoring of their use.

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

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Basic Financial Statement Findings - June 30, 2022

Office of the Budget – Office of Comptroller Operations

Finding 2022 – 002:

Material Weakness Over Financial Reporting in the Unemployment Compensation Fund

Type of Finding: Material Weakness

Condition: The Commonwealth’s Basic Financial Statements (BFS) contained material misstatements in the Unemployment Compensation (UC) Fund operating activities that required adjustment. The UC Fund Operating Revenues include UC tax revenues collected from employers and Operating Expenses include disbursements of UC benefits to unemployed recipients, as well as other related costs (IRS withholdings). In addition, due to the volume of unemployment activity from the pandemic, the UC Fund also received funding the past two years from a Federal Unemployment Assistance (FUA) loan which was fully repaid in the current fiscal year. Our testing of the UC Fund GAAP Template for FYE June 30, 2022 determined that a \$1.548 billion overstatement of both Operating Revenues and Operating Expenses went undetected by management. The error occurred due to incorrect recording of UC Fund GAAP Template entries.

Criteria: Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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.

Strong internal controls should ensure that account balances and adjustments are reported accurately in the BFS in accordance with GAAP and are appropriately reviewed and approved by management.

Cause: The past few years the Commonwealth has experienced unprecedented levels of unemployment due to the global pandemic. The increase in claim activity in addition to the loan borrowings and repayment complicated the GAAP Template entries, contributing to the errors noted above. In addition, the Office of Comptroller Operations (OCO) internal review procedures in the UC GAAP Template preparation process failed to detect and correct the errors. The misstatement was due to errors in recording the GAAP template adjusting entries for the FUA loan and the Cash with Fiscal Agents account. GAAP templates are the Commonwealth’s basis for the preparation of its BFS.

Effect: The above balances in the UC Fund government-wide and fund financial statements were misstated and required adjustment. In addition, the noted weaknesses could continue to result in additional misstatements in the BFS in the future.

Recommendation: We recommend that OCO improve its procedures for preparing and reviewing the UC Fund GAAP Template to ensure that the amounts reported in the UC Fund GAAP Template are accurate.

Agency Response: OCO agrees with this finding.

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Basic Financial Statement Findings - June 30, 2022

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

Finding 2022 – 003:

Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems (A Similar Condition Was Noted in Prior Year Finding 2021-002)

Type of Finding: Significant Deficiency

Condition: During the fiscal year ended June 30, 2022, the Department of Labor and Industry (L&I) paid regular Unemployment Compensation (UC) benefits using the UC Benefits Modernization System (UC Ben Mod) and paid Pandemic Unemployment Assistance (PUA) using an outsourced system. Our follow-up to the prior year finding revealed that, although L&I corrected most of the weaknesses identified in these two systems during the current year, the following weaknesses still existed in the UC Ben Mod system as of June 30, 2022:

- Large numbers of system administrator accounts were granted to vendor personnel in the UC Ben Mod system.
- No policies or procedures for granting access to vendor administrators until May 2022; and
- No logging or monitoring of the vendor administrators' actions in the system until February 2022.

While updating our understanding of information technology (IT) controls over the systems, we identified weaknesses in L&I and/or the Employment, Banking, and Revenue (EBR) Delivery Center's management of the vendor hired to implement and maintain both the UC Ben Mod System and the PUA system:

- The UC Ben Mod system included an application administrator account that was shared by three unidentified vendor personnel. The use of this shared account was neither logged nor monitored.
- The vendor failed to provide current System and Organization Controls (SOC) reports for either the UC Ben Mod system or the PUA system for the period under audit (July 1, 2021 through June 30, 2022), as required by the contract.
- The L&I contract manager did not review the prior year PUA SOC reports (received in August 2021) in accordance with policy to evaluate the risks arising from deficiencies noted in the reports and did not ensure that L&I had implemented the Complementary User Entity Controls (CUECs) over the PUA system cited in the reports.
- The vendor's PUA SOC reports received in August 2021 for the prior audit period (July 1, 2020 to June 30, 2021) did not include tests of controls over the UC Ben Mod system in Pennsylvania.

Criteria: Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*:

- 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... 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.*

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Basic Financial Statement Findings - June 30, 2022

Finding 2022 – 003: (continued)

- 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.
- 11.16 Management incorporates methodologies for the acquisition of vendor packages into its information technology development and designs control activities over their selection, ongoing development, and maintenance. Control activities for the development, maintenance, and change of application software prevent unauthorized programs or modifications to existing programs.
- 11.17 Management also 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 Operational Documents (OPD) to provide governance and guidance to agencies and delivery centers when administering IT systems and managing IT vendors:

- *OPD-SEC007 – Configurations for IDs, Passwords, and Multi-Factor Authentication*, effective March 1, 2006, which states that, “System Administrators shall have a unique user ID for system login that exclusively identifies the individual to whom it is assigned.” ... and “System Administrators are prohibited from logging into any system anonymously. System Administrator IDs and passwords must not be shared.”
- *OPD-SEC40B – System & Organization Controls (SOC) Reporting Procedure*, effective January 27, 2020, which details “... the responsibilities of stakeholders when evaluating the SOC reports and acting to address issues or exceptions noted in the SOC report.” Under this policy, agency contract managers are required to obtain SOC reports relevant to internal controls over financial transactions and reporting (also known as SOC 1 reports) and review for the following: “process control objectives, control deficiencies, disclosures, transaction flows, audit evidence, coverage period, service auditor’s test of controls, Service Organizations (and Subservice Organization, if applicable) Corrective Action Plans, CUEC, carve-out reports, etc.”

Cause: In the prior year, L&I contracted with a vendor to provide both the outsourced PUA system and the UC Ben Mod system. The PUA system, which was implemented quickly in response to the pandemic, resides on cloud infrastructure, while the UC Ben Mod system resides on Commonwealth of Pennsylvania servers. The UC Ben Mod contract required the vendor to provide the Commonwealth with a separate instance (i.e., customized version) of the system which could be customized specifically to meet the needs of Pennsylvania. While the vendor maintains Pennsylvania’s UC Ben Mod system, the contract requires, in part, that:

- The vendor will make no changes (core or custom) to the Pennsylvania instance (i.e., customized version) of the solution pre or post implementation without L&I knowledge and approval,
- The vendor will maintain segregation of duties between development and production, and
- The vendor will provide copies of the vendor’s SOC reports annually.

To facilitate system maintenance, in the prior year L&I granted around-the-clock, unmonitored vendor access to the UC Ben Mod system. In response to the prior year finding, L&I and the EBR Delivery Center reduced the number of vendor administrators with access to most of the production environment in September 2021 and February 2022. One payment server was overlooked, however, and still included a large number of vendor administrator accounts at the time of the current year audit. Additionally, in February 2022, the EBR Delivery Center implemented technology to alert them when vendor administrators accessed the system, and in May 2022 procedures were developed for granting privileged vendor access into the system. As of June 30, 2022, existing Commonwealth policy preventing the use of shared user accounts and passwords was not enforced.

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Basic Financial Statement Findings - June 30, 2022

Finding 2022 – 003: (continued)

While the vendor provided SOC reports for the prior audit period in August 2021, the vendor has yet to provide SOC reports for the current audit period. In response to L&I's repeated requests for updated SOC reports, the vendor provided a bridge letter covering the period July 1, 2021, through June 30, 2022, noting that significant changes had been made to the systems' internal controls to correct weaknesses cited in the SOC reports for the prior audit period. The bridge letter was not signed by the vendor's auditor and provides minimal assurance to L&I and the EBR Delivery Center that controls over the vendor's systems were adequately designed and operating effectively for the current audit period.

Further, the scope of the SOC report received for the prior audit period, which was available for review, did not include Pennsylvania's UC Ben Mod system and only provided assurance over the vendor's cloud infrastructure. Review of the contract revealed it required the vendor to provide SOC reports but did not specify that Pennsylvania's UC Ben Mod system needed to be included in the scope of the reports. Moreover, the contract did not require that the vendor's SOC reports include control objectives and testing to ensure that the vendor complied with the contract provisions requiring that L&I approve all changes to the UC Ben Mod system, and that the vendor maintain appropriate segregation of duties between development of code and promotion of changes to the production environment. Finally, neither L&I nor the EBR Delivery Center performed alternative monitoring procedures to ensure the vendor complied with the contract provisions noted above.

Effect: 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. While SOC reports that include tests of operating effectiveness of these controls could compensate for the lack of monitoring, no SOC reports were received for the current period. Further, without SOC reports, or some alternative monitoring system that includes specific control objectives for the Pennsylvania contract provisions noted above, L&I has little assurance that they have approved all changes to the system, and that the vendor has maintained segregation of duties between development of code and promotion into production. In the absence of these controls, management cannot be assured the system is functioning in accordance with management's intent.

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

- Obtain and review the vendor's SOC reports for the period ended June 30, 2022;
- While awaiting the current SOC reports, review the Complementary User Entity Controls (CUECs) listed in the prior SOC reports and ensure that L&I has the required CUECs in place; and
- Ensure that the vendor provides SOC reports in the future that include tests of controls over Pennsylvania's instance (i.e., customized version) of the UC Ben Mod system. The change management control objectives in the SOC reports should include:
 - Confirmation that Pennsylvania approved all changes to the system; and
 - Confirmation that the vendor maintains segregation of duties.

We recommend that EBR Delivery Center management perform the following:

- Remove the unnecessary administrative access from the remaining server(s) that has not yet been addressed;
- Continue to log administrative access into the UC Ben Mod system and perform documented monitoring of changes to the database, operating system, system files, and application to ensure that all changes to the system and/or data are approved by L&I in accordance with the contract; and
- Eliminate the shared account and/or implement alternate controls such as:

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Finding 2022 – 003: (continued)

- Document who has access to the account, who is responsible for managing the account, and how the account will be used;
- Limit access to the account to a primary and secondary user;
- Change the password regularly or whenever a user of the account no longer needs to use it (examples: job function change, offboarding, etc.); and
- Log the use of the account and perform documented monitoring of its use.

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

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Index to Federal Award Findings and Questioned Costs - June 30, 2022

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2022-004 *	84.425 C, D, R, U	COVID 19 – Education Stabilization Fund	A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of GEER, ESSER, and CRRSA EANS Annual Reporting (A Similar Condition Was Noted in Prior Year Finding 2021-003)	NC	ND	PDE	58	100
2022-005 **	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 2021-004)	MNC	ND	DEP	60	100
2022-006 **	10.551 10.561 93.558	Supplemental Nutrition Assistance Program (SNAP) Cluster (including COVID-19) Temporary Assistance for Needy Families (including COVID-19)	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 2021-005)	MNC	ND	DHS	62	101
2022-007 *	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 and Special Tests and Provisions Related to ERA Funds Reallocation (A Similar Condition Was Noted in Prior Year Finding 2021-006)	NC	ND	DHS	65	102

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* - Significant Deficiency

** - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

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Index to Federal Award Findings and Questioned Costs - June 30, 2022

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2022-008 *	93.558	Temporary Assistance for Needy Families (including COVID-19)	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 2021-007)	NC	ND	DHS	68	103
2022-009 *	93.775 93.777 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 2021-009)	NC	None	DHS	70	103
2022-010 *	10.553 10.555 10.556 10.559 10.582	Child Nutrition Cluster (including COVID-19)	Controls Over Information Technology System Migration and Controls Over the Accountability of Donated Foods Need Improvement	NC	None	OA-OIT PDA	72	104
2022-011 *	21.027	COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	A Significant Deficiency and Noncompliance Exist Related to Preparation of the Interim Report	NC	None	OB-GBO	76	105
2022-012 **	Various	Various ALNs – See Finding	A Material Weakness and Material Noncompliance Exist in the Commonwealth's FFATA Reporting Process	MNC	None	OB-OCO	78	106

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* - Significant Deficiency

** - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

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Index to Federal Award Findings and Questioned Costs - June 30, 2022

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2022-013 *	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 2021-014)	NC	ND	Various	81	106
2022-014 *- 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 2021-015)	NC – Medicaid MNC – All Other Programs	ND	Various	84	108

* - Significant Deficiency
 ** - Material Weakness
 ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance
 NC - Noncompliance
 ALN - Assistance Listing Number
 CAP - Corrective Action Plan

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Matrix of Findings by Federal Agency - June 30, 2022

Federal Agency	USDA	DOI	TRE	ED	HHS
Prefix	10	15	21	84	93
Finding					
2022-004				X	
2022-005		X			
2022-006	X				X
2022-007			X		
2022-008					X
2022-009					X
2022-010	X				
2022-011			X		
2022-012					X
2022-013					X
2022-014	X	X	X	X	X

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Federal Award Findings and Questioned Costs - June 30, 2022

Department of Education

Finding 2022 – 004:

ALN 84.425C – COVID 19 – Education Stabilization Fund - GEER Fund
ALN 84.425D – COVID 19 – Education Stabilization Fund - ESSER Fund
ALN 84.425R – COVID 19 – Education Stabilization Fund - CRRSA EANS
ALN 84.425U – COVID 19 – Education Stabilization Fund - ARP ESSER

A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of GEER, ESSER, and CRRSA EANS Annual Reporting (A Similar Condition Was Noted in Prior Year Finding 2021-003)

Federal Grant Number(s) and Year(s): S425D200028 (3/13/2020 – 9/30/2024), S425D210028 (3/13/2020 – 9/30/2024), S425U210028 (3/13/2020 – 9/30/2024)

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 annual data reports to the United States Department of Education (USDE) for the components of the Education Stabilization Fund (ESF) program. These reports support the annual collection of data pertaining to the uses of funds under the Governor’s Emergency Education Relief (GEER) Fund, Elementary and Secondary School Emergency Relief (ESSER) Fund, Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) Program, and the American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER). USDE awards ESF 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, 2022, PDE was required to submit the ESSER and ARP ESSER annual report for the period October 1, 2020 through June 30, 2021 and the GEER and CRRSA EANS annual reports for the period July 1, 2020 through June 30, 2021. As the direct recipient of ESSER, ARP ESSER, GEER, and CRRSA EANS funds, PDE is responsible for ensuring the timeliness and accuracy of the annual report submissions. PDE obtained summary information from the LEAs to compile and submit the reports which 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 reports or to demonstrate that they had reviewed and verified the accuracy of this information.

Criteria: The 2022 OMB Uniform Guidance Compliance Supplement, Part 4 – Agency Program Requirements for the Education Stabilization Fund, Section L.3.a, Reporting – Special Reporting – Annual Reporting – SEA/Governor, states in part:

ESSER, GEER, and [CRRSA] EANS grantees must submit an annual performance report (OMB No. 1810-0749 for ESSER; 1810-0748 for GEER; and 1810-0765 for EANS) with data on expenditures, planned expenditures, subrecipients, and uses of funds, including for mandatory reservations.

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 004: (continued)

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).*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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 Reports.

Effect: Without review and validation of the detail supporting the summary information reported by LEAs, the Annual Reports 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 Reports. 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 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, 2022

Department of Environmental Protection

Finding 2022 – 005:

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 2021-004)

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

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, 2022, DEP expended \$49,400,302 within the AMLR program, of which \$13,270,381 was paid to 18 subrecipients with whom DEP executed subrecipient agreements to provide abandoned mine land reclamation repairs and services throughout Pennsylvania. Our audit testing disclosed that DEP did not conduct risk assessments or program monitoring of these subrecipient expenditures during the fiscal year ended June 30, 2022, since DEP considered these entities to be contractors and not subrecipients. Based on a recent determination made by DEP, these entities should be categorized as subrecipients. As such, DEP began implementing procedures to ensure federal regulations are met regarding subrecipient agreements. However, these procedures were implemented subsequent to the fiscal year ended June 30, 2022.

While Single Audits of the AMLR subrecipients may be conducted each year, this auditing activity does not compensate for the lack of during-the-award program monitoring, since the timing, focus, and scope of subrecipient auditing activities after year end are different than compliance monitoring to be performed by program officials during the year.

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. 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 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 audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 [Management decision].*

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 005: (continued)

(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].

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, Amended – *Standards for Enterprise Risk Management in 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)*. 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: In previous years, DEP management considered these entities as contractors for whom subrecipient monitoring requirements were not applicable. However, based on recent determinations, DEP acknowledges these entities as subrecipients, not contractors, subject to federal subrecipient requirements.

Effect: Without the completion of risk assessments and subrecipient monitoring, DEP cannot ensure compliance with federal statutes, regulations, and the terms and conditions of the subrecipient contracts, confirm that local subrecipients 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.

Recommendation: We recommend that DEP continue to develop and implement written policies and procedures for performing risk based during-the-award subrecipient monitoring and implement them immediately to ensure timely subrecipient compliance with federal regulations. On-site monitoring visits by state officials should be supported by documentation to show the monitoring performed, areas examined, conclusions reached, and that the monitoring was performed in compliance with applicable regulations.

Agency Response: The Department of Environmental Protection agrees with the facts as presented in 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, 2022

Department of Human Services

Finding 2022 – 006:

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

ALN 93.558 – Temporary Assistance for Needy Families (including COVID-19)

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 2021-005)

Federal Grant Number(s) and Year(s): 221PA405S2514 (10/01/2021 – 9/30/2022), 211PA405S2514 (10/01/2020 – 9/30/2021), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), 2101PATANFC6 (10/01/2020 – 9/30/2022)

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, 2022 totaled \$5.6 billion. Total benefit expenditures for TANF for the fiscal year ended June 30, 2022 totaled \$129.7 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) The ending inventory count of EBT cards at June 30, 2022 which was calculated using the weekly log including July 1, 2021, the daily logs for the fiscal year ended June 30, 2022, and the EBT shipment logs for the fiscal year ended June 30, 2022 did not reconcile to the inventory count on the weekly log including June 30, 2022 in the EBT Card Tracking Database (1 location);
- 2) The master list of cardmakers and pinners maintained by the EBT Project Office did not reconcile to the list provided by a district office. The master list includes five cardmakers and zero pinners. The district office list includes one pinner who is listed as a cardmaker on the master list (1 district office);
- 3) EBT cards were created outside of the hours of operations (2 district offices);
- 4) The Weekly Log was completed and closed prior to close of business (1 location);
- 5) The Electronic Payment Processing and Information Control (EPPIC) EBT Systems Application forms provided by a district office did not match the forms provided by the EBT Project Office (1 district office);
- 6) Failure to perform the following:
 - Completion of the witness field on an EBT Shipment Verification Log (1 district);
 - Completion of the weekly approver field on the Weekly Log (1 district office);
 - Completion of the EBT Card Paper Logs daily instead of only in an emergency situation (1 location);
 - Completion of the requestor field on the EPPIC EBT Systems Application forms (1 district office);
 - Completion of the exceptions, approved, and approver fields on the Daily Log when a Form HS 764 was completed (2 district offices);
 - Create adequate written internal procedures for EBT Security for over-the-counter card mailings (1 location);
 - Designate a manager or supervisor to the EBT Coordinator role (1 location);

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 006: (continued)

- Ensure that coverage for card pinning is available until 5:00 PM each business day (3 district offices and 1 location);
- Ensure EBT Card Tracking Database users are assigned the appropriate role responsibilities within the database. An employee has two active user accounts with different assigned staff roles to each account (1 district office);
- Ensure users no longer using the EBT Card Tracking Database are deactivated (1 district office and 1 location);
- Maintain adequate security of EBT cards (1 district office and 5 locations);
- Maintain adequate security of pinning device (1 district office and 4 locations);
- Maintain adequate security of EBT card printing device (1 location);
- Maintain adequate security of ribbons (1 district office and 4 locations);
- Maintain adequate security of paper EBT logs (3 locations);
- Maintain accurate EBT card inventory in the EBT Card Tracking Database (1 location);
- Maintain operational efficiency due to only having one PIN Select Device (1 district office);
- Maintain operational efficiency due to having an inoperable EBT Card Printer for a portion of the fiscal year (1 district office);
- Proper completion of Form HS 764 (1 district office and 1 location);
- Proper destruction of damaged EBT cards (1 district office);
- Proper format of the EPPIC EBT Systems Application form files sent to the Office of Income Maintenance (OIM) EBT Security Administrator (1 location);
- Scan Form HS 764 to case record after the EBT card is created (1 location);
- Provide the Ribbon Installation and Destruction Log from the EBT Card Tracking Database (1 district office);
- Retain EPPIC EBT Systems Application forms electronically (1 district office);
- Timely enter a shipment received into the EBT Card Tracking Database (1 location);
- Timely completion and submission of the EPPIC EBT Systems Application forms to OIM EBT Security (3 locations).

Criteria: The 2022 OMB Uniform Guidance 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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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 006: (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, Amended – *Standards for Enterprise Risk Management in 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)*. 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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Federal Award Findings and Questioned Costs - June 30, 2022

Department of Human Services

Finding 2022 – 007:

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 and Special Tests and Provisions Related to ERA Funds Reallocation (A Similar Condition Was Noted in Prior Year Finding 2021-006)

Federal Grant Number(s) and Year(s): G019649899 (3/13/2020 – 9/30/2025), G017649899 (3/13/2020 – 9/30/2025)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirements: Reporting and Special Tests and Provisions related to ERA Funds Reallocation

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 for each month of the fiscal year ended June 30, 2022 and were due 15 days after the end of the month. Quarterly reports were required for each quarter of the fiscal year ended June 30, 2022 and were due October 29, 2021, February 1, 2022, April 15, 2022, and July 15, 2022.

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 included in the submitted reports. 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. In addition, DHS was unable to provide support for timely submission of monthly reports.

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.*

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 007: (continued)

The 2022 OMB Uniform Guidance Compliance Supplement, Part 4 – Agency Program Requirements for the Emergency Rental Assistance Program, Special Tests and Provisions – N. ERA Funds Reallocations, states in part:

- *Financial information certified by grantees used by Treasury to make reallocation determinations must be accurate and excess funds that are subject to involuntary recapture must be returned to Treasury in accordance with Treasury’s confirmation letter.*
- *The financial information certified as part of reallocation includes monthly expenditure and cumulative obligations levels, as described in the Treasury reallocation guidance. ERA 1 expenditures reported monthly by the grantee are inputs to Treasury’s reallocation expenditure ratio. ERA1 obligations certified in the Request for Reallocated Funds form (1505-0266), including in the Request for Voluntarily Reallocated Funds, are inputs into determining eligibility to receive reallocated funds.*
- *Pursuant to section 501(d) of the Consolidated Appropriations Act, 2021, Treasury is required to reallocate “excess” ERA 1 award funds. Treasury’s objective in reallocations is to ensure ERA 1 award funds remain available to grantees in accordance with their jurisdictional needs and demonstrated capacity to deliver assistance while the ERA appropriations remain available.*

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).*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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. DHS also did not implement policies and procedures to ensure that it maintained documentation of timely submission.

Effect: Without review and validation of the detail supporting the summary information reported by counties, the reports may have contained inaccurate information. Inaccurate and/or untimely submission of monthly reports could impact the US Treasury’s ability to reallocate ERA 1 award funds pursuant to section 501(d) of the 2021 Consolidated Appropriations Act.

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.

We further recommend that DHS retains documentation supporting when reports are submitted, and that this documentation is available for audit.

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Finding 2022 – 007: (continued)

Agency Response: DHS agrees with this finding.

Pennsylvania legislation directed DHS funds to all 67 counties including 18 counties that received direct federal funds. Each subgrantee reported information regarding metrics outlined by the 10th of the month for the prior month. DHS reconciles various metrics in order to comply with US Treasury’s deadline to report monthly on the 15th of the month for the prior month. Similar to other DHS programs, DHS has implemented an after-action review of information submitted, using a contracted vendor.

DHS faced challenges implementing a program with 67 counties and no central eligibility determination system. DHS has learned that standing up the supportive services and multi-sector partnerships was challenging in the context of the global pandemic workforce shortages. This made DHS dependent on local county reports to maintain program oversight and compile statewide data for submission to US Treasury.

DHS will strengthen this control as we plan for future emergency or pandemic programs related to rental assistance.

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, 2022

Department of Human Services

Finding 2022 – 008:

ALN 93.558 – Temporary Assistance for Needy Families (including COVID-19)

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 2021-007)

Federal Grant Number(s) and Year(s): 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1801PATANF (10/01/2017 – 9/30/2018), 1701PATANF (10/01/2016 – 9/30/2017)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Subrecipient Monitoring

Condition: During the fiscal year ended June 30, 2022, the Department of Human Services (DHS) paid \$79.5 million in Temporary Assistance for Needy Families (TANF) funding to subrecipients within the New Directions, Cash Grants, and Alternatives to Abortion appropriations (or 22.1 percent) out of total federal TANF expenditures of \$360.2 million reported on the June 30, 2022 Schedule of Expenditures of Federal Awards.

Our testing of DHS's during-the-award monitoring of subrecipients for the fiscal year ended June 30, 2022 disclosed that DHS performed on-site monitoring for 20 out of 21 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 20 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.

Our testing of the 21 subrecipients noted above included follow 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 during the current audit period disclosed that DHS did not conduct on-site monitoring for this subrecipient during the fiscal year ended June 30, 2022. 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 \$980,923 of TANF funds during the fiscal year ended June 30, 2022.

Criteria: 45 CFR Section 75.352, Requirements for pass-through entities, states:

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:

(1) Reviewing financial and performance reports required by the pass-through entity.

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 008: (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 from the pass-through entity as required by § 75.521 [Management decision].

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, Amended – *Standards for Enterprise Risk Management in 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)*. 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 planned to implement new during-the-award monitoring procedures to be used for the on-site monitoring of subrecipients, but these procedures were not in place for monitoring conducted during the fiscal year ended June 30, 2022. Therefore, 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.

Regarding the one 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. This should include examining subrecipients' financial records and ensuring that all required Single Audits were obtained by 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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Federal Award Findings and Questioned Costs - June 30, 2022

Department of Human Services

Finding 2022 – 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 2021-009)

Federal Grant Number(s) and Year(s): 2205PA5MAP (10/01/2021 – 9/30/2022), 2205PA5ADM (10/01/2021 – 9/30/2022), 2105PA5MAP (10/01/2020 – 9/30/2021), 2105PA5ADM (10/01/2020 – 9/30/2021)

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, 2022, DHS did not ensure that its contract and amendments with the PROMISE vendor included two out of seven elements of the NCCI Confidentiality Agreement required by the *HHS/CMS Medicaid NCCI Technical Guidance Manual*. The two missing elements included:

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

Criteria: Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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 FFS [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.

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 009: (continued)

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.

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 NCCI Medicaid 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 NCCI Medicaid 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 added five of the seven confidentiality agreement elements required by the *HHS/CMS Medicaid NCCI Technical Guidance Manual* to a PROMISE vendor contract amendment in 2022 but did not add the remaining two elements because they believed the elements were already covered by existing contract terms.

Effect: Since DHS did not ensure two of the seven elements of the required NCCI Confidentiality Agreement were included in its contract with the PROMISE vendor, DHS was not in compliance with federal regulations.

Recommendation: DHS should ensure the two missing elements of the required NCCI Confidentiality Agreement are 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, 2022

**Office of Administration – Office for Information Technology
Department of Agriculture**

Finding 2022 – 010:

ALN 10.553, 10.555, 10.556, 10.559, and 10.582 – Child Nutrition Cluster (including COVID-19)

Controls Over Information Technology System Migration and Controls Over the Accountability of Donated Foods Need Improvement

Federal Grant Number(s) and Year(s): 1PA300365 (01/01/2022 – 9/30/2023), 1PA310305 (10/01/2021 – 9/30/2022), 1PA310305 (10/01/2020 – 9/30/2021), 1PA300305 (10/01/2021 – 9/30/2022), 1PA300305 (10/01/2020 – 9/30/2021), 1PA320305 (12/27/2020 – 9/30/2021)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Special Tests and Provisions related to Accountability for USDA - Donated Foods

Condition: The Pennsylvania Department of Agriculture (PDA), Bureau of Food Assistance (BFA), is responsible for the accountability of the United States Department of Agriculture (USDA) donated food under the National School Lunch Program (NSLP) and Summer Food Service Program for Children (SFSP) within the Child and Nutrition Cluster (CNC). BFA utilizes a computer application as an inventory and distribution tracking system for donated food. The Agency Summary Report and the Commodity Inventory Summary for Distributors and Processors generated in the computer application are used to compile commodity expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA). BFA performs reconciliations of the inventory, commodity receipts, and distributions in these reports to distributor, processor, and recipient activity.

As part of our audit procedures, we performed certain tests of information technology (IT) general controls for the fiscal year ended June 30, 2022. Our IT procedures for the CNC inventory application included a review of the controls over the migration of data, as well as a review of user acceptance testing of certain reports during a system upgrade to a new application platform in June 2022. Our procedures disclosed significant deficiencies in internal controls over testing of reports and the migration of inventory data from the old application platform to the new application platform by the Conservation and Environment (C&E) Delivery Center in the Office of Administration, Office for Information Technology (OA-OIT), that supports the IT systems used by BFA. Specifically, we found that migration of the data from the old application database to the new application database was not performed in accordance with established OA-OIT policy as follows:

- A migration audit plan checklist was not completed.
- A testing strategy and plan was not prepared and/or maintained to document the following:
 - What was to be tested and by whom;
 - Test environment requirements, configurations, and preparations;
 - Test pass/fail criteria;
 - Test and validation checklists; and
 - Test result reviews and approvals.
- Reports that were used in the side-by-side comparison of the old system to the new system after migration were not retained for audit purposes.

Further, we found that, while there was evidence of some user acceptance testing prior to system implementation, certain reports significant to the audit and to the preparation and reconciliation of the SEFA were subjected to user acceptance testing in October 2022 and December 2022, after “go live” and after completion of the year-end inventory reconciliations.

A detailed schedule of IT issues has been provided to OA-OIT for corrective action.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 010: (continued)

In addition to testing the IT general controls described above, we also tested various reports generated by the system that were used by BFA to perform reconciliations and compile commodity expenditures reported in the SEFA as of June 30, 2022. We noted the following:

Regarding the Commodity Processors Inventory Report which contained a total of 66 processors, some of which were inactive and not part of our testing population:

- For ten processors, when the report was generated for the entire year, and the beginning inventory for the commodity was zero, the report doubled the ending inventory.
- For three processors, the report displayed the wrong name for the related processor number.
- For five processors, when the report was generated for the entire year, the report displayed the processor as inactive despite having an ending inventory balance. BFA had to activate these processors in order to obtain the individual processor report activity.

Regarding the Commodity Distributor Inventory Report:

- Inventory balances continue to be displayed on this report for three inactive distributors. Although all inventory was transferred to a new distributor, the transfer was not accounted for under the inactive distributors.
- Inventory balances for the two active distributors did not agree to the year-end physical inventory counts when the report was generated in October 2022. One distributor had a discrepancy of 1,794 cases and the other distributor had a discrepancy of 9,835 cases out of a total of 191,796 cases in year-end inventory. Reports generated in January 2023 displayed the ending balance that agreed to the year-end physical inventory counts.

Regarding the Agency Summary Report:

- For one of the 25 recipients selected for testing from the Agency Summary Report, one month's distribution activity for a selected commodity did not agree to the recipient's records. We noted a difference of 29.22 more pounds received per the recipient's invoices than was shown on the agency usage report that neither the recipient nor BFA could explain.

We also noted discrepancies with BFA's processor monthly performance reports (MPR), distributor monthly reconciliations, and year-end inventory reconciliations. We noted the following discrepancies in these reconciliations:

- Our testing of 25 processors' MPRs disclosed that for two processors BFA could not provide an MPR that agreed to the Commodity Processors Inventory Report which was prepared from the inventory application.
- Our testing of 15 receipt dates from three distributor monthly reconciliations disclosed a difference of 12 cases between USDA's receipts and BFA's receipts for one of the dates tested. BFA's records were reconciled to the distributor's records, and the difference was adjusted to agree to the distributor's records without resolving the differences with USDA's receipts.
- Our testing of BFA's year-end reconciliation provided in October 2022 disclosed differences between distributor beginning inventory, receipts, distributions, and ending inventory balances and commodity inventory report balances. These differences impacted the commodity balances reported on the SEFA. The NSLP commodity amount was overstated by \$248,640, and the SFSP commodity amount was understated by \$107,616, for a net immaterial overstatement of \$141,024 for the Child Nutrition Cluster.

Criteria: Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 010: (continued)

- 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.*

OA-OIT issued the following Information Technology Policy (ITP) 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*.

The 2022 OMB Uniform Guidance Compliance Supplement, Part 4 – Agency Program Requirements for the CNC Cluster, Special Tests and Provisions – N.2 Accountability for USDA – Donated Foods, states:

a. Maintenance of Records:

Distributing and subdistributing agencies (as defined at 7 CFR section 250.3) must maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated food.

7 CFR Section 250.19, Recordkeeping requirements, states:

(a) Required records. Distributing agencies, recipient agencies, processors, and other entities must maintain records of agreements and contracts, reports, audits, and claim actions, funds obtained as an incident of donated food distribution, and other records specifically required in this part or in other Departmental regulations, as applicable.

Cause: Data migration occurred for this application as part of an upgrade to a new platform in June 2022. Due to the age of the application, it was no longer being supported by existing Enterprise Data Center infrastructure and technology. The C&E Delivery Center development team indicated that they were unaware that the *ITP-INF000 – Enterprise Data and Information Management Policy* existed at the time of the data conversion. They indicated that while the web application was rewritten to utilize newer Microsoft technologies, large portions of the database utilized the same data structure as the previous system. Data queries were used to move data from one database to the other, and the data queries were written and tested. After the scripts were run, reports were compared side-by-side using the old system and the new system. When we requested additional evidence, management provided copies of the data queries and the change advisory board approval for the implementation of the new system but could not provide evidence of successful testing or evidence that reports comparing the old system and new system reconciled.

During testing of the year-end inventory reconciliations, the auditors attempted to tie to reports they downloaded from the system and found the errors noted above. Once the identified errors in the downloaded reports were communicated to management, contracted personnel from the C&E Delivery Center corrected some, but not all, of the reports listed above. The C&E Delivery Center contractor represented that the issues identified during the audit were the result of how the reports were generated in the new system and were not issues with the underlying data, but no evidence to support this statement was provided. Further, certain issues, such as inactive distributors included on the system reports, had not been corrected as of our testing date in January 2023.

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Finding 2022 – 010: (continued)

While PDA provided a one-page document entitled *Acceptance of Project Deliverable* signed by BFA personnel on June 3, 2022, the emails documenting completion of user acceptance testing of the specific incorrect reports listed were dated October 2022 and December 2022, after “go live” and after completion of the year-end inventory reconciliations.

PDA management stated that issues were encountered with inventory reports after the inventory system was upgraded in June 2022 where fixes needed to be made as errors were being discovered. Also, a new distributor was added during the audit period that failed to submit complete files which resulted in reconciliation issues. PDA management erroneously believes that all discrepancies in inventory reports have been resolved and ending inventory balances are correct.

Effect: The C&E Delivery Center’s failure to follow OA-OIT’s *Enterprise Data and Information Management Policy* resulted in the lack of certain controls over data migration including adequate planning, execution, and validation. The lack of evidence of successful, planned testing and comparisons of before and after snapshots of the data and inventory balances may have led to data migration errors that may have impacted the integrity, accuracy, and security of the data. Therefore, PDA management had little assurance prior to the audit that inventory balances transferred over completely and accurately. The lack of user acceptance testing prior to implementation of the new system (known as “go live”) contributed to the inaccurate reports that failed to support the reconciliations provided for audit. Without direct intervention from the auditors, the inventory reports for the CNC program may not have been corrected, and similar reports generated for nonmajor programs may still contain errors.

The discrepancies noted above related to inaccurate records could result in improper distribution of donated foods and misstatements in BFA’s inventory reconciliations and commodity expenditures reported in the SEFA.

Recommendation: PDA should maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA-donated foods, including end products processed from donated food. PDA should strengthen procedures for future periods to ensure errors identified during the reconciliation process are corrected timely in the system.

OA-OIT and the C&E Delivery Center should perform the following:

- Work with BFA personnel to ensure all inventory reports generated from the new system are correct, tie to actual inventory balances on hand, and include the correct distribution centers. This should be done for CNC as well as for any nonmajor programs that utilize the same inventory application.
- Ensure that all system development personnel are aware of the data migration requirements detailed in Commonwealth policy prior to future system upgrades.
- Ensure adequate user acceptance testing is performed for all key reports prior to “go live” in future system upgrades.

OA-OIT Response: OA-OIT and the C&E Delivery Center agree with the facts of the finding.

PDA Response: PDA agrees with the facts of the 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.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Office of the Budget – Governor’s Budget Office

Finding 2022 – 011:

ALN 21.027 – COVID 19 – Coronavirus State and Local Fiscal Recovery Funds

A Significant Deficiency and Noncompliance Exist Related to Preparation of the Interim Report

Federal Grant Number(s) and Year(s): TN75GJE1S7G3 (3/03/2021 – 12/31/2024)

Type of Finding: Significant Deficiency, Noncompliance

Compliance Requirement: Reporting

Condition: The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program was established under the American Rescue Plan Act to provide support to state, territorial, local, and tribal governments in responding to the economic and public health impacts of the COVID-19 pandemic. The Commonwealth of Pennsylvania, as a recipient of SLFRF funding, was required to submit a one-time Interim Report with expenditures by expenditure category, which provides an overview of the status and use of program funds. The Office of the Budget, Governor’s Budget Office (GBO), excluded \$14,481,522 from the Interim Report which represents expenditures that had been approved but not paid as of July 31, 2021. These transactions were included as expenditures in the Commonwealth’s accounting system as of July 31, 2021, but payment had not yet been issued. Per the United States Department of the Treasury’s (US Treasury) reporting guidance, this amount should have been included on the Interim Report as an obligation for the period ending July 31, 2021.

Criteria: The SLFRF Compliance and Reporting Guidance, issued by the US Treasury on June 17, 2022, states in part:

States ... were required to submit a one-time interim report with expenditures by Expenditure Category from the date of award to July 31, 2021, by August 31, 2021 or sixty (60) days after first receiving funding if the recipient’s date of award was between July 15, 2021 and October 15, 2021. The recipient was required to enter obligations and expenditures and, for each, select the specific expenditure category from the available options.

The report is required to be submitted to the US Treasury’s SLFRF portal, and for reporting purposes, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity), and an obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment.

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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: When the Interim Report was prepared, GBO interpreted program reporting requirements to be that the expenditures and obligations reported should match the Non-Entitlement Units (NEU) reports the Commonwealth had on file with US Treasury. Therefore, GBO reported only disbursements issued by the Pennsylvania Treasury by July 31, 2021 and excluded expenditures incurred in the accounting system that had not yet been issued as of July 31, 2021.

Effect: GBO did not fully report program obligations on the Interim Report as of July 31, 2021.

Recommendation: We recommend that GBO report all transactions that have been expended and/or approved for payment in accordance with program reporting requirements.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 011: (continued)

Agency Response: GBO agrees with this finding.

Questioned Costs: None noted as the expenditures were subsequently reported to US Treasury in Project and Expenditure Reports.

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, 2022

Office of the Budget – Office of Comptroller Operations

Finding 2022 – 012:

ALN 93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases (including COVID-19)

ALN 93.558 – Temporary Assistance for Needy Families (including COVID-19)

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

A Material Weakness and Material Noncompliance Exist in the Commonwealth’s FFATA Reporting Process

Federal Grant Number(s) and Year(s): NU50CK000527 (8/01/2019 – 7/31/2024), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), G2201PACCDF (10/01/2021 – 9/30/2022), G2101PACCDF (10/01/2020 – 9/30/2021)

Type of Finding: Material Weakness, Material Noncompliance

Compliance Requirement: Reporting

Condition: The Federal Funding Accountability and Transparency Act (FFATA) requires the Commonwealth of Pennsylvania to report first-tier subawards of \$30,000 or more to the FFATA Subaward Reporting System (FSRS). Necessary details including the contract amount, contract date, federal award identification number, internal order number, and other information are entered into the Commonwealth’s SAP accounting system when the Commonwealth agencies award subrecipient contracts in order to ensure compliance with the FFATA reporting requirements. Each month Commonwealth information technology personnel run an extract in SAP to populate a FFATA database and generate a report that summarizes the contract information required for that month’s FFATA reporting. The Office of the Budget, Bureau of Accounting and Financial Management (OB-BAFM), is responsible for overseeing FFATA reporting, to include reviewing the summary report to ensure the contract data is complete. Once reviewed, the information is uploaded into FSRS to meet FFATA reporting requirements.

Our testing of the FFATA reporting requirements for 40 subaward transactions totaling \$113.1 million from ten major programs disclosed that 13 transactions totaling \$29.2 million, or 33 percent of transactions tested, were not reported to FSRS. Specifically, the 13 transactions for which the FFATA information was not reported occurred within three of the ten programs tested as follows:

Program/Cluster	Number of Subawards Not Reported	Amount of Subawards Not Reported (in thousands)	Total Subrecipient Expenditures for the Program/Cluster (1) (in thousands)
Epidemiology and Laboratory Capacity for Infectious Diseases	4	\$ 18,870	\$ 57,994
Temporary Assistance for Needy Families	5	\$ 6,847	\$ 176,657
CCDF Cluster	4	\$ 3,491	\$ 1,103,297
Total	13	\$ 29,208	\$ 1,337,948

(1) Not all subrecipient awards within total subrecipient expenditures (program total) may meet the criteria for FFATA reporting.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 012: (continued)

Criteria: 2 CFR Section 170, Appendix A to Part 170, Award Term, states in part:

1. Reporting Subawards and Executive Compensation

a. Reporting of first tier subawards.

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).

2. Where and when to report.

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

b. Reporting total compensation of recipient executives for non-Federal entities.

1. Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if -

i. The total Federal funding authorized to date under this Federal award equals or exceeds \$30,000 as defined in 2 CFR 170.320;

ii. in the preceding fiscal year, you received -

(A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards), and

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and,

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 012: (continued)

Cause: OB-BAFM personnel indicated that due to staff turnover, certain subawards were not reported to FSRS because the award dates were not being entered for the internal order number in SAP. The award dates identify the contracts that are extracted from SAP for the upload to the FFATA database and the subsequent upload to FSRS. As a result of our testing, OB-BAFM personnel indicated they have established and implemented procedures to ensure award dates are entered into SAP for all internal orders so that the required subawards are properly reported in FSRS. The new procedures also include review of the FFATA information to ensure the data is consistent and correct before being uploaded to FSRS.

Regarding the 13 transactions identified during our testing that were not reported to the FFATA database, OB-BAFM personnel indicated they subsequently identified and entered award dates for subawards that were missing an award date, allowing the award information to upload to the FFATA database and FSRS as required.

Effect: Since the award dates for 13 internal order numbers were not entered in SAP, the awards failed to upload to the FFATA database and were not reported to FSRS as required. Further, noncompliance with FFATA reporting requirements may recur in future periods if control deficiencies are not corrected to ensure completeness of the upload to FSRS.

Recommendation: We recommend that OB-BAFM continue to implement their established procedures to ensure all subrecipient contract information is properly recorded in SAP and the upload into the FFATA database, and FSRS is accurate and complete.

Agency Response: OB-BAFM agrees with the 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, 2022

Various Agencies

Finding 2022 – 013:

ALN 93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases (including COVID-19)

ALN 93.558 – Temporary Assistance for Needy Families (including COVID-19)

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 2021-014)

Federal Grant Number(s) and Year(s): NU50CK000527 (8/01/2019 – 7/31/2024), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 2101PAADPT (10/01/2020 – 9/30/2021), 2201PAADPT (10/01/2021 – 9/30/2022), 2101PAFOST (10/01/2020 – 9/30/2021), 2201PAFOST (10/01/2021 – 9/30/2022)

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, 2022. Our testing disclosed that the Pennsylvania Department of Human Services (DHS) did not identify the federal award information and applicable requirements in subrecipient award documents. Additionally, the DHS and the Pennsylvania Department of Health (DOH) did not adequately 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 could cause subrecipients to be improperly informed of federal award information and may result in inadequate monitoring 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	Agency	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
Epidemiology and Laboratory Capacity (including COVID-19)	DOH	\$51,167	-	-	-	No
TANF – Child Welfare	DHS	\$28,475	-	-	No	No (1)
Foster Care – Counties (including COVID-19)	DHS	\$189,711	No	No	No	No (1)
Foster Care – Non-Profit Contract	DHS	\$12,380	No	No	No	No
Adoption Assistance – Counties (including COVID-19)	DHS	\$119,068	No	No	No	No (1)

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 013: (continued)

Program	Federal Award Identification Number	Name of Federal Awarding Agency	Assistance Listing Number	Assistance Listing Title
Epidemiology and Laboratory Capacity (including COVID-19)	-	-	-	-
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;

(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)

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Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 013: (continued)

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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, DHS’s process for subrecipient award monitoring did not identify the omission of required elements from the grant awards. In addition, the risk assessments performed by DHS and DOH 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: DHS 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, DHS 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. DHS and DOH should 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.

DHS Response: DHS agrees with this finding.

DOH Response: DOH 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.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Various Agencies

Finding 2022 – 014:

ALN 10.553, 10.555, 10.556, 10.559, and 10.582 – Child Nutrition Cluster (including COVID-19)
ALN 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children (including COVID-19)
ALN 10.558 – Child and Adult Care Food Program (including COVID-19)
ALN 15.252 – Abandoned Mine Land Reclamation
ALN 21.023 – COVID-19 – Emergency Rental Assistance Program
ALN 84.010 – Title I Grants to Local Educational Agencies
ALN 84.027 and 84.173 – Special Education Cluster (IDEA) (including COVID-19)
ALN 84.425C – COVID 19 – Education Stabilization Fund - GEER Fund
ALN 84.425D – COVID 19 – Education Stabilization Fund - ESSER Fund
ALN 84.425R – COVID 19 – Education Stabilization Fund - CRRSA EANS
ALN 84.425U – COVID 19 – Education Stabilization Fund - ARP ESSER
ALN 84.425W – COVID 19 – Education Stabilization Fund - ARP ESSER HCY
ALN 93.558 – Temporary Assistance for Needy Families (including COVID-19)
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)

A Material Weakness and Material Noncompliance Exist in the Commonwealth’s Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2021-015)

Federal Grant Number(s) and Year(s): 1PA300365 (1/01/2022 – 9/30/2023), 1PA310305 (10/01/2021 – 9/30/2022), 1PA310305 (10/01/2020 – 9/30/2021), 1PA300305 (10/01/2021 – 9/30/2022), 1PA300305 (10/01/2020 – 9/30/2021), 1PA320305 (12/27/2020 – 9/30/2021), Y22174 (10/01/2021 – 9/30/2024), Y13194 (10/01/2020 – 9/30/2023), Y03194 (10/01/2019 – 9/30/2023), Y03191 (10/01/2019 – 9/30/2020), Y22173 (10/01/2021 – 9/30/2022), Y22172 (10/01/2021 – 9/30/2022), Y13191 (10/01/2020 – 9/30/2021), Y13061 (10/01/2020 – 9/30/2021), S22AF00017 (1/01/2022 – 12/31/2024), S21AF10050 (6/01/2021 – 5/31/2024), 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 – 11/30/2023), S18AF20004 (11/01/2017 – 10/31/2023), ERAE0131 (1/19/2021 – 12/29/2022), ERAE0333 (5/11/2021 – 12/30/2025), S010A210038 (7/01/2021 – 9/30/2022), S010A200038 (7/01/2020 – 9/30/2021), H027A210093 (7/01/2021 – 9/30/2022), H027A200093 (7/01/2020 – 9/30/2021), S425D200028 (3/13/2020 – 9/30/2022), S425D210028 (3/13/2020 – 9/30/2022), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 2201PACSES (10/01/2021 – 9/30/2022), 2101PACSES (10/01/2020 – 9/30/2021), G2201PACCDF (10/01/2021 – 9/30/2022), G2101PACCDF (10/01/2020 – 9/30/2021), 2201PAFOST (10/01/2021 – 9/30/2022), 2101PAFOST (10/01/2020 – 9/30/2021), 2001PAFOST (10/01/2019 – 9/30/2020), 2201PAADPT (10/01/2021 – 9/30/2022), 2101PAADPT (10/01/2020 – 9/30/2021), 2205PA5MAP (10/01/2021 – 9/30/2022), 2105PA5MAP (10/01/2020 – 9/30/2021)

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 014: (continued)

**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.

Our fiscal year ended June 30, 2022 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, 2021 subrecipient audit universe for audits due for submission to the FAC during the fiscal year ended June 30, 2022. We also evaluated the Commonwealth's review of 44 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, 2022 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 Education (PDE): The time period for making a management decision on findings was approximately 6.5 to over 13 months after the FAC MDL start date for 14 out of 25 audit reports with findings. Three of the 14 audit reports were improperly classified on PDE's audit tracking list as not having federal award findings.
- Department of Environmental Protection (DEP): The time period for making a management decision on findings was approximately 16.2 months after the FAC MDL start date for one out of three audit reports with findings. In addition, our review disclosed that DEP subgranted federal funds totaling \$10,338,570 to one subrecipient during the fiscal year ended December 31, 2020, for which a Single Audit was not submitted to the FAC as of our January 2023 testing date. This was over 9.5 months after the March 31, 2022 due date, which had been extended due to the COVID-19 pandemic in accordance with the Office of Management and Budget's (OMB) Memorandum M-21-20, Appendix 3.
- Department of Health (DOH): Our review disclosed that DOH subgranted federal funds totaling \$8,103,407 to one subrecipient during the fiscal year ended September 30, 2020, for which a Single Audit was not submitted to the FAC as of our January 2023 testing date. This was over 12.5 months after the December 31, 2021 due date, which had been extended in accordance with OMB's Memorandum M-21-20, Appendix 3.
- Department of Human Services (DHS): The time period for making a management decision on findings ranged from approximately 6.6 months to over 19.6 months after the FAC MDL start date for 12 out of 14 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 subjected to audit.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 014: (continued)

As a follow-up to the prior year finding, we noted that the Commonwealth subgranted federal funds totaling \$327,988,063 to the City of Philadelphia during the fiscal year ended June 30, 2021, for which a Single Audit was not submitted to the FAC as of our January 2023 testing date. This was over 3.5 months after the September 30, 2022 due date, which had been extended in accordance with OMB's Memorandum M-21-20, Appendix 3. Our testing disclosed that DHS's subgrants to the City of Philadelphia were material for five of the 16 major programs/clusters with material subgranted funds.

Our follow-up on the prior year finding also disclosed that the Commonwealth subgranted federal funds totaling \$28,725,212 to Bucks County during the fiscal year ended December 31, 2020, for which a Single Audit was not submitted to the FAC as of our January 2023 testing date. This was over 9.5 months after the March 31, 2022 due date, which had been extended in accordance with OMB's Memorandum M-21-20, Appendix 3.

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:

(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.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 014: (continued)

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.

(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 325.08, Amended – *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) The remedial action should be implemented within 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:

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 014: (continued)

- (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 325.09, Amended – *Processing Subrecipient Single Audits of Federal Pass-Through Funds*, Section 7 related to procedures, states in part:

c. Agencies.

- (1) Evaluate single audit report submissions received from 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) Issue management decisions relative to audit findings and crosscutting findings assigned to the agency for resolution, as required by 2 CFR §200.521. If responsible for the resolution of crosscutting findings, notify the affected agency or agencies upon resolution of such findings.
- (7) Impose or coordinate the imposition of remedial action in accordance with 2 CFR Part 200.339 and Management Directive 325.08 Amended, *Remedies for Recipient Noncompliance with Audit Requirements*, when subrecipients fail to comply with the provisions of Subpart F.

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in 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)*. 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, was either a change in staff or a lack of staff to follow up and process subrecipient audit reports more timely. The late management decision at DEP appeared to be the result of a subrecipient being treated as a contractor as described in current year Single Audit Finding #2022-005, despite having a subrecipient Single Audit requirement clause in its contract with DEP.

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.

COMMONWEALTH OF PENNSYLVANIA

Federal Award Findings and Questioned Costs - June 30, 2022

Finding 2022 – 014: (continued)

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 timelier 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 325.08.

PDE Response: PDE agrees with the finding.

DEP Response: DEP agrees with the finding.

DOH Response: DOH 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 325.08 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.

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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Management's Summary Schedule of Prior Audit Findings



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA
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Summary Schedule of Prior Audit Findings - June 30, 2022

Finding State Agency/Finding Title/Comments

FINDINGS FOR THE YEAR ENDED JUNE 30, 2021:

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

FINANCIAL STATEMENT FINDINGS

STATEWIDE (SW)

2021-001 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-001)

OA has formed a workgroup; implementation planning is underway for a Privileged User Management solution. Anticipated completion date: 6/30/2024 for full implementation.

2021-002 Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems

L&I and EBR will develop procedures to limit vendor admin account creation. Procedures will also be developed to review existing admin accounts on a quarterly basis and to address the large number of existing accounts. The procedures should be put into place by June 30, 2023.

FEDERAL PROGRAM FINDINGS

DEPARTMENT OF EDUCATION (PDE)

2021-003 A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of Elementary and Secondary School Emergency Relief Fund Annual Reporting

PDE worked on policies and procedures to support the influx of federal dollars. All LEAs were placed on a four year monitoring cycle and are annually assessed for risk. PDE is working to hire an outside contractor. Continuous and ongoing data review will occur through PIMS data validation upon entering and through ESSER monitoring. Finding repeated due to timing of CAP.

DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)

2021-004 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)

DEP-BAMR reviewed all open grant agreements and determined they are subrecipient/subaward agreements. On June 1, 2022 DEP-BAMR notified the grantees of the subrecipient status; provided the grantees with federal subrecipient monitoring information; and directed the grantees to register in SAM.gov. DEP-BAMR developed written procedures for subrecipient monitoring and implemented them for existing subaward agreements. Finding repeated due to timing of the CAP.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2022

Finding State Agency/Finding Title/Comments

DEPARTMENT OF HUMAN SERVICES (DHS)

2021-005 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 2020-005)

DHS reminded CAOs and district offices 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. The EBT Program office provided guidelines for the CAOs to follow when reviewing/updating their written internal procedures for EBT security for card mailings. Finding repeated due to timing of the CAP.

2021-006 A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to Submission of Emergency Rental Assistance Monthly and Quarterly Reporting

A contractor was hired to perform the necessary data validation. With the tight timeframes, there isn't time to perform this validation prior to submission to Treasury; however, DHS obtained permission from Treasury to make any necessary corrections to the submissions after the initial submission. Therefore, the contractor is validating the information after the initial submission, and DHS will make any necessary corrections. Finding repeated due to timing of CAP.

2021-007 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)

OIM-TANF - New Directions, Cash Grants - Currently, the updates need to be completed and will be implemented when onsite monitoring resumes after the pandemic. Office of Policy Development (OPD)- Alternatives to Abortion (AA) - DHS OGC spoke with the grantee's attorney regarding the requested documentation for monitoring. DHS OGC received an email from the grantee's attorney outlining Real Alternatives' position on a potential resolution of the issue regarding DHS access to certain requested documents. Rather than offering a resolution, Real Alternatives has taken a new position regarding DHS access. For the first time, Real Alternative asserts that DHS is not entitled to access certain requested documents at all. Further, it continues to assert that DHS will only be provided access to the other requested documents on-site and will not be allowed to make copies of those documents. Although DHS is agreeable to access documents on-site, it needs to make copies of certain documents so that it can verify the costs of rendered services against its records. DHS OGC is currently working on a response to the grantee's attorney. Anticipated completion date is June 2023.

2021-008 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)

Corrective action was taken.

2021-009 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)

DHS negotiated an amendment to the PROMISE contract. Finding repeated due to needing additional language in the confidentiality language. The additional amendment should be completed May 2023.

2021-010 A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Managed Care Financial Audit

Corrective action was taken.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2022

Finding State Agency/Finding Title/Comments

DEPARTMENT OF LABOR AND INDUSTRY (L&I)

2021-011 A Significant Deficiency and Noncompliance Exist Related to Eligibility of Unemployment Recipients

Corrective action was taken. The PUA program is no longer active, and the finding was not reissued.

2021-012 A Significant Deficiency Exists at the Department of Labor and Industry Related to the Reemployment Services and Eligibility Assessments Program

Corrective action was taken.

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

2021-013 Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2020-015)

Corrective action was taken.

STATEWIDE (SW)

2021-014 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)

PennDOT has included the ALN in all RAS agreements. This finding was not reissued to PennDOT.

DHS sent Tentative Allocation Letters with ALNs and funding amounts. Final Allocation Letters were sent with an attachment including 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. Finding is repeating due to timing of CAP.

2021-015 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)

PCCD & PEMA took corrective action.

DHS' subrecipient report review backlog is close to being eliminated and should be complete by June 30, 2023.

DEP Fiscal Management staff participated in a mandatory review of DEP and Commonwealth policies focusing on the process. DEP Fiscal Management updated the internal procedures for single audit review and participated in a high-level training with OB-BAFM. All staff attended the session, including staff who previously worked on single audits and new staff that had recently come on board. Finding repeated due to timing of CAP.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2022

Finding State Agency/Finding Title/Comments

FINDINGS FOR THE YEAR ENDED JUNE 30, 2020:

FINANCIAL STATEMENT FINDINGS

STATEWIDE (SW)

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

Refer to finding 2021-001 for the status of this issue.

FEDERAL PROGRAM FINDINGS

DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)

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

Refer to finding 2021-004 for the status of this issue.

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)

Refer to finding 2021-005 for the status of this issue.

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)

Refer to finding 2021-007 for the status of this issue.

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)

Refer to finding 2021-008 for the status of this issue.

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

Refer to finding 2021-009 for the status of this issue.

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)

Refer to finding 2021-013 for the status of this issue.

COMMONWEALTH OF PENNSYLVANIA

Summary Schedule of Prior Audit Findings - June 30, 2022

Finding State Agency/Finding Title/Comments

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)

Refer to finding 2021-014 for the status of this issue.

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)

Refer to finding 2021-015 for the status of this issue.

Management's Corrective Action Plans



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA
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Corrective Action Plans - June 30, 2022

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-001	OA-OIT	Ken Kitch, EBR PIT IT Director Will Otto, EBR IT DOBS IT Director Mike Dailey, EBR IT Cross Agency IT Director Nathan Shaner, EBR CTO	<p>Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2021-001)</p> <p>1. This application is in the process of being modernized. To remediate the finding the program area will implement the following workflow so that there will be an approval processing for the code to be promoted to the Production environment.</p> <ul style="list-style-type: none"> • All requested changes to application will be documented in writing by the program area. (Currently being done) • All changes will be reviewed by the IT Director or their designee for completeness and accuracy and then assigned to the appropriate contractor to perform the change. (Currently being done) • All coded changes will go through a peer code review to make sure all changes fall within the scope of work that was asked for by the program area. (New remediation process) • Once the coded change has been tested, approved, and signed off on by the program area managers the contracted staff will submit a ticket to move the approved code to the production environment. (New remediation process) • The request will go to the IT Director(s) for approval. (New remediation process) • Once the ticket is approved the contractor will move the program area and IT Director approved code into the production environment. (New remediation process) • A change log is created for each production deployment and reviewed monthly by the IT Director. This will be reviewed against the approved code deployment to confirm only approved changes were migrated. (New remediation process) <p>2. The finding of multiple administrators sharing a password will be fixed with request to vendor. This ticket will update the passwords to these accounts and the new passwords will not be shared.</p>	<p>06/30/2025</p> <p>Completed</p>

COMMONWEALTH OF PENNSYLVANIA

Corrective Action Plans - June 30, 2022

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-002	OB-OCO	<p>Carson Buck, Accountant Manager</p> <p>Cassandra Johnson, Accountant III</p>	<p>Material Weakness Over Financial Reporting in the Unemployment Compensation Fund</p> <p>The following steps were taken to address this material weakness:</p> <ul style="list-style-type: none"> • General Accounting worked with the Federal Reporting Division to determine the root cause and the necessary correcting journal entries. • General Accounting revised the workpapers to show the additional correcting and reversing entries. • General Accounting added workpaper notes on how to properly record FUA loan proceeds and FUA loan repayment activities. These workpaper notes will roll forward on a year-to-year basis and include the following items: <ul style="list-style-type: none"> o Correct general ledger account numbers where the FUA loan proceeds and FUA loan repayments should be recorded. o Example entries for recording this activity from the 2021-2022 fiscal year. o The 2021-2022 entries that were reversed and the rationale for why they were reversed. 	Completed
2022-003	OA-OIT	<p>David Dodson Andrews, Project Manager 3</p> <p>Brian Cherry, Project Manager 2</p>	<p>Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems (A Similar Condition Was Noted in Prior Year Finding 2021-002)</p> <p>Admins have been removed from the UC Ben Mod system server in question.</p> <p>As noted by the auditors, having no policies or procedures for granting access to vendor administrators was remediated in May of 2022.</p> <p>As noted by the auditors, no logging or monitoring of the vendor administrators' action in the system was remediated in February of 2022.</p> <p>A ticket has been logged by the Agency with the vendor to remediate / replace the generic administration accounts within the UC Ben Mod system.</p> <p>Vendor provided SOC reports to UC Program Area and Information Security Officer (ISO).</p> <p>COPA Agency assigned POC for SOC reporting and will work with vendor to implement the proper test controls over the UC Ben Mod system.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>06/30/2023</p> <p>Completed</p> <p>06/30/2023</p>

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2022-004	PDE	<p>Susan McCrone, Division Manager, Federal Programs</p> <p>Brian Campbell, Director, Bureau of Curriculum, Assessment, and Instruction</p>	<p>A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of GEER, ESSER, and CRRSA EANS Annual Reporting (A Similar Condition Was Noted in Prior Year Finding 2021-003)</p> <p>PDE uses 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. PDE Division of Federal Programs also utilizes Pennsylvania's Information Management System (PIMS) to collect and verify LEA data. PIMS has business rules built in to ensure valid data collection.</p> <p>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>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 to verify data and ensure compliance with existing federal guidelines, typically occurs from January through May. LEAs receive a unique username and password to access Fedmonitor and complete an online self-assessment. Beginning in October 2022, all LEAs were placed on a four-year monitoring cycle and were monitored in the 2021–22 fiscal year and will be monitored again in the 2024–25 fiscal year. Data collected in eGrants, PIMS and Fedmonitor is verified during these monitoring visits.</p>	Completed
2022-005	DEP	Patrick Webb, Acting Dir., Bureau of AMLR	<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 2021-004)</p> <p>AMLR program representatives attended Department of Interior, Office of Surface Mining Reclamation and Enforcement online training covering 2 CFR 200 and contractor or subrecipient determinations.</p> <p>DEP ceased issuing AMLR grants under Management Directive 305.20, Grant Administration.</p>	Completed

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2022-005 (cont'd)		Tim Golding, Executive Assistant, Office of Admin. and Management	<p>DEP management has determined the recipients with existing agreements are subrecipients and DEP will follow this determination consistently with future agreements and accounting.</p> <p>DEP has developed written policies and procedures for subrecipient monitoring and has notified grantees to implement the policies and procedures immediately to ensure timely subrecipient compliance with federal regulations.</p>	
2022-006	DHS	Jeanette Coulston, Staff Assistant to Director of Bureau of Operations	<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 2021-005)</p> <p>Bureau of Operations (BOO): BOO will take the following actions to address the finding:</p> <ol style="list-style-type: none"> 1. All CAOs and district offices will be reminded of the EBT Coordinators', alternates', pinners', and card makers' responsibilities. The BOO will ensure users in the EBT Card Tracking Database know their responsibilities and segregation of duties and will ensure there is coverage for card pinning until 5:00 pm each business day. Also, reminders to be sent to review the OIM EBT Procedural Manual periodically and when updates occur. This has already taken place on October 7, 2022. 2. All CAOs and district offices will be reminded to maintain adequate security of the EBT cards, card inventory, pinning devices, and ribbons. The EBT office will ensure all offices have two pinning devices and that they are in working order. This has already taken place on October 7, 2022. 3. OIM mandates annual training for EBT personnel to be completed at the beginning of each year. The training includes reviewing the procedures that safeguard access to the EBT systems. Also included are the following: <ol 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>Training was completed in January 2023. Area managers and staff assistants monitor completion of the training.</p>	Completed

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2022-006 (cont'd)		<p>Tonya Holloway, Division Director</p> <p>Amira S. Milikin, Division Director</p>	<p>Bureau of Program Support (BPS)/EBT Project Office: BPS will take the following actions to address the finding:</p> <ol style="list-style-type: none"> 1. The EBT Project Office will make updates to the EBT Procedures Manual (Manual) and OIM EPPIC EBT Systems Application form (application) as needed. Notification of updates will be sent to CAO staff via email. This is expected to occur by April 30, 2023. 2. The EBT Program office will provide guidelines for the CAOs to follow when reviewing/updating their written internal procedures for EBT security of card mailings. This is expected to occur by April 30, 2023. 3. The EBT Project Officer will start retraining parties that are responsible for the completion of the EBT Headquarters Card Destruction log. This is expected to occur by May 1, 2023. <p>Bureau of Program Evaluation (BPE), Division of Corrective Action (DCA) will take the following actions to address the finding:</p> <p>BPE, DCA conducts EBT Card Security reviews at every CAO and District Office that issues EBT cards. These reviews are completed on a consistent basis, and in the future will be completed annually on a 3-year rotation basis, to ensure the improvement of the execution of documented policies and procedures. BPE/DCA will adjust the review criteria to incorporate any procedural changes implemented in the Electronic Benefit Transfer Handbook. Current rotation schedule spans FFY 2022- FFY 2024. The annual reviews for this cycle started October 2022.</p>	<p>04/30/2023</p> <p>04/30/2023</p> <p>05/01/2023</p> <p>Completed</p>
2022-007	DHS	<p>Joel O'Donnell, Director, Bureau of Program Support, OIM</p>	<p>A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to Submission of Emergency Rental Assistance Monthly and Quarterly Reporting and Special Tests and Provisions Related to ERA Funds Reallocation (A Similar Condition Was Noted in Prior Year Finding 2021-006)</p> <p>Similar to other DHS programs, DHS has implemented an after-action review of information submitted, using a contracted vendor. DHS faced challenges implementing a program with 67 counties and no central eligibility determination system. DHS has learned that implementing the supportive services and multi-sector partnerships was challenging in the context of the global pandemic and workforce shortages. This made DHS dependent on local county reports to maintain program oversight and compile statewide data for submission to US Treasury. DHS plans to strengthen this control as we plan for future emergency or pandemic programs related to rental assistance.</p>	<p>06/30/2023</p>

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-008	DHS	<p>Joel O'Donnell, Director, Bureau of Program Support, OIM</p> <p>Ana Arcs, Acting Policy Director, OPD</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 2021-007)</p> <p><u>New Directions</u> DHS is exploring different possibilities to satisfy the audit finding to include the contracting of a certified public accounting firm to assist in conducting the financial portion of our subrecipient monitoring.</p> <p><u>Alternatives to Abortion</u> 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 2023). 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 October 27, 2022, DHS sent a letter to the grantee outlining specific action steps to establish compliance with their grant agreement. The grantee responded on November 28, 2022, disputing the claims of DHS and asserting that they are not out of compliance with their grant agreement.</p> <p>OPD will be scheduling time to visit the grantee to review documents required by the terms of their grant agreement in order to complete the monitoring. Monitoring will occur by June 30, 2023.</p>	<p>03/01/2024</p> <p>06/30/2023</p>
2022-009	DHS	<p>Toni Hoeffcker, Dir., Div. of Systems, Monitoring and Oversight, BDCM</p>	<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 2021-009)</p> <p>Office of Medical Assistance Programs' Bureau of Data and Claims Management (BDCM) is currently negotiating an amendment to the PROMISE contract with Gainwell Technologies which will bolster the NCCI performance requirement to explicitly include the elements identified in the finding.</p>	<p>05/01/2023</p>

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-010	OA-OIT	Caryn Long Earl, PDA, Director, Bureau of Food Assistance (BFA)	<p>Controls Over Information Technology System Migration and Controls Over the Accountability of Donated Foods Need Improvement</p> <p>PDA's PA Meals team will incorporate appropriate migration strategies within the policy of ITP_INF000, along with providing a migration audit plan checklist for any future data migrations. Additionally, the INF000 will be incorporated into the Delivery Center's development framework, where appropriate.</p> <p>PDA added a Business Analyst to the team for assisting with future application testing and documentation. This individual will be directly involved in helping develop and orchestrate a testing strategy based on delivery center standards to include, but not limited to:</p> <ul style="list-style-type: none"> - Determine appropriate criteria to be tested. - Assist in establishing a test group of qualified testers. - Coordinate with technical team on pass/fail criteria. - Utilize standard testing tasks/checklists ensuring consistency. - Assist the team, key business users and the technical team in reviewing testing results. <p>The reports were reviewed electronically (100s of report pages) checking for various scenarios. As a result, these complete reports are similar and difficult to distinguish between without an associated checklist and specific report criteria. In the future, full test plans and execution results capturing pass/fail of the defined tests will be retained in pdf (or similar) format. The team will continue with best practices and delivery center standards, utilizing a Business Analyst as part of the testing and review process.</p> <p>The SEFA report had extensive testing, however, there is a timing issue that will always exist if the expectation is to provide the data in both January and September. The January report will be accurate for when it is run, along with what transactions were sent by the warehouse vendor. Subsequently, changes can and will occur to those commodities being reported on over the next 6 months. Additionally, it is reliant upon the warehouse vendor to report all transactions timely. As a result, running the same report after June 30th will consistently vary due to a physical inventory review in June, along with additional transactions being updated as part of the inventory review.</p> <p>PDA is recommending a one-time annual report in September, which will include all the adjustments from a June physical inventory and updated transactions. A January report is fine to run but should not be considered a fully accurate assessment due to the timing and missing data.</p>	09/30/2023

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-010 (cont'd)	PDA	Caryn Long Earl, Director, Bureau of Food Assistance (BFA)	<p>PDA strives to maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA donated foods, including end products processed from donated food. To that end, PDA has already or will put the following steps in place to strengthen procedures for future periods to ensure errors identified during the reconciliation process are corrected timely in the system:</p> <ol style="list-style-type: none"> 1) All findings noted with regards to the Commodity Processors Inventory Report have been corrected and no known issues remain. 2) No further inventory balances remain on record with inactive distributors, as all product was previously transferred to active distributors. 3) Processor monthly performance reports (MPRs) will be completed and filed in accordance with USDA's prescribed schedule (90 days after completion of month). 4) BFA will work with the Commodity Distributors and USDA to mutually resolve discrepancies and achieve reconciliation with USDA receipts. 5) Moving forward, all Commodity Distributor Inventory Reports will be reconciled by the beginning of a new federal fiscal year (October 1), and inventory balances at commodity distributors will agree with year-end physical inventory counts. 	<p>Completed</p> <p>Completed</p> <p>09/30/2023</p> <p>09/30/2023</p> <p>09/30/2023</p>
2022-011	OB-GBO	<p>Mike Wood, Bureau Director, Bureau of Performance, Revenue, and Program Analysis</p> <p>Colleen Kling, Division Manager, Division of Program Analysis and Performance Improvement</p>	<p>A Significant Deficiency and Noncompliance Exist Related to Preparation of the Interim Report</p> <p>While the Governor's Budget Office agrees with the fact cited in finding, it is not possible to correct the situation and the error had no impact on the implementation of the federal program. No corrective action is necessary, nor would it have any discernable impact.</p> <p>The Interim Report was a one-time progress report required by U.S. Treasury to document our state's progress in spending State and Local Fiscal Recovery Funds and distributing, on the behalf of the U.S. Treasury, payments from the Treasury to Non-Entitlement Units (NEU) of local government as of July 31, 2021. The Interim Report also required states to provide revenue replacement calculations for calendar year 2020. This report was due on August 31, 2021. There were no follow up reports using the same format as the Interim Report.</p> <p>The figures reported as transfers to NEUs in the Interim Report accurately reflected the total dollars that had been electronically transferred to local governments as of July 31, 2021, as that was how we interpreted the federal guidance at the time. It was our interpretation that U.S. Treasury wanted information on how much had been distributed and received by NEUs as of July 31, 2021, rather than how many payments we had approved in our accounting system and were in the process of being paid.</p> <p>After filing the Interim Report, the Office of the Budget continued to report updates of distributions to</p>	N/A

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-011 (cont'd)			<p>NEUs both using a U.S. Treasury portal, and ultimately by exchanging spreadsheets of NEU data with the US Treasury to painstakingly ensure the data the U.S. Treasury had was correct. The Office of the Budget will continue to file compliance reports in accordance with U.S. Treasury’s guidance.</p> <p>At no time did the U.S. Treasury indicate there were issues with the composition or acceptability of our filed Interim Report.</p> <p>At this time, all NEU funds received from the federal government have been either distributed to NEUs or have been returned to the U.S. Treasury and this program is complete. Therefore, we are currently not required to, nor do we have plans to report on the progress of NEU distributions to the federal government in the future.</p>	
2022-012	OB-OCO	<p>Sandra Bruno, Integrated Financial Service Manager</p> <p>Jamie Jerosky, Assistant Director</p>	<p>A Material Weakness and Material Noncompliance Exist in the Commonwealth’s FFATA Reporting Process</p> <p>The following steps were taken to address this material weakness:</p> <ul style="list-style-type: none"> • FFATA procedures will be updated to populate the award date in the grant internal order (IO) when the grant is set up in SAP instead of when the grant is in FSRS. • General Accounting will review their IOs to ensure the award date is populated. • A procedure workgroup will be established to ensure a consistent FFATA review in General Accounting. 	05/31/2023
2022-013	DHS	<p>TinaMarie Petrovitz, Director of County Support</p>	<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 2021-014)</p> <p>The Office of Children, Youth, and Families (OCYF) is sending out a Restrictions and Requirements document with each tentative and final allocation letter. This 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>For the State fiscal year 2021-2022, Tentative Allocation Letters were sent out on April 1, 2021, with Federal Award Identification Numbers (FAIN) and funding amounts. Final Allocation Letters were sent</p>	Completed

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
<p>2022-013 (cont'd)</p>			<p>out August 12, 2021, with the Amount, FAIN 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 County Children and Youth Agencies (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.</p>	
	<p>DOH</p>	<p>Andrea Race, CFO</p>	<p>The Department plans to develop and implement a robust subrecipient monitoring program which includes establishing a new section within the Budget Office pending enacted budget funds and complement to support the creation of the section. Initiative goals/milestones include:</p> <ul style="list-style-type: none"> - Assessment: Comprehensive assessment of all current federal grants and subawards and their processes. This assessment will document best practices and identify gaps within the agency's processes. It will also provide an evaluation of current operational and technological resources that can be leveraged to facilitate compliance. Target start date: February 27, 2023. Target completion date: June 30, 2023. - Educate Department: Budget Office is developing a bulletin that will outline the subrecipient monitoring requirements with links to State and Federal Sources. The bulletin will be shared with all program office staff. The Budget Office will develop the following templates and provide to all program offices: <ul style="list-style-type: none"> - Determination of vendor status: Subrecipient or Contractor - Risk Assessment Form - Internal Control Self-Assessment for Subrecipient Template - Subrecipient Monitoring Template <p>All materials will be updated with any additional information gained during the assessment. Start date: February 3, 2023. Target Completion Date: June 30, 2023</p> <ul style="list-style-type: none"> - Implementation of full compliance initiative: Recommendations provided in the assessment will be used to develop and implement comprehensive policies and procedures led by a new section in the Budget Office. Target start date July 1, 2023. Target fully operational date: June 30, 2024. 	<p>06/30/2024</p>

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-014	PDE	<p>Clayton P. Carroll, II, Audit Coordinator</p> <p>Jessica Sites, Director, Bur. of Budget and Fiscal Mgmt.</p>	<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 2021-015)</p> <p>Audits retrieved from the Federal Audit Clearinghouse are now reviewed after entry into PDE’s SharePoint website, to ensure PDE remains compliant with federal guidelines to respond to any and all findings pertaining to federal dollars it passes to subrecipients. Likewise, PDE Audit Section continues to improve upon its processes for timely determinations of those single audits with findings by multiple means, including periodic SharePoint enhancements designed to aid in timely review of single audit packages, working closely with PDE program areas to assist in timely responses and quickly addressing SharePoint access issues as they arise.</p>	06/30/2023
	DEP	<p>Jennifer L. Brandt, Senior Fiscal Management Specialist, Federal Grants and Audits</p>	<p>BAFM now provides agencies with single audit reporting packages that have findings each week that have been accepted by the Federal Audit Clearinghouse (FAC). This allows for us to start our management decision process in a timelier manner and meet the six-month deadline for issuing our decision. This information first appeared in our notifications starting April 30, 2021.</p> <p>In addition, the DEP program that had been previously identifying agreements as contracts rather than subrecipient agreements has corrected this issue and all subrecipients have been notified in writing of this correction and provided the information for submitting their single audits (if necessary). The letters were sent to subrecipients on approximately May 31, 2022.</p> <p>DEP Fiscal Management staff will continue to monitor the BAFM SharePoint site and FAC for additional filings to attempt to avoid this issue in the future.</p> <p>DEP is also hiring additional staff for the oversight and monitoring of the subrecipient single audits to ensure compliance with all requirements. These positions are currently in the filing process, and we are hopeful that they will be filled, and staff trained by September 30, 2023.</p>	09/30/2023
	DOH	<p>Sally Zubairu-Cofield, Director, Bureau of WIC</p>	<p>NORTH Inc.’s Single Audit report for the period ending 9/30/2020 was officially submitted and showing on the FAC on 2/9/2023. Bureau of WIC staff reached out to the Director and CFO of NORTH Inc. by phone and email. Emails were sent with instructions on how to submit the report as well as the importance of submitting the report timely per their grant agreement. Each follow-up phone call included discussion on the importance of submitting their single audit as soon as possible.</p> <p>Moving forward the Bureau of WIC will implement the following procedure:</p>	03/24/2023

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2022-014 (cont'd)			<ol style="list-style-type: none"> 1. Three months after the end of the audit period (Federal Fiscal Year), Project Officers will send an email that outlines the process for submitting a single audit reporting package to the FAC to their respective WIC local agencies. This email will provide a date that the single audit is due to be submitted to the FAC in order to stay in compliance with their current WIC grant agreement. 2. Six months after the end of the audit period (three months from the due date of the single audit reporting package) an official letter from the Bureau Director will go out to the WIC local agencies that are due to submit a single audit. The letters will include instructions on how to submit the single audit in FAC and the Audit Requirements link referenced in their grant agreement. 3. If the WIC local agency notifies the Bureau of WIC that their auditor will not be able to submit their agency's single audit by the due date, then the Project Officer will work with the local agency to get a projected date of completion and a timeline on when the local agency's auditor is able to finalize the audit and submit it to the FAC. The Bureau of WIC will then notify DOH's Audit Coordinator and OB-BAFM of this information, so they are able to track it. 4. If the WIC local agency does not submit the report by the due date and fails to notify their project officer; a notice to cure letter will be sent to the agency. <p>Concerning NORTH Inc.'s Single Audit report for the period ending September 30, 2021:</p> <ol style="list-style-type: none"> 1. The Bureau of WIC will contact NORTH Inc. and request a meeting with their auditor. 2. Following the meeting with NORTH Inc.'s auditor, the Bureau Director will send an official letter to NORTH Inc. The letter will include the instructions on how to submit the single audit in the FAC and the Audit Requirements link referenced in their grant agreement. They will also be made aware of the actions that could result from them not submitting this audit by the agreed upon date. 3. If the single audit is not received by the agreed upon date, then the Bureau of WIC will send a notice to cure letter. 	
	DHS	<p>David Bryan, Manager, ARS</p> <p>Alexander Matolyak, Director, Division of Audit & Review</p>	<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 hired two additional staff members in February 2022, and an additional staff member in January 2023. Finally, the ARS worked 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, we will continue to follow the requirements of 2 CFR §200.339 and Commonwealth Management Directive 325.8. We will continue to work with counties and their independent auditors to obtain any late Single Audit reports.</p>	06/30/2023

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Appendix



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APPENDIX - Legend of Abbreviations - June 30, 2022

The following legend presents descriptions of abbreviations that appear throughout the report:

<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
AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number
ARC	Appalachian Regional Commission
ARP	American Rescue Plan
ARP ESSER	American Rescue Plan – Elementary and Secondary School Emergency Relief
ARP ESSER HCY	American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth
BAFM	Bureau of Accounting and Financial Management
BAMR	Bureau of Abandoned Mine Reclamation
BCSE	Bureau of Child Support Enforcement
BFA	Bureau of Food Assistance
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
C&E	Conservation and Environment
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
CRRSA EANS	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools Program
CSE	Child Support Enforcement

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Legend of Abbreviations (Continued) - June 30, 2022

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
CUEC	Complementary User Entity Controls
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
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
EBR	Employment, Banking, and Revenue
eCIS	Electronic Client Information System
ED	United States Department of Education
ELC	Epidemiology and Laboratory Capacity for Infectious Disease
EPA	United States Environmental Protection Agency
EPPIC	Electronic Payment Processing and Information Control
ERA	COVID - 19 – Emergency Rental Assistance Program
ESEA	Elementary and Secondary Education Act
ESF	Education Stabilization Fund
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
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
FNS	Food and Nutrition Service
FSRS	FFATA Subaward Reporting System
FYE	Fiscal Year Ended
GAAP	Generally Accepted Accounting Principles
GAO	United States Government Accountability Office
GBO	Governor’s Budget Office
GEER	Governor’s Emergency Education Relief Fund
HEERF	Higher Education Emergency Relief Fund
HEERF FIPSE	Higher Education Emergency Relief Fund – Fund for the Improvement of Postsecondary Education Formula Grant
HHS	United States Department of Health and Human Services
HIV	Human Immunodeficiency Virus
HPC	Highway Planning and Construction
HSGP	Homeland Security Grant Program
HRSA	Health Resources and Services Administration
HUD	United States Department of Housing and Urban Development
ID	Identification

COMMONWEALTH OF PENNSYLVANIA

Legend of Abbreviations (Continued) - June 30, 2022

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
IDEA	Individuals with Disabilities Education Act
IES	Integrated Enterprise System
IESO	Integrated Enterprise Systems Office
IRS	Internal Revenue Service
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
MDL	Management Decision Letter
MLF	Motor License Fund
MOU	Memorandum of Understanding
MPR	Monthly Performance Report
NCCI	Medicaid National Correct Coding Initiative
NCLB	No Child Left Behind
NEU	Non-Entitlement Units
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
OCYF	Office of Children, Youth, and Families
ODP	Office of Developmental Programs
OGC	Office of General Counsel
OIG	Office of Inspector General
OIM	Office of Income Maintenance
OIT	Office for Information Technology
OMB	Office of Management and Budget
OPD	Operational Documents
OPD-AA	Office of Policy Development Alternatives to Abortion
OVR	Office of Vocational Rehabilitation
PCCD	Pennsylvania Commission on Crime and Delinquency
PDA	Pennsylvania Department of Agriculture
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

COMMONWEALTH OF PENNSYLVANIA

Legend of Abbreviations (Continued) - June 30, 2022

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
SAS	Statement on Auditing Standards
SDLC	Systems Development Life Cycle
SEA	State Educational Agency
SEFA	Schedule of Expenditures of Federal Awards
SFSP	Summer Food Service Program for Children
SLFRF	Coronavirus State and Local Fiscal Recovery Funds
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