



ALASKA STATE LEGISLATURE

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DATE: February 11, 2025

TO: Senator Lyman Hoffman, Co-Chair
Senator Donald Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senate Finance Committee

FROM: Senator Elvi Gray-Jackson, Chair
Legislative Budget and Audit Committee

RE: Audit Finding Referral

Legislative audits provide critical insights into areas where agencies may not be meeting standards or complying with requirements, highlighting opportunities for improvement. Addressing these findings promptly strengthens public trust and enhances overall government performance.

With that goal in mind, the Legislative Budget and Audit Committee has implemented an annual review process aimed at identifying the most significant findings and promoting timely corrective actions. This process includes recommending additional legislative follow-up, as needed, to ensure accountability and progress. As part of these efforts, we are forwarding the attached audit findings for your review and consideration during the committee process. Kris Curtis, Legislative Auditor, is available to assist. If you have any questions, please don't hesitate to contact her at Kris.Curtis@akleg.gov or 465-4199.

We appreciate your attention to this matter and your commitment to improving state governance.

DEPARTMENT OF HEALTH	
AUDIT ISSUE	CORRECTIVE ACTION STATUS ACCORDING TO AUDITEE
Division of Public Assistance Federal Program Findings	DOH did not agree with all findings. However, the department did describe steps to improve internal controls, including creating a working group and implementing a quality improvement plan to coordinate and facilitate resolution of audit findings. Administrative staff have been increased with the intention of restoring the SNAP EBT recon process. Training will also be increased. A contractor has been hired to fix programming to generate accurate EIS reporting. Monitoring will be enhanced to improve earmarking compliance. Training on the ACF-204 report and LIHEA reconciliation will also occur.
Shortfalls	Appropriation groups H247 and H519 were ratified in the FY25 budget. The department is working with Alaska Housing Finance Corporation to collect revenues associated with appropriation groups H535 and H536. The department resolved the department split resulting shortfall on appropriation group H027 with the assistance of the IRIS team. Aligning with department split, appropriation group HUBC was repealed from the Office of the Governor and reappropriated to DOH, who will collaborate with the Department of Administration to resolve. DOH revenue staff are working through a reconciliation process to address the remaining appropriation groups. DOH anticipates the finding will be resolved in FY2025

Finding No. 2023-032

Condition:

P-EBT benefit payments were not issued in accordance with the process and timeframes outlined in the federally approved state plan. Testing a sample of 136 payments found 37 issuances (27 percent) were sent to unauthorized or unsupported addresses and one issuance included unauthorized benefits. Additionally, no benefits were issued during FY 23 to Supplemental Nutrition Assistance Program (SNAP)-enrolled children in child care.

Finding No. 2023-033

Condition:

DPA management instructed staff to extend SNAP six-month certification periods after an approved waiver expired bypassing required eligibility recertifications. Furthermore, DPA continued to extend six-month certifications for consecutive periods without recertifying eligibility after being notified by the federal award agency that the practice was unallowable.

Finding No. 2023-034

Condition:

The amount of FY 23 SNAP benefits reported as issued by the State's EBT contractor was \$19,689,126 more than the amount of authorized benefits reported in data from DPA EIS.

Context:

DPA relies on the legacy eligibility system, EIS, to determine eligibility for SNAP and calculate monthly benefit amounts. Benefit amounts are calculated based on household size, income, and other financial resources of all qualifying members of a household less specific allowable deductions.

Each day EIS transmits an issuance batch file, including authorized beneficiaries and benefit amounts to FIS, which maintains accounts for each beneficiary. When an EBT card is utilized by a beneficiary, FIS functions as the intermediary between the State's U.S. Treasury benefit account and the retailers by settling SNAP benefit transactions with retailers before drawing down federal reimbursement. The State is required to ensure its automated data processing systems accurately and completely process and store all case file information for eligibility determinations and benefit calculations and provide the data necessary to meet federal issuance and reconciliation reporting requirements. A reconciliation of FIS issuance records with EIS authorized beneficiaries and benefit amounts demonstrates the completeness and accuracy of the EBT process.

In FY 23, the EIS benefit data provided by DPA could not be reconciled to the amount of SNAP benefits issued per FIS. As a result, the audit could not verify the accuracy and completeness of benefit calculations nor evaluate the eligibility and benefit determination information stored in EIS.

Finding No. 2023-035

Condition:

Daily SNAP EBT reconciliations were not performed in FY 23.

Finding No. 2023-039

Condition:

Auditors could not obtain reliable evidence to verify compliance with TANF's level of effort and earmarking requirements.

Finding No. 2023-042

Condition:

The State could not provide evidence the FFY 22 ACF-204 annual report was completed or submitted to the federal agency.

Finding No. 2023-045

Condition:

Twenty-two of 60 LIHEAP applicant case files tested (37 percent) had eligibility errors. Some of the cases had more than one of the following errors:

- Eight cases (13 percent) had the benefit amount incorrectly calculated based on incorrect data input by an eligibility technician (ET) in the Energy Community Online System (ECOS). The errors resulted in overpayments or underpayments to beneficiaries. In three of the eight cases, system defects caused or contributed to the errors, which were not identified by ETs during processing.
- Five cases (eight percent) lacked documentation supporting the income used by an ET to determine eligibility.
- Six cases (10 percent) lacked documentation showing the applicant's income was verified by an ET.
- Four cases (seven percent) lacked proof of the applicant's heating costs.
- Five applications (eight percent) could not be located by DPA staff.
- Four cases (seven percent) had incorrect income used by an ET when determining eligibility. The four errors did not impact the eligibility determination.

Finding No. 2023-048

Condition:

Key line items for the FFY 22 LIHEAP Performance Data Form, FFY 22 Annual Report on Households Assisted by LIHEAP, and Quarterly Performance and Management Reports were not accurate or not supported by accounting or other records. In addition, the FFY 22 LIHEAP Carryover and Reallotment Form was not submitted within required timeframes.

Finding No. 2023-052

Condition:

Ten potential DOH shortfalls were identified for FY 23.

Context:

Per the governor's executive order 121, effectively July 1, 2022, DHSS was reorganized into two separate departments: DFCS and DOH. Auditors confirmed with DOH and DFCS management that responsibility for the DHSS appropriations listed below remain with DOH.

One potential shortfall identified in the FY 20 Single Audit was still outstanding as of January 2024 in the following amount:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
H006 (BFY 2019)	Public Assistance	\$5,883,041

One potential shortfall identified in the FY 21 Single Audit was still outstanding as of January 2024 in the following amount:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
H006 (BFY 2017)	Public Assistance	\$4,432,318

Four potential shortfalls identified in the FY 22 Single Audit were still outstanding as of January 2024 in the following amounts:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
H023 (BFY 2020)	COVID-19	\$215,455,008
H247 (BFY 2012)	Senior & Disability Services System Upgrade	\$297,800
H519 (BFY 2017)	Office of Civil Rights Remediation Completion	\$25,281
H007 (BFY 2016)	Public Health	\$2,764

Additionally, four potential shortfalls identified as part of the FY 23 Single Audit were outstanding as of January 2024 in the following amounts:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
H027 (BFY 2021)	Designated Evaluation and Treatment Multi-Year FY 21–FY 22	\$1,246,303
H536 (BFY 2019)	MH Home Modifications and Upgrades to Retain Housing	\$308,370
H535 (BFY 2019)	MH Essential Program Equipment	\$211,560
HUBC (BFY 2019)	Dept of Health & Social Services – Unbudgeted Capital RSAs	\$248,489