

# STATE OF WYOMING



## COMPLIANCE REPORT

FISCAL YEAR ENDED

JUNE 30, 2016

*Photograph courtesy of the Wyoming Office of Tourism.*

# **STATE OF WYOMING**

**ENTITY IDENTIFICATION NUMBER 83-0208667**

**COMPLIANCE REPORT**

**JUNE 30, 2016**

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Governor, Members of the Legislature  
State of Wyoming  
Cheyenne, Wyoming

We have 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 State of Wyoming (the “State”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State’s basic financial statements, and have issued our report thereon dated December 16, 2016. Our report includes a reference to other auditors who audited the financial statements of the Wyoming Community Development Authority, which is shown as a discretely presented component unit, the Wyoming Retirement System, which is shown as a fiduciary fund, and the University of Wyoming Foundation (the “Foundation”), which is a component unit of the University of Wyoming (the “University”) and is included in the balances for the University of Wyoming, a discretely presented component unit of the State. The Foundation represents approximately 30% of the total assets and 7% of the total revenues of the University, as described in the State’s financial statements. The financial statements of the University of Wyoming Foundation were not audited in accordance with *Government Auditing Standards*. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the State’s internal control over financial reporting (internal control) to determine the 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 State’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State’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 State'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, identified as 2016-001, to be a material weakness.

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 to be significant deficiencies, identified as 2016-002 through 2016-007.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State'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 determination of financial statement amounts. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs, identified as 2016-006 and 2016-007.

### **The State's Response to Findings**

The State's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State'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 State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cheyenne, Wyoming  
March 30, 2017

**INDEPENDENT AUDITOR'S 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**

Honorable Governor, Members of the Legislature  
State of Wyoming  
Cheyenne, Wyoming

**Report on Compliance for Each Major Federal Program**

We have audited the State of Wyoming's (the "State") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major Federal programs for the year ended June 30, 2016. The State's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The State of Wyoming's basic financial statements include the operations of the Wyoming Lottery Corporation, Wyoming Business Council, Wyoming Community Development Authority, Wyoming Pipeline Authority, Wyoming Infrastructure Authority, Wyoming Department of Transportation, and the University of Wyoming, all of which received approximately \$518.3 million in Federal awards which are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2016. Our audit, described below, did not include the operations of the Wyoming Lottery Corporation, Wyoming Business Council, Wyoming Community Development Authority, Wyoming Pipeline Authority, Wyoming Infrastructure Authority, Wyoming Department of Transportation, and the University of Wyoming because these entities either had separate audits performed and reported on in accordance with the Uniform Guidance, or were not required to have an audit performed in accordance with the Uniform Guidance.

***Management's Responsibility***

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the State's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the State's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the State 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 major Federal programs for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed 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 as items 2016-008 through 2016-014. Our opinion on each major Federal program is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan (Exhibit I). The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

### **Report on Internal Control over Compliance**

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

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 combination of deficiencies, in internal control over compliance, such that there is 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. A significant deficiency in internal control over compliance is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-008, 2016-010, 2016-011, 2016-012, and 2016-014, that we consider to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan (Exhibit I). The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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 audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units (except as noted below), each major fund, and the aggregate remaining fund information of the State of Wyoming as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of Wyoming's basic financial statements. We issued our report thereon dated December 16, 2016, which contained unmodified opinions on those financial statements that collectively comprise the basic financial statements. We did not audit the financial statements of the Wyoming Community Development Authority, Wyoming Retirement System, and the University of Wyoming Foundation included in the University of Wyoming, which are shown as discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wyoming Community Development Authority, Wyoming Retirement System, and the University of Wyoming Foundation portion of the University of Wyoming component units, are based on the reports of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming

March 30, 2017, except for that portion which addresses the Schedule of Expenditures of Federal Awards, as to which the date is December 16, 2016

**STATE OF WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2016**

<b>Federal Grantor</b>	<b>Total Federal Expenditures</b>	<b>Total Passed Through to Sub-Recipients</b>
Direct Funding:		
U.S. Department of Agriculture	\$ 95,648,985	\$ 28,703,055
U.S. Department of Commerce	15,992	-
U.S. Department of Defense	27,889,470	-
U.S. Department of Housing and Urban Development	347,278	105,560
U.S. Department of the Interior	133,826,317	97,596,927
U.S. Department of Justice	4,570,539	2,431,205
U.S. Department of Labor	137,257,520	1,976,461
U.S. Department of Transportation	2,121,083	534,089
National Endowment for the Arts and the Humanities	1,307,772	650,917
U.S. Department of Veterans Affairs	93,525	-
Environmental Protection Agency	27,273,913	13,585,335
U.S. Department of Energy	952,106	737,987
U.S. Department of Education	102,087,948	81,946,316
National Archives and Records Administration	5,889	5,889
U.S. Election Assistance Commission	6,177	-
U.S. Department of Health and Human Services	439,093,829	22,883,595
Executive Office of the President	816,741	693,049
Social Security Administration	3,438,776	-
U.S. Department of Homeland Security	10,246,943	4,868,150
Other Federal Financial Awards	315,866	-
<b>Total Direct Funding</b>	<b>987,316,669</b>	<b>256,718,535</b>
Pass-Through Funding:		
U.S. Department of Education		
University of Wyoming	94,785	-
<b>Total Pass-Through Funding</b>	<b>94,785</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>	<b>\$ 987,411,454</b>	<b>\$ 256,718,535</b>

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b><u>SNAP Cluster</u></b>			
<b>U.S. Department of Agriculture</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Supplemental Nutrition Assistance Program	10.551	\$ 48,350,633	\$ 1,361,472
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	7,256,273	-
<b>Total SNAP Cluster</b>		<b>55,606,906</b>	<b>1,361,472</b>
<b><u>Child Nutrition Cluster</u></b>			
<b>U.S. Department of Agriculture</b>			
<i>Administered by the State of Wyoming Department of Education</i>			
School Breakfast Program	10.553	3,784,733	3,784,733
National School Lunch Program	10.555	14,754,191	14,754,191
Special Milk Program for Children	10.556	26,478	26,478
Summer Food Service Program for Children	10.559	900,636	900,636
<b>Total Child Nutrition Cluster</b>		<b>19,466,038</b>	<b>19,466,038</b>
<b><u>Food Distribution Cluster</u></b>			
<b>U.S. Department of Agriculture</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Emergency Food Assistance Program (Administrative Costs)	10.568	112,500	-
Emergency Food Assistance Program (Commodities)	10.568	920,165	920,165
<b>Total Food Distribution Cluster</b>		<b>1,032,665</b>	<b>920,165</b>
<b><u>Fish and Wildlife Cluster</u></b>			
<b>U.S. Department of the Interior</b>			
<i>Administered by the State of Wyoming Game and Fish Department</i>			
Sport Fish Restoration Program	15.605	5,877,468	60,218
Wildlife Restoration and Basic Hunter Education	15.611	10,769,563	138,223
<b>Total Fish and Wildlife Cluster</b>		<b>16,647,031</b>	<b>198,441</b>
<b><u>Employment Service Cluster</u></b>			
<b>U.S. Department of Labor</b>			
<i>Administered by the State of Wyoming Department of Workforce Services</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207	3,862,659	-
Disabled Veterans' Outreach Program (DVOP)	17.801	531,870	-
<b>Total Employment Service Cluster</b>		<b>4,394,529</b>	<b>-</b>
<b><u>WIA/WIOA Cluster</u></b>			
<b>U.S. Department of Labor</b>			
<i>Administered by the State of Wyoming Department of Workforce Services</i>			
WIA/WIOA Adult Program	17.258	4,981,576	-
<b>Total WIA/WIOA Cluster</b>		<b>4,981,576</b>	<b>-</b>
<b><u>Highway Planning and Construction Cluster</u></b>			
<b>U.S. Department of Transportation</b>			
<i>Administered by the State of Wyoming Department of State Parks and Cultural Resources</i>			
Recreational Trails Program	20.219	1,557,736	491,709
<b>Total Highway Planning and Construction Cluster</b>		<b>1,557,736</b>	<b>491,709</b>

Continued

STATE OF WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b><u>Highway Safety Cluster</u></b>			
<b>U.S. Department of Transportation</b>			
<i>Administered by the State of Wyoming Attorney General's Office</i>			
National Priority Safety Programs	20.616	\$ 112,500	\$ -
<b>Total Highway Safety Cluster</b>		<b>112,500</b>	<b>-</b>
<b><u>Clean Water State Revolving Fund Cluster</u></b>			
<b>U.S. Environmental Protection Agency</b>			
<i>Administered by the State of Wyoming Office of State Lands and Investments</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	7,635,115	-
<i>Administered by the State of Wyoming Department of Environmental Quality</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	85,933	-
<b>Total Clean Water State Revolving Fund Cluster</b>		<b>7,721,048</b>	<b>-</b>
<b><u>Drinking Water State Revolving Fund Cluster</u></b>			
<b>U.S. Environmental Protection Agency</b>			
<i>Administered by the State of Wyoming Office of State Lands and Investments</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	12,647,611	12,379,980
<i>Administered by the State of Wyoming Department of Environmental Quality</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	88,649	-
<i>Administered by the State of Wyoming Water Development Commission</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	25,460	-
<b>Total Drinking Water State Revolving Fund Cluster</b>		<b>12,761,720</b>	<b>12,379,980</b>
<b><u>Special Education Cluster (IDEA)</u></b>			
<b>U.S. Department of Education</b>			
<i>Administered by the State of Wyoming Department of Education</i>			
Special Education--Grants to States (IDEA, Part B)	84.027	25,267,550	22,849,155
Special Education--Preschool Grants (IDEA Preschool)	84.173	1,688,608	421,918
<b>Total Special Education Cluster (IDEA)</b>		<b>26,956,158</b>	<b>23,271,073</b>
<b><u>Aging Cluster</u></b>			
<b>U.S. Department of Health and Human Services</b>			
<i>Administered by the State of Wyoming Department of Health</i>			
Special Programs for the Aging--Title III, Part B--Grants for Supportive Services and Senior Centers	93.044	1,656,304	1,443,259
Special Programs for the Aging--Title III, Part C--Nutrition Services	93.045	3,006,350	2,765,345
Nutrition Services Incentive Program	93.053	871,886	871,886
<b>Total Aging Cluster</b>		<b>5,534,540</b>	<b>5,080,490</b>
<b><u>TANF Cluster</u></b>			
<b>U.S. Department of Health and Human Services</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	21,108,650	1,831,350
<b>Total TANF Cluster</b>		<b>21,108,650</b>	<b>1,831,350</b>
<b><u>CCDF Cluster</u></b>			
<b>U.S. Department of Health and Human Services</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Child Care and Development Block Grant	93.575	2,676,442	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4,862,134	-
<b>Total CCDF Cluster</b>		<b>7,538,576</b>	<b>-</b>

Continued

STATE OF WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Medicaid Cluster</b>			
<b>U.S. Department of Health and Human Services</b>			
<i>Administered by the State of Wyoming Attorney General's Office</i>			
State Medicaid Fraud Control Units	93.775	\$ 368,168	\$ -
<i>Administered by the State of Wyoming Department of Health</i>			
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	1,199,697	-
Medical Assistance Program	93.778	333,264,140	-
<b>Total Medicaid Cluster</b>		334,832,005	-
<b>Disability Insurance/SSI Cluster</b>			
<b>U.S. Social Security Administration</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Social Security--Disability Insurance (DI)	96.001	59,141	-
<i>Administered by the State of Wyoming Department of Workforce Services</i>			
Social Security--Disability Insurance (DI)	96.001	3,118,189	-
<b>Total Disability Insurance/SSI Cluster</b>		3,177,330	-
<b>OTHER PROGRAMS -DIRECT</b>			
<b>U.S. Department of Agriculture</b>			
<i>Administered by the State of Wyoming Livestock Board</i>			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	213,878	-
<i>Administered by the State of Wyoming Department of Agriculture</i>			
Market Protection and Promotion	10.163	22,615	-
Specialty Crop Block Grant Program	10.169	124,296	71,103
State Mediation Grants	10.435	48,170	-
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	377,019	-
Cooperative Forestry Assistance	10.664	119,450	-
<i>Administered by the State of Wyoming Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7,795,600	-
<i>Administered by the State of Wyoming Department of Education</i>			
Child and Adult Care Food Program	10.558	5,035,339	4,959,809
State Administrative Expenses for Child Nutrition	10.560	826,585	-
Farm to School Grant Program	10.575	18,899	-
Child Nutrition Discretionary Grants Limited Availability	10.579	80,353	1,851
Fresh Fruit and Vegetable Program	10.582	1,892,782	-
<i>Administered by the State of Wyoming Office of State Lands and Investments</i>			
Cooperative Forestry Assistance	10.664	2,348,159	1,854,474
Rural Development, Forestry, and Communities	10.672	113,261	68,143
Forest Legacy Program	10.676	10,420	-
Forest Health Protection	10.680	82,946	-
Pole Mountain Landscape Fuels Treatment Partnership	10-U01	433,604	-
<i>Administered by the State of Wyoming Game and Fish Department</i>			
Voluntary Public Access	10.093	91,540	-
<b>Total U.S. Department of Agriculture</b>		19,634,916	6,955,380
<b>U.S. Department of Commerce</b>			
<i>Administered by the State of Wyoming Enterprise Technology Services</i>			
State and Local Implementation Grant Program	11.549	15,992	-
<b>Total U.S. Department of Commerce</b>		15,992	-

*Continued*

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Defense</b>			
<i>Administered by the State of Wyoming Department of Environmental Quality</i>			
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	\$ 90,918	
<i>Administered by the State of Wyoming Adjutant General (Military Department)</i>			
Military Construction, National Guard	12.400	3,221,965	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	22,684,567	-
National Guard ChalleNGe Program	12.404	1,892,020	-
<b>Total U.S. Department of Defense</b>		<b>27,889,470</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Emergency Solutions Grant Program	14.231	115,474	105,560
Homeless Management Information Systems Technical Assistance	14.261	72,339	-
Continuum of Care	14.267	10,100	-
<i>Administered by the State of Wyoming Department of Health</i>			
Housing Opportunities for Persons with AIDS	14.241	149,365	-
<b>Total U.S. Department of Housing and Urban Development</b>		<b>347,278</b>	<b>105,560</b>
<b>U.S. Department of the Interior</b>			
<i>Administered by the State of Wyoming Department of Audit</i>			
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427	2,524,793	-
<i>Administered by the State of Wyoming Department of Environmental Quality</i>			
Fish, Wildlife and Plant Conservation Resource Management	15.231	3,000	-
Environmental Quality and Protection Resource Management	15.236	319,303	-
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	2,170,281	-
Abandoned Mine Land Reclamation (AMLR)	15.252	109,553,659	96,580,450
<i>Administered by the State of Wyoming Department of State Parks and Cultural Resources</i>			
Challenge Cost Share	15.238	123,006	-
Recreation Resources Management	15.524	102,568	-
Historic Preservation Fund Grants-In-Aid	15.904	620,708	54,609
Outdoor Recreation Acquisition, Development and Planning	15.916	340,132	266,974
<i>Administered by the State of Wyoming Water Development Commission</i>			
Title II, Colorado River Basin Salinity Control	15.509	5,907	-
<i>Administered by the Wyoming State Geological Survey</i>			
National Cooperative Geologic Mapping	15.810	79,923	-
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	15.819	31,338	-
<i>Administered by the State of Wyoming Game and Fish Department</i>			
Fish, Wildlife and Plant Conservation Resource Management	15.231	388,477	160,674
BLM Wildland Urban Interface Community Fire Assistance	15.228	7,393	-
Fish and Wildlife Management Assistance	15.608	48,785	50,000
Cooperative Endangered Species Conservation Fund	15.615	95,885	4,700
North American Wetlands Conservation Fund	15.623	190,397	-
State Wildlife Grants	15.634	473,120	281,079
Research Grants (Generic)	15.650	23,879	-
Endangered Species Conservation – Recovery Implementation Funds	15.657	84,125	-
<b>Total U.S. Department of the Interior</b>		<b>117,186,679</b>	<b>97,398,486</b>

Continued

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Justice</b>			
<i>Administered by the State of Wyoming Secretary of State</i>			
Protection of Voting Rights	16.104	\$ 36,403	\$ -
<i>Administered by the State of Wyoming Attorney General's Office</i>			
Sexual Assault Services Formula Program	16.017	219,901	219,838
Missing Children's Assistance	16.543	288,732	-
National Criminal History Improvement Program (NCHIP)	16.554	316,037	-
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	59,043	-
Crime Victim Assistance	16.575	1,192,288	1,134,827
Crime Victim Compensation	16.576	665,590	-
Violence Against Women Formula Grants	16.588	756,752	701,466
Edward Byrne Memorial Justice Assistance Grant Program	16.738	551,828	344,698
DNA Backlog Reduction Program	16.741	205,055	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	64,009	-
Support for Adam Walsh Act Implementation Grant Program	16.750	96,430	-
Edward Byrne Memorial Competitive Grant Program	16.751	12,763	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	30,376	30,376
<i>Administered by the State of Wyoming Department of Corrections</i>			
Residential Substance Abuse Treatment for State Prisoners	16.593	28,345	-
State Criminal Alien Assistance Program	16.606	911	-
<i>Administered by the State of Wyoming Department of Family Services</i>			
Juvenile Accountability Block Grants	16.523	22,567	-
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	23,509	-
<b>Total U.S. Department of Justice</b>		4,570,539	2,431,205
<b>U.S. Department of Labor</b>			
<i>Administered by the State of Wyoming Department of Workforce Services</i>			
Labor Force Statistics	17.002	801,930	-
Compensation and Working Conditions	17.005	190,199	-
Unemployment Insurance	17.225	123,248,318	-
Senior Community Service Employment Program	17.235	507,142	507,142
Trade Adjustment Assistance	17.245	102,936	-
WIA/WIOA Pilots, Demonstrations, and Research Projects	17.261	283,869	-
H-1B Job Training Grants	17.268	1,587,408	1,469,319
Temporary Labor Certification for Foreign Workers	17.273	46,811	-
WIA/WIOA Dislocated Worker National Reserve Technical Assistance and Training	17.281	57,111	-
Occupational Safety and Health State Program	17.503	508,338	-
OSHA Data Initiative	17.505	547,353	-
<b>Total U.S. Department of Labor</b>		127,881,415	1,976,461
<b>U.S. Department of Transportation</b>			
<i>Administered by the State of Wyoming Office of Homeland Security</i>			
Alcohol Open Container Requirements	20.607	112,446	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	94,794	42,380
<i>Administered by the State of Wyoming Public Service Commission</i>			
Pipeline Safety Program State Base Grant	20.700	234,471	-
PHMSA Pipeline Safety Program One Call Grant	20.721	9,136	-
<b>Total U.S. Department of Transportation</b>		450,847	42,380

Continued

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>National Endowment for the Arts</b>			
<i>Administered by the State of Wyoming Department of State Parks and Cultural Resources</i>			
Promotion of the Arts Partnership Agreements	45.025	\$ 659,484	\$ 650,917
Grants to States	45.310	648,288	-
<b>Total National Endowment for the Arts</b>		<b>1,307,772</b>	<b>650,917</b>
<b>U.S. Department of Veterans Affairs</b>			
<i>Administered by the State of Wyoming Adjutant General (Military Department)</i>			
All-Volunteer Force Educational Assistance	64.124	93,525	-
<b>Total U.S. Department of Veterans Affairs</b>		<b>93,525</b>	<b>-</b>
<b>U.S. Environmental Protection Agency</b>			
<i>Administered by the State of Wyoming Department of Agriculture</i>			
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	167,656	66,450
<i>Administered by the State of Wyoming Department of Environmental Quality</i>			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	207,899	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	108,349	-
Water Quality Management Planning	66.454	128,048	39,082
Nonpoint Source Implementation Grants	66.460	1,233,480	1,085,006
Performance Partnership Grants	66.605	3,160,340	-
Source Reduction Assistance	66.717	13,644	13,644
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	366,863	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	458,000	-
State and Tribal Response Program Grants	66.817	672,691	1,173
<i>Administered by the State of Wyoming Department of Health</i>			
State Indoor Radon Grants	66.032	74,699	-
<i>Administered by the State of Wyoming Oil and Gas Conservation Commission</i>			
State Underground Water Source Protection	66.433	172,632	-
<i>Administered by the State of Wyoming Game and Fish Department</i>			
Regional Wetland Program Development Grants	66.461	26,844	-
<b>Total U.S. Environmental Protection Agency</b>		<b>6,791,145</b>	<b>1,205,355</b>
<b>U.S. Department of Energy</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Weatherization Assistance for Low-Income Persons	81.042	800,198	737,987
<i>Administered by the State of Wyoming Department of Environmental Quality</i>			
Fossil Energy Research and Development	81.089	8,211	-
<i>Administered by the State of Wyoming Office of Homeland Security</i>			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106	143,697	-
<b>Total U.S. Department of Energy</b>		<b>952,106</b>	<b>737,987</b>
<b>U.S. Department of Education</b>			
<i>Administered by the State of Wyoming Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	33,465,973	32,948,000
Migrant Education State Grant Program	84.011	178,041	178,041
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	635,537	370,577
Career and Technical Education -- Basic Grants to States	84.048	3,939,293	3,344,134
School Safety National Activities (formerly Safe and Drug-Free Schools and Communities-National Programs )	84.184	89,694	-
Education for Homeless Children and Youth	84.196	160,497	101,378
Twenty-First Century Community Learning Centers	84.287	6,163,637	5,950,961

Continued

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
Special Education - State Personnel Development	84.323	\$ 716,024	\$ 18,000
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	53,261	-
English Language Acquisition State Grants	84.365	420,332	347,535
Mathematics and Science Partnerships	84.366	611,712	582,284
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants )	84.367	11,502,283	11,062,258
Grants for State Assessments and Related Activities	84.369	2,998,495	-
School Improvement Grants	84.377	1,068,800	1,012,694
School Improvement Grants, Recovery Act	84.388A	4,204	-
National Assessment of Educational Progress	84.U02	127,663	-
EDFacts	84-U01	59,271	-
<i>Administered by the State of Wyoming Department of Health</i>			
Special Education-Grants for Infants and Families	84.181	2,178,377	1,781,061
<i>Administered by the State of Wyoming Department of Workforce Services</i>			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	9,357,015	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	224,000	221,307
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	174,548	-
Rehabilitation Training State Vocational Rehabilitation Unit In-Service Training	84.265	16,829	-
<i>Administered by the Wyoming Community College Commission</i>			
Adult Education - Basic Grants to States	84.002	986,304	757,013
<b>Total U.S. Department of Education</b>		<b>75,131,790</b>	<b>58,675,243</b>
<b>National Archives and Records Administration</b>			
<i>Administered by the State of Wyoming Department of State Parks and Cultural Resources</i>			
National Historical Publications and Records Grants	89.003	5,889	5,889
<b>Total National Archives and Records Administration</b>		<b>5,889</b>	<b>5,889</b>
<b>U.S. Election Assistance Commission</b>			
<i>Administered by the State of Wyoming Secretary of State</i>			
Help America Vote Act Requirements Payments	90.401	6,177	-
<b>Total U.S. Election Assistance Commission</b>		<b>6,177</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>			
<i>Administered by the State of Wyoming Secretary of State</i>			
Voting Access for Individuals with Disabilities Grants to States	93.617	69,369	69,369
<i>Administered by the State of Wyoming Attorney General's Office</i>			
Developmental Disabilities Basic Support and Advocacy Grants	93.630	405,785	-
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671	732,061	657,097
<i>Administered by the State of Wyoming Department of Agriculture</i>			
Food and Drug Administration Research	93.103	507,301	-
<i>Administered by the State of Wyoming Department of Family Services</i>			
Promoting Safe and Stable Families	93.556	263,057	-
Child Support Enforcement	93.563	6,353,569	-
Low-Income Home Energy Assistance	93.568	8,444,684	2,259,793
Community-Based Child Abuse Prevention Grants	93.590	241,601	-
Grants to States for Access and Visitation Programs	93.597	101,306	33,417
Chafee Education and Training Vouchers Program (ETV)	93.599	53,475	-
Adoption and Legal Guardianship Incentive Payments	93.603	61,161	-
Children's Justice Grants to States	93.643	59,592	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	406,263	-

Continued

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
Foster Care Title IV-E	93.658	\$ 2,817,362	\$ -
Adoption Assistance	93.659	924,129	-
Social Services Block Grant	93.667	2,889,907	-
Child Abuse and Neglect State Grants	93.669	178,654	-
Chafee Foster Care Independence Program	93.674	453,239	377,657
<i>Administered by the State of Wyoming Department of Health</i>			
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	21,539	21,539
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	82,004	77,004
Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services	93.043	84,979	84,979
National Family Caregiver Support, Title III, Part E	93.052	757,787	592,447
Public Health Emergency Preparedness	93.069	4,749,211	1,981,993
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	226,500	53,331
Maternal and Child Health Federal Consolidated Programs	93.110	187,904	1,098
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	144,696	-
Emergency Medical Services for Children	93.127	123,032	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	103,408	10,430
Injury Prevention and Control Research and State and Community Based Programs	93.136	188,617	154,990
Projects for Assistance in Transition from Homelessness (PATH)	93.150	248,917	62,860
Grants to States for Loan Repayment Program	93.165	70,000	40,000
State Rural Hospital Flexibility Program	93.241	510,475	6,021
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1,785,284	771,812
Universal Newborn Hearing Screening	93.251	324,503	262,172
Immunization Cooperative Agreements	93.268	6,085,733	-
Adult Viral Hepatitis Prevention and Control	93.270	117,865	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	759,851	24,139
Small Rural Hospital Improvement Grant Program	93.301	212,590	202,935
National State Based Tobacco Control Programs	93.305	708,570	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	130,097	130,097
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	719,874	-
Behavioral Risk Factor Surveillance System	93.336	225,313	-
PPHF National Public Health Improvement Initiative	93.507	228,396	-
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521	320,949	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	80,000	-
Community Services Block Grant	93.569	2,447,843	2,328,153
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	256,296	-
PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	93.745	34,498	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations, financed in part by Prevention and Public Health Funds	93.752	634,272	485
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	665,505	7,600

Continued

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	\$ 251,255	\$ 12,602
Children's Health Insurance Program	93.767	10,244,220	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	747,770	-
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	37,214	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	91,423	49,133
National Bioterrorism Hospital Preparedness Program	93.889	845,459	481,751
Grants to States for Operation of State Offices of Rural Health	93.913	183,017	16,393
HIV Care Formula Grants	93.917	713,944	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	245,342	-
HIV Prevention Activities Health Department Based	93.940	840,439	3,845
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	117,669	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	78,871	-
Block Grants for Community Mental Health Services	93.958	532,048	353,949
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,060,576	3,794,796
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	276,724	-
Mental Health Disaster Assistance and Emergency Mental Health	93.982	81,861	-
Maternal and Child Health Services Block Grant to the States	93.994	1,149,631	305,629
Vital Records	93.U01	167,245	-
<i>Administered by the State of Wyoming Department of Insurance</i>			
State Health Insurance Assistance Program	93.324	336,806	357,567
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	20,762	-
Grants to States for Operation of Qualified High-Risk Pools	93.780	260,020	130,010
<i>Administered by the State of Wyoming Department of Workforce Services</i>			
ACL Independent Living State Grants	93.369	262,902	254,662
Head Start	93.600	114,603	-
<i>Administered by the State of Wyoming Supreme Court</i>			
State Court Improvement Program	93.586	221,234	-
<b>Total U.S. Department of Health and Human Services</b>		<b>70,080,058</b>	<b>15,971,755</b>
<b>Executive Office of The President</b>			
<i>Administered by the State of Wyoming Attorney General's Office</i>			
High Intensity Drug Trafficking Areas Program	95.001	816,741	693,049
<b>Total Executive Office of The President</b>		<b>816,741</b>	<b>693,049</b>
<b>U.S. Social Security Administration</b>			
<i>Administered by the State of Wyoming Department of Family Services</i>			
Social Security Survivors Insurance	96.004	167,718	-
<i>Administered by the State of Wyoming Department of Health</i>			
Social Security Reimbursement Program	96.U01	93,728	-
<b>Total U.S. Social Security Administration</b>		<b>261,446</b>	<b>-</b>

Continued

## STATE OF WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Homeland Security</b>			
<i>Administered by the State of Wyoming Department of Fire Prevention and Electrical Safety</i>			
State Fire Training Systems Grants	97.043	\$ 4,475	\$ -
Assistance to Firefighters Grant	97.044	35,300	-
<i>Administered by the State of Wyoming Office of Homeland Security</i>			
Social Security Research and Demonstration	97.007	13,000	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	11,893	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,276,748	1,151,741
Hazard Mitigation Grant	97.039	606,852	222,847
Emergency Management Performance Grants	97.042	2,531,382	870,122
Pre-Disaster Mitigation	97.047	64,296	64,296
Homeland Security Grant Program	97.067	3,443,326	2,559,144
<i>Administered by the State of Wyoming Office of State Lands and Investments</i>			
Fire Management Assistance Grant	97.046	1,852,596	-
<i>Administered by the State of Wyoming State Engineer</i>			
National Dam Safety Program	97.041	74,825	-
<i>Administered by the State of Wyoming Game and Fish Department</i>			
Boating Safety Financial Assistance	97.012	332,250	-
<b>Total U.S. Department of Homeland Security</b>		<b>10,246,943</b>	<b>4,868,150</b>
<b><u>OTHER FEDERAL FINANCIAL AWARDS - DIRECT</u></b>			
Brucellosis	none	109,353	-
ACE Bald Eagle	none	1,500	-
Bald Eagle Survey	none	3,000	-
Sunlight Bounder Fence (SUN1)	none	10,000	-
Implementation of Aquatic Nuisance Species (WAI0)	none	43,080	-
Pratt Ferris Diversion Fish #1 (PF10)	none	50,000	-
<b>Total Other Federal Financial Awards</b>		<b>216,933</b>	<b>-</b>
<b>Total Direct Awards</b>		<b>\$ 987,316,669</b>	<b>\$ 256,718,535</b>
<b><u>PASS-THROUGH FUNDING</u></b>			
University of Wyoming:			
<i>Administered by the State of Wyoming Department of Education</i>			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	94,785	-
<b>Total Pass-Through Funding</b>		<b>94,785</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 987,411,454</b>	<b>\$ 256,718,535</b>

The accompanying notes are an integral part of this Schedule.

## STATE OF WYOMING

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of the State of Wyoming under programs of the Federal government for the year ended June 30, 2016, except as described in Note 2. The information in this Schedule is presented in accordance with the requirements 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). Because the Schedule presents only a selected portion of the operations of the State of Wyoming, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the State of Wyoming.

#### **Note 2. Content**

In accordance with the provisions of the Uniform Guidance, 2 CFR 200.514(a), the accompanying Schedule of Expenditures of Federal Awards does not include the departments or agencies listed below which were separately audited and reported on in compliance with the Uniform Guidance:

Department of Transportation  
University of Wyoming  
Wyoming Business Council  
Wyoming Community Development Authority

#### **Note 3. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 4. Indirect Cost Rate**

The State of Wyoming has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance as the State of Wyoming has various Federally negotiated indirect cost rates that are being used for Federal awards or utilizes the indirect cost rates specified in the Federal awards.

#### **Note 5. Noncash Awards**

The Schedule of Expenditures of Federal Awards includes the following noncash items as expenditures: USDA Commodities (CFDA #10.568) of \$920,165; SNAP Benefits (CFDA #10.551) of \$48,350,633; and value of vaccines (CFDA #93.268) of \$4,858,429. The values of USDA Commodities and vaccines have been recorded at the Federally negotiated cost at the date of issuance. Food Stamps are valued at face value.

#### **Note 6. Unemployment Insurance Compensation**

The Schedule of Expenditures of Federal Awards includes approximately \$110 million of State Unemployment Insurance Compensation Benefits (SUICB) (CFDA #17.225). The SUICB is included in the Schedule of Expenditures of Federal Awards pursuant to a directive issued by the Department of Labor, Office of Inspector General.

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: McGee, Hearne & Paiz, LLP has audited the basic financial statements of the State of Wyoming as of and for the year ended June 30, 2016 and have issued their report thereon dated December 16, 2016. They did not audit the financial statements of the Wyoming Community Development Authority, Wyoming Retirement System, and University of Wyoming Foundation portion of the University of Wyoming, which are shown as discretely presented component units. Those financial statements were audited by other auditors. The opinion on the basic financial statements of the State was unmodified based on the opinion of McGee, Hearne & Paiz, LLP and the reports of other auditors.

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

B. Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

**STATE OF WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2016**

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Identification of major Federal programs:

CFDA Number	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.664	Cooperative Forestry Assistance
12.400	Military Construction, National Guard
12.401	National Guard Military Operations and Maintenance (O&M) Projects
66.605	Performance Partnership Grants
81.042	Weatherization Assistance for Low-Income Persons
93.563	Child Support Enforcement
93.568	Low Income Home Energy Assistance
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.042	Emergency Management Performance Grants
97.046	Fire Management Assistance Grant
97.067	Homeland Security Grant Program
Cluster	CCDF Cluster
Cluster	Child Nutrition Cluster
Cluster	Medicaid Cluster
Cluster	SNAP Cluster
Cluster	TANF Cluster

Dollar threshold used to distinguish between

Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes   X   No

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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#### II. FINANCIAL STATEMENT FINDINGS

##### **2016-001: State Auditor's Office – Audit Adjustment**

**Criteria:** Under professional standards, the control deficiency exists as the State Auditor's Office CAFR Division (the "CAFR Division") personnel did not identify the adjusting journal entry, which was necessary in order to properly state the government-wide and fund level financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Condition/Context:** The CAFR Division failed to properly calculate the component unit payable specific to block grant appropriations. As a result, an adjusting journal entry within the General Fund was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with U.S. GAAP. The adjusting journal entry increased expenditures by \$48,114,985.

**Effect:** Prior to the audit adjustment, the government-wide and fund level financial statements were not properly stated in accordance with U.S. GAAP.

**Cause:** The CAFR Division utilized incorrect methodology in the calculation of the due to component unit payable specific to the block grant appropriations. Furthermore, the CAFR Division did not have a control system in place to ensure the error was identified and corrected.

**Identification as a Repeat Finding:** No

**Recommendation:** We recommend that the CAFR Division implement a control system to ensure the accuracy of the accrual.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I.

##### **2016-002: Wyoming Department of Education – Audit Adjustment**

**Criteria:** Under professional standards, the control deficiency exists as the Wyoming Department of Education (the "WDE") personnel did not identify the adjusting journal entry, which was necessary in order to properly state the government-wide and fund level financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Condition/Context:** The WDE failed to identify accounts payable related to retirement contribution reimbursements to multiple Wyoming school districts. As a result, an adjusting journal entry was proposed and recorded within the Foundation Program Fund to increase accounts payable and the corresponding education expense by \$5,119,028.

**Effect:** Prior to the audit adjustment, the government-wide and fund level financial statements were not properly stated in accordance with U.S. GAAP.

**Cause:** The WDE entered incorrect service dates for the reimbursement transactions into the State's accounting system. The WDE did not have a control system in place to ensure the accuracy of the service dates entered into the State's accounting system.

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

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**Identification as a Repeat Finding:** No

**Recommendation:** We recommend that the WDE implement a control system to ensure the accuracy of the service dates entered into the State's accounting system to ensure they are properly recorded in the correct fiscal period.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

**2016-003: Water Development Commission – Audit Adjustment**

**Criteria:** Under professional standards, the control deficiency exists as the Water Development Commission (the "Commission") personnel did not identify the adjusting journal entry, which was necessary in order to properly state the government-wide and fund level financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Condition/Context:** Disbursements for loans that were made subsequent to year-end but for activity that occurred prior to year-end were properly identified by the Commission as vouchers payable; however, the corresponding debits were recorded as expenditures when they should have been recorded as loans receivable. As a result, an adjusting journal entry was proposed and recorded within the General Fund to increase loans receivable and decrease the corresponding recreation and resource development expense by \$1,049,569.

**Effect:** Prior to the audit adjustment, the government-wide and fund level financial statements were not properly stated in accordance with U.S. GAAP.

**Cause:** Vouchers payable related to the fiscal year under audit are queried from the State's financial reporting system and recorded by the State Auditor's Office CAFR Division ("CAFR Division"). Unless otherwise notified by the State agencies, the corresponding debits are recorded to expenditures. As part of the loans receivable project, the Commission identified to the CAFR Division the expenditure accounts to which the loan disbursements are posted within the State's financial reporting system. However, the Commission did not specifically communicate to the CAFR Division that loan disbursements classified as vouchers payable should be analyzed separately and reported as loans receivable versus expenditures.

**Identification as a Repeat Finding:** No

**Recommendation:** We recommend that the Commission work collaboratively with the CAFR Division to revise the control system over the vouchers payable project to ensure that loan disbursements are properly identified and classified within the State CAFR. In addition, we also recommend that the CAFR Division initiate similar communications with other State agencies that have loan programs to ensure all loan disbursements are being treated consistently and are properly reported.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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#### **2016-004: Department of Environmental Quality – Audit Adjustment**

**Criteria:** Under professional standards, the control deficiency exists as the Wyoming Department of Environmental Quality (the “DEQ”) personnel did not identify the adjusting journal entry, which was necessary in order to properly state the government-wide and fund level financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Condition/Context:** The DEQ failed to identify an accounts payable to a component unit of the State for Abandoned Mined Lands (“AML”) grant funds, as well as the related Federal receivable. As a result, an adjusting journal entry was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The adjusting journal entry increased expenditures by \$5,029,651 and recorded a receivable in the same amount.

**Effect:** Prior to the audit adjustment, the government-wide and fund level financial statements were not properly stated in accordance with U.S. GAAP.

**Cause:** The DEQ did not have a control system in place to identify reimbursable expenses that had been made by the component unit under the AML grant award prior to June 30, 2016 but not yet reported to the State for reimbursement.

**Identification as a Repeat Finding:** Yes

**Recommendation:** Due to the unique funding associated with these grant funds, we recommend that the DEQ establish a control system that would require the component unit to report to DEQ the amount of outstanding reimbursement expenses at the end of each quarter.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

#### **2016-005: Enterprise Technology Services (ETS)**

**Criteria:** Enterprise Technology Services (“ETS”) was established in fiscal year 2012 by the Wyoming State Legislature to coordinate, consolidate, and provide information technology (“IT”) services; to promote economy and efficiency in government use of IT; and to establish uniform standards of IT administration. Many of the IT systems previously housed by individual agencies have been brought under the purview of ETS in recent years, which includes several IT systems that manage and report the State’s financial data. As a result, the controls in place at ETS have increased in their significance to the State and its financial and compliance reporting and data safeguarding responsibilities.

**Condition/Context:** During the Information Systems General Controls Review, we noted five new observations with respect to ETS:

1. ETS is performing an informal and undocumented user access review of their own employees, including Active Directory, network hardware, and servers. Additionally, guidance for completing the user access review, including frequency, extent, scope, etc., has not been defined in a policy.
2. ETS receives daily reports detailing any changes to admin accounts, groups, and service accounts. These reports are currently reviewed monthly or on an as needed basis, but changes in the environment occur much more frequently than the current review cycle.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2016

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3. ETS performs a user access review for users with access to the data center located at the Emerson Building; however, a user access review is not performed of users with access to the Greenhouse data center.
4. The State IT Coordination Council policy requires that all network accounts meet policy standards of eight minimum characters, passwords reset every 45 days, 12 remembered passwords and complexity enabled. We noted through our inspection of the wyo.gov domain that only a seven minimum character length is enforced for passwords.
5. ETS performs periodic test restores of the network backups as identified in their policy; however, evidence of these test restores could not be provided.

In addition, of the three observations from the fiscal year 2015 audit, ETS implemented procedures to remedy two of the observations; however, the following observation remains open:

6. The risk assessment for ETS was not provided during the on-site visit and has not been reviewed or updated on an annual basis.

**Effect:** Cyber threats are increasing in complexity and intensity. The massive amount of valuable data housed by the State and its agencies is an attractive target for cybercriminals seeking financial gain. If user access controls, policies, and procedures are not properly designed or are not functioning as intended, the State is vulnerable to risk of unauthorized access.

A risk assessment also enables an organization to identify threats and associated vulnerabilities with the potential to negatively impact their business. Resources can then be effectively allocated to implement controls that reduce the likelihood and/or the potential impact of the threat being realized. If risk assessments are not performed at least annually or upon significant changes, the State may not keep up-to-date with organizational changes and evolving threats, trends, and technologies.

**Cause:** ETS is a relatively new agency within the State of Wyoming, as noted above. The agency has continually undergone transitions in personnel and changing priorities. As a result, there have been delays in the implementation of policies which were determined not to be priorities for the agency.

**Identification as a Repeat Finding:** Yes

**Recommendation:** ETS should develop and document IT control systems, policies, and procedures that enable the State to be more vigilant through the use of continuous monitoring and threat detection capabilities, and be resilient to better resist, respond to, and recover from cyber-attacks. With respect to each observation above, we recommend that:

1. ETS implement a formalized user access review process. This process should detail the users and administrative groups ETS is responsible for versus all other groups and users that the State agencies are responsible for reviewing. This process should include formal documentation procedures to ensure that an audit trail is retained for administrative purposes. Implementing this will also strengthen the security of all agency-supported networks, and delineate the responsibilities of ETS and State agencies. It is also recommended that ETS reach out to all agencies that they support to assist them in their own review of user access rights to ensure that the appropriate and effective communication standards exist between ETS and State agencies.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2016

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2. ETS perform a daily review of these reports to ensure that any risks or unauthorized changes are caught and remediated immediately. ETS should also maintain a log of this review, including the date reviewed, who performed the review, and any other documentation of remediation that was done as a result.
3. ETS follow appropriate communication procedures with the Greenhouse data center to request that new and termed users have access controlled appropriately. However, ETS should be performing a user access review of all users with access to the Greenhouse data center on an annual basis to ensure that users are still appropriate. It is also recommended that ETS work with the various agencies who have users with access to both the Emerson data center and the Greenhouse data center to ensure that they are also performing their appropriate user access reviews.
4. ETS determine whether the password policy and/or wyo.gov domain requires updating to meet the approved security and authentication requirements.
5. ETS ensure appropriate evidence of the test restores is maintained in order to demonstrate compliance with State-mandated policies.
6. ETS perform a risk assessment on an annual basis in order to assess current risks and potential vulnerabilities. The State needs to be aware of the risks and vulnerabilities to determine if existing controls are in place to mitigate the threat. In addition, the State should add additional security measures where controls are identified as being “not in place” or lacking to protect against the threat.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

#### **2016-006: Schedule of Expenditures of Federal Awards**

**Criteria:** Per 2 CFR 200.501, each non-Federal entity that expends a total amount of Federal awards equal to or in excess of \$750,000 during the non-Federal entity’s fiscal year must have a single audit conducted. In conjunction with that audit, the non-Federal entity shall provide its auditor a Schedule of Federal Expenditures that is presented fairly in all material respects in relation to the financial statements taken as a whole. In addition, per 2 CFR 200.510(b)(4), the Schedule of Expenditures of Federal Awards (SEFA) must include the total amount provided to sub-recipients from each Federal program.

**Condition/Context:** The State of Wyoming does not have adequate controls in place to ensure their agencies were able to accurately and completely report total sub-recipient disbursements made under each CFDA number during the fiscal year. In the records submitted by agencies for the preparation of the SEFA, we noted the following:

1. Incorrect CFDA numbers reported
2. Improper exclusion of sub-recipient disbursements
3. Incorrect disbursement amounts
4. Inconsistent methods, or a lack of method, of tracking total disbursement amounts per fiscal year

In addition, during our audit procedures performed over the SEFA, we noted one instance where the State of Wyoming Department of Family Services (DFS) continues to report a large deferred revenue balance. This deferred revenue balance is not supported.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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- CFDA #93.563 – The SEFA provided by DFS reports an ending deferred revenue balance of \$2,158,382. This same amount was also reported as a deferred revenue balance in the 2014 and 2015 SEFAs. DFS is unsure as to the nature of this deferred revenue balance, nor are they sure if they drew down the funds from the Federal awarding agency in prior years. DFS is operating under the assumption that there is money to spend.

**Effect:** Failure to properly identify all sub-recipient disbursements may result in incomplete or inaccurate disclosures within the SEFA. In addition, regarding the second instance (CFDA #93.563), deferred Federal revenue implies that a program has received Federal funding but has not yet expended the funds. Since DFS is unsure as to what caused the large deferred revenue balance, one of two problems have occurred: 1) If the deferred revenue balance is overstated, this means that the funds were actually expended in the prior year. In the prior year, DFS would have improperly reported Federal expenditures on their SEFA. This could have impacted the major program determination for a previous fiscal year. 2) If the deferred revenue balance is correct, the Program could be in violation of cash management compliance requirements, which could result in returning the deferred revenue balance plus accumulated interest to the Federal Awarding Agency.

**Cause:** The State does not have a standardized tracking method that is consistently utilized by agencies in order to be able to completely and accurately report total disbursements to sub-recipients. In addition, regarding the second instance, the large deferred revenue balance pre-dates current fiscal DFS personnel and there is no supporting documentation for the balance. Current fiscal personnel are hesitant to address the balance without support.

**Identification as a Repeat Finding:** No

**Recommendation:** We recommend that the State Auditor's Office incorporate a standardized tracking method into their upcoming Chart of Accounts project. In addition, we recommend that they continue to educate the agencies on how to completely and accurately identify the required disclosure information in the SEFA under the Uniform Grant Guidance. We also recommend that the Department of Family Services work with the State Auditor's Office to understand the deferred revenue balance and adjust, if necessary.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 Year Ended June 30, 2016

**2016-007: Schedule of Expenditures of Federal Awards**

<p><b>Catalog of Federal Assistance (CFDA) Number and Title:</b></p> <ol style="list-style-type: none"> <li>1. #93.658 Foster Care Title IV-E</li> <li>2. #93.659 Adoption Assistance</li> <li>3. #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)</li> <li>4. #12.400 Military Construction, National Guard</li> </ol>
<p><b>Federal Agency Name:</b></p> <ol style="list-style-type: none"> <li>1. U.S. Department of Health and Human Services</li> <li>2. U.S. Department of Health and Human Services</li> <li>3. U.S. Department of Homeland Security</li> <li>4. U.S. Department of Defense</li> </ol>
<p><b>Pass-Through Entity Name (if applicable):</b> N/A</p>
<p><b>Award Number:</b></p> <ol style="list-style-type: none"> <li>1. 1501WYFOST; 1601WYFOST</li> <li>2. 1501WYADPT; 1601WYADPT</li> <li>3. 1923DR-WY-P1; 4227DR-WY-P1</li> <li>4. W912L3-09-2—2001; W912L3-16-2-2001</li> </ol>
<p><b>Award Year(s):</b></p> <ol style="list-style-type: none"> <li>1. July 1, 2015 – June 30, 2016</li> <li>2. July 1, 2015 – June 30, 2016</li> <li>3. July 14, 2010 – July 4, 2016; July 7, 2015 – January 7, 2018</li> <li>4. December 1, 2009 – June 30, 2016</li> </ol>
<p><b>Department:</b></p> <ol style="list-style-type: none"> <li>1. Wyoming Department of Family Services</li> <li>2. Wyoming Department of Family Services</li> <li>3. Wyoming Department of Homeland Security</li> <li>4. Wyoming Military Department</li> </ol>

**Criteria:** Per 2 CFR 200.501, each non-Federal entity that expends a total amount of Federal awards equal to or in excess of \$750,000 during the non-Federal entity’s fiscal year must have a single audit conducted. In conjunction with that audit, the non-Federal entity shall provide its auditor a Schedule of Federal Expenditures that is presented fairly in all material respects in relation to the financial statements taken as a whole.

As clarified in 2 CFR 200.502 and 2 CFR 500.510, the auditee shall identify in its accounts all Federal awards received and expenses and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of Federal agency, and name of the pass-through entity.

**Condition/Context:** The State of Wyoming did not initially provide a Schedule of Expenditures of Federal Awards (SEFA) that properly identified all Federal funds expended. Various issues were noted across several State of Wyoming Departments. The following items were noted:

On the final SEFA provided by the Wyoming Department of Family Services (DFS), we noted that DFS inaccurately reported two Programs and their related Federal expenditures:

- CFDA #93.658 – The initial Federal expenditures reported for this Program were \$3,741,491. This amount was overstated by \$924,129, which were expenditures related to a separate Program.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2016

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- CFDA #93.659 – The final SEFA provided for audit did not include this Program. DFS inaccurately grouped the expenditures associated with this Program with CFDA #93.658. As a result, expenditures for CFDA #93.659 were understated by \$924,129.

After the initial SEFA was provided for testing, the following issue was noted in the Wyoming Office of Homeland Security, which required a revision to the SEFA:

- CFDA #97.036 – The initial Federal expenditures reported for this Program were \$1,276,748, which was understated by \$384,478.

After the initial SEFA was provided for testing, the following issue was noted in the Military Department, which required a revision to the SEFA:

- CFDA #12.400 – The initial Federal expenditures reported for this Program were \$3,221,965, which was understated by \$64,310. In addition, beginning accounts receivable on the SEFA did not agree to the prior year SEFA by \$29,000. This appears to be related to fiscal year 2014 funds that were initially classified as State funds, but later Federally reimbursed. The Military Department recognized the funds as Federal in 2016, but the revenue should have been recognized in fiscal year 2014.

**Questioned Costs:** \$0

**Effect:** Regarding the first and second instances, the improperly reported Federal expenditures impacted the major program determination. With CFDA #93.569 inaccurately reported, the original SEFA showed CFDA #93.568 as a Type A Program. In actuality, both CFDA #'s 93.568 and #93.569 were Type B Programs. As a result, the Federal oversight agency would not be able to see the amount the State spent on the Adoption Assistance Program.

Regarding the third and fourth instances, the financial statements were not adjusted due to the immaterial amount of the misstatement. In addition, the understatement did not affect the major program determination. However, any future error in SEFA preparation could impact major program determination.

**Cause:** The various Departments identified above do not have a properly designed control system in place to ensure that all Federal expenditures are identified timely and properly reported on its SEFA.

Regarding instances one and two, DFS utilized one revenue source code for both Federal funding sources, which resulted in the expenditures being improperly combined on the SEFA.

Regarding instance three, the Department inadvertently excluded some current year expenditures due to human error and SEFA review procedures failed to catch the error.

Regarding instance four, the Department had a formula error in one of their tracking spreadsheets. As a result, the SEFA preparer missed including the final June 2016 disbursement amount.

**Identification as a Repeat Finding:** No; while there was a SEFA finding in 2015, the issues reported are different.

**STATE OF WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2016**

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**Recommendation:** We recommend that the State of Wyoming and its various Departments continue to document and revise as necessary the control system in place over the preparation of the SEFA to ensure all required elements are reported and the expenditures disclosed are accurate. In addition, each Department should consider implementing or strengthening their review processes to ensure that the SEFA is accurate and complete.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I.

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

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III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**2016-008: Schedule of Expenditures of Federal Awards**

*See Finding 2016-007.*

**2016-009: Eligibility**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> CFDA 93.778 Medical Assistance Program (Medicaid; Title XIX)
<b>Federal Agency Name:</b> Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number:</b> 1505WYMAP; 1605WYMAP
<b>Award Year(s):</b> 2015 and 2016
<b>Department:</b> Wyoming Department of Health

**Criteria:** Per 42 USC 1320b-7(a), a state must have in effect an income and eligibility verification system which meets the requirements of subsection (d) and under which—...(2) wage information...shall be requested and utilized to the extent that such information may be useful in verifying eligibility for, and the amount of, benefits available under any program. In addition, 42 CFR Section 435.916, states that the agency must re-determine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months and the agency must have procedures designed to ensure that beneficiaries make timely and accurate reports of any change in circumstances that may affect their eligibility.

**Condition/Context:** Of the 60 recipients selected for testing compliance with the eligibility requirements within the Medical Assistance Program, there were two instances where the recipients were not timely removed from the system at the time the recipient became ineligible to receive benefits.

- In instance one, the client did not complete the renewal application in April 2014, which rendered the client ineligible. The client improperly received \$1,834 in benefits between April 2014 and January 2016, when the client became eligible again.
- In instance two, the client did not complete a renewal application in December 2014, which rendered the client ineligible. The client improperly received \$7,332 in benefits between January 2015 and January 2016, when the client became eligible again.

There are known questioned costs for fiscal year 2016 of \$5,000, which constitutes the amount of claims paid on behalf of the recipients selected for testing during the year under audit. The remaining amount are questioned costs incurred in the previous fiscal year.

**Questioned Costs:** Known: \$5,000; Projected: \$165,529

**STATE OF WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2016**

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**Effect:** If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency 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.
- (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.

**Cause:** Although there is a control system in place to ensure that eligible persons are periodically reviewed to ensure the client meets the eligibility requirements on an ongoing basis, due to the volume of recipients participating in the Medicaid Program, occasionally ineligible recipients are not timely removed from the system.

**Identification as a Repeat Finding:** Yes; 2013-014

**Recommendation:** We recommend the State increase training efforts and timeliness of their quality control procedures to ensure that clients no longer eligible for assistance are removed from the System.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

**2016-010: Sub-recipient Monitoring**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b>	
1.	CFDA #93.558 Temporary Assistance for Needy Families (TANF Cluster)
2.	CFDA #97.067 Homeland Security Grant Program
3.	CFDA #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
4.	CFDA #10.664 Cooperative Forestry Assistance
5.	CFDA #10.553 School Breakfast Program (Child Nutrition Cluster)
6.	CFDA #10.555 National School Lunch Program (Child Nutrition Cluster)
7.	CFDA# 10.556 Special Milk for Children (Child Nutrition Cluster)
8.	CFDA# 10.559 Summer Food Service Program for Children (Child Nutrition Cluster)
9.	CFDA# 10.558 Child and Adult Care Food Program

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 Year Ended June 30, 2016

<p><b>Federal Agency Name:</b></p> <ol style="list-style-type: none"> <li>1. U.S. Department of Health and Human Services</li> <li>2. U.S. Department of Homeland Security</li> <li>3. U.S. Department of Homeland Security</li> <li>4. U.S. Department of Agriculture</li> <li>5. U.S. Department of Agriculture</li> <li>6. U.S. Department of Agriculture</li> <li>7. U.S. Department of Agriculture</li> <li>8. U.S. Department of Agriculture</li> <li>9. U.S. Department of Agriculture</li> </ol>
<p><b>Pass-Through Entity Name (if applicable):</b> N/A</p>
<p><b>Award Number:</b></p> <ol style="list-style-type: none"> <li>1. 2016G996115, 2015G996115</li> <li>2. EMW-2015-SS-00037</li> <li>3. 4227-DR-WY-P1SWY500</li> <li>4. 15-DG-11020000-039</li> <li>5. – 9. 16163WY312N1099; 201616N109943; 16153WY312N2020; 16163WY509N1050; 201616N202043; 201616N105043</li> </ol>
<p><b>Award Year(s):</b></p> <ol style="list-style-type: none"> <li>1. October 1, 1999 – September 30, 2016</li> <li>2. September 23 ,2013 – June 30, 2017</li> <li>3. October 1, 2013 – September 30, 2017</li> <li>4. October 1, 1999 – September 30, 2016</li> <li>5. October 1, 2015 – September 30, 2016</li> <li>6. October 1, 2015 – September 30, 2016</li> <li>7. October 1, 2015 – September 30, 2016</li> <li>8. October 1, 2015 – September 30, 2016</li> <li>9. October 1, 2015 – September 30, 2016</li> </ol>
<p><b>Department:</b></p> <ol style="list-style-type: none"> <li>1. Wyoming Department of Family Services</li> <li>2. Wyoming Office of Homeland Security</li> <li>3. Wyoming Office of Homeland Security</li> <li>4. Wyoming Office of State Lands and Investments</li> <li>5. Wyoming Department of Education</li> <li>6. Wyoming Department of Education</li> <li>7. Wyoming Department of Education</li> <li>8. Wyoming Department of Education</li> <li>9. Wyoming Department of Education</li> </ol>

**Criteria:** Per 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)); 2 CFR Sections 200.505, 200.521, and 200.331; program legislation; and Federal awarding agency regulations and terms and conditions of the award, all pass-through entities must ensure that every sub-award is clearly identified to the sub-recipient as a sub-award and includes the following information at the time of the sub-award and if any of these data elements change, include the changes in subsequent sub-award 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 sub-award. Required information includes:

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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- Federal Award Identification
- Sub-recipient name
- Sub-recipient's unique entity identifier
- Federal Award Identification Number
- Federal Award Date
- Sub-award Period of Performance Start and End Date
- Amount of Federal Funds Obligated by this action by the pass-through entity to the sub-recipient
- Total Amount of Federal Funds Obligated to the sub-recipient by the pass-through entity including the current obligation
- Total Amount of the Federal Award committed to the sub-recipient by the pass-through entity
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity
- CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement
- Identification of whether the award is R&D
- Indirect cost rate for the Federal award

Per 2 CFR 200.331, all pass-through entities must evaluate each sub-recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate sub-recipient monitoring.

Per 2 CFR 200.331, all pass-through entities must verify that every sub-recipient is audited as required when it is expected that the sub-recipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501.

**Condition/Context:** There are various components of sub-recipient monitoring, which include *Award Identification* (providing complete and accurate information to the sub-recipient, *During-the-Award Monitoring* (monitoring the sub-recipient's use of Federal awards through reporting, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws regulations, and the provisions of contracts or grant agreements and that sub-award performance goals are achieved), and the *Audit Requirement* (verify that every sub-recipient is audited as required).

In addition, the Uniform Grant Guidance (UGG) went into effect for all awards made on or after December 26, 2014. This significantly expanded the *Award Identification* elements that need to be included with each sub-award. As a part of *During-the-Award Monitoring*, the UGG also established a requirement that pass-through entities must perform formal risk assessments of each sub-recipient. These risk assessments are then used to drive *how* and to *what extend* the pass-through entity monitor each sub-recipient.

One Department of Family Services program failed to perform or provide documentation for one or more of the components of sub-recipient monitoring, including the new UGG requirements. During the course of testing performed, the following item was noted:

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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1. Due to the award periods, this finding is evaluated under both Circular A-133 and Uniform Grant Guidance. Of the five sub-recipients subjected to testing for the TANF Cluster, there were five instances in which the sub-awards failed to contain all required award information. In addition, of the five sub-recipients selected for testing, the Program was required to perform risk assessment procedures on four of those sub-recipients in conjunction with Uniform Grant Guidance. In all four instances tested, the Program failed to perform and document the required risk assessment procedures.

Several Wyoming Department of Homeland Security program's failed to perform or provide documentation for one or more of the components of sub-recipient monitoring, including the new UGG requirements. During the course of testing performed, the following items were noted:

2. Due to the award period, this finding is evaluated under Uniform Grant Guidance. Of the five sub-recipients subject to testing for the Homeland Security Grant Program (CFDA #97.067), all five sub-awards failed to contain all required award information. In addition, of the five sub-recipients selected for testing, the Program was required to perform risk assessment procedures on those sub-recipients in conjunction with Uniform Grant Guidance. In all five instances tested, the Program failed to perform and document the required risk assessment procedures.
3. Due to the award period, this finding is evaluated under Uniform Grant Guidance. Of the four sub-recipients subject to testing for the Disaster Grants Public Assistance (CFDA #97.036), all four sub-awards failed to provide all required award information. In addition, of the four sub-recipients selected for testing, the Program was required to perform risk assessment procedures on those sub-recipients in conjunction with Uniform Grant Guidance. In all four instances tested, the Program failed to perform and document the required risk assessment procedures.

The Cooperative Forestry Assistance Program (CFDA #10.664) failed to perform or provide documentation for one or more of the components of sub-recipient monitoring, including the new UGG requirements. During the course of testing performed, the following items were noted:

4. Due to the award period, this finding is evaluated under the Uniform Grant Guidance (UGG). Of the six sub-recipients subject to testing, only one subrecipient was subject to UGG. This sub-award failed to contain all of the required UGG award information. In addition, the Program was required to perform risk assessment procedures on this sub-recipient in conjunction with Uniform Grant Guidance and the Program failed to perform and document the required risk assessment procedures.

In addition, while the Program does indicate that sub-recipients that receive more than the audit threshold in Federal awards are required to submit their annual audit report, the Program does not have a formal process in place to solicit annual audits or follow up with sub-recipients that do not submit an audit.

For instances 5 through 9, we noted that the Department of Education did not modify their sub-award agreements for the Child Nutrition Cluster or the Child and Adult Care Food Programs. As a result, all required award identification under the Uniform Grant Guidance was not properly provided to the Program's sub-recipients.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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#### **Questioned Costs:** \$0

**Effect:** If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency 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.
- (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.

**Cause:** The Departments did not have sufficient control process in place to identify and enforce the Federal requirements surrounding sub-recipient monitoring and management. As a result, multiple elements of the Federal requirements were not completed and/or were completed inaccurately. In addition, the Uniform Grant Guidance enhanced sub-award and risk assessment requirements. The Programs did not adapt to the more stringent requirements.

**Identification as a Repeat Finding:** No.

**Recommendation:** We recommend that the Departments develop and implement a standard control system over the monitoring and management of sub-recipients. The Departments should ensure the control system is inclusive of all Federally required communications and actions. This includes reviewing award documents to ensure that all required award identification information is provided to the sub-recipient. In addition, the Departments should ensure that risk assessment procedures are documented. Finally, regarding the instance where there was no procedure in place to solicit single audit reports, the Department/Program should review their processes and implement one.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 Year Ended June 30, 2016

**2016-011: Reporting**

<p><b>Catalog of Federal Assistance (CFDA) Number and Title:</b></p> <ol style="list-style-type: none"> <li>1. #10.551 Supplemental Nutrition Assistance Program (SNAP)</li> <li>2. #93.667 Social Services Block Grant (SSBG)</li> <li>3. #97.067 Homeland Security Grant Program</li> <li>4. #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)</li> </ol>
<p><b>Federal Agency Name:</b></p> <ol style="list-style-type: none"> <li>1. US Department of Agriculture</li> <li>2. U.S. Department of Health and Human Services</li> <li>3. U.S. Department of Homeland Security</li> <li>4. U.S. Department of Homeland Security</li> </ol>
<p><b>Pass-Through Entity Name (if applicable):</b> N/A</p>
<p><b>Award Number:</b></p> <ol style="list-style-type: none"> <li>1. 16163WY410S2514; 16163WY410S8036; 15153WY410S2514; 15153WY410S8036</li> <li>2. G-1501WYSOSR</li> <li>3. EMW-2015-SS-00037</li> <li>4. 4227-DR-WY-P1SWY500</li> </ol>
<p><b>Award Year(s):</b></p> <ol style="list-style-type: none"> <li>1. October 1, 2015 – September 30, 2016; October 1, 2014 – September 30, 2015</li> <li>2. October 1, 2014 – September 30, 2015</li> <li>3. September 1, 2014 – August 31, 2018</li> <li>4. July 6, 2015 – January 7, 2018</li> </ol>
<p><b>Department:</b></p> <ol style="list-style-type: none"> <li>1. Wyoming Department of Family Services</li> <li>2. Wyoming Department of Family Services</li> <li>3. Wyoming Office of Homeland Security</li> <li>4. Wyoming Office of Homeland Security</li> </ol>

**Criteria:** A-102 Common Rule –Financial Reporting, §§\_\_\_.41; OMB Circular A-110 – Financial reporting, §§\_\_\_.52; 2 CFR 200.327 – Financial Reporting; and the laws, regulations, and the provisions of contract or grant agreements pertaining to the specific programs require that reports be complete, accurate, and supported by accounting records (if applicable) and be submitted in compliance with the appropriate deadlines.

In addition, per 2 CFR §200.333, financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities.

*Specifically Regarding Instance Two:* Per 45 CFR §96.74(a), each state must submit an annual report to the Secretary by the due dates specified in §96.17. The annual report must cover the most recently completed fiscal year and, except for the data in paragraphs (a) (1) through (4) of §96.74, may be submitted in the format of the state's choice. The annual report must address the requirements in section 2006(a) of the Act, include the specific data required by section 2006(c), and include other information as outlined in §96.74.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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#### Condition/Context:

1. A total of eight financial reporting reports were selected for testing in the SNAP program (CFDA #10.551). Of those eight reports, three were SF-425 financial reports. In two of the three SF-425 financial reports selected for testing, the amounts reported in the *Total Federal Funds Authorized* line was not supported by the Federal award. Specifically, the errors occurred in the December 31, 2015 report submitted January 28, 2016 and the 2015 Closeout Report submitted December 29, 2015.
2. A total of two financial reports were selected for testing for the SSBG program (CFDA# 93.667). Of those two reports, one report was called the Post-Expenditure Report. The SSBG program was unable to provide supporting documentation for all financial information reported on the Post-Expenditure Report (the "report") submitted in December 2015.
3. A total of three financial reporting reports were selected for testing for the Homeland Security Grant Program (CFDA #97.067). In one of three SF-425 financial reports selected for testing, the Program reported a recipient share of expenditures in the amount of \$1,474,121, even though this grant has no matching requirement and no matching funds were provided by the Wyoming Office of Homeland Security.
4. A total of three financial reporting reports were selected for testing for the Disaster Grant – Public Assistance (CFDA #97.036). In one of the three SF-425 financial reports selected for testing, the Program reported an incorrect recipient share of expenditures. The Program reported \$449,166 in State assistance, but should have reported \$612,562. As such, the amount reported was understated by \$163,395.

#### Questioned Costs: \$0

**Effect:** If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency 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.
- (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.

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

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**Cause:** Regarding instance one, the Accounting Manager that completed these financial reports inadvertently filled in the wrong amount. Regarding instance two, the lack of supporting documentation is caused by turnover in the Program Manager position. Regarding instances three and four, the review performed before the reports were filed was inadequate.

**Identification as a Repeat Finding:** No

**Recommendation:** We recommend that the Departments strengthen controls surrounding the preparation and review process of the financial reports to ensure that accurate information is being submitted.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

**2016-012: Eligibility**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> #93.568 Low-Income Home Energy Assistance
<b>Federal Agency Name:</b> U.S. Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number:</b> 2016G992201
<b>Award Year(s):</b> October 1, 2013 – September 30, 2015 October 1, 2014 – September 30, 2016 October 1, 2015 – September 30, 2017
<b>Department:</b> Wyoming Department of Family Services

**Criteria:** Eligible households are limited to those defined by 42 CFR 8624(b)(2). More specifically, benefit payments are required to be calculated in accordance with the *Detailed Model Plan* as approved by the U.S. Department of Health and Human Services. According to the Plan, benefits are calculated through a formula based on factors such as household income, fuel types, etc.

**Condition/Context:** Of the 40 beneficiary households selected for testing compliance with the eligibility requirements of the Low-Income Home Energy Assistance (CFDA #93.568), we noted four instances in which the Department of Family Services, (the “Department”), over awarded and overpaid the beneficiary household. All instances resulted from an understatement of beneficiary household’s income.

**Questioned Costs:** The errors resulted in \$245 of known questioned costs and \$90,256 of likely questioned costs.

**Effect:** If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency 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.
- (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.

**Cause:** We noted three causes for the overpayment in benefits, all of which resulted from human error:

1. In one instance, the applicant's income was input into the benefit calculation software as being received on a monthly basis as opposed to a weekly basis.
2. In two instances, income from the applicant's paystub was incorrectly keyed into the benefit calculation software.
3. In one instance, an applicant's bank balance was input into the benefit calculation software as opposed to their deposit of income.

**Identification as a Repeat Finding:** No

**Recommendation:** We recommend the Department continue to identify areas subject to error and implement employee trainings and quality control procedures to address those areas more susceptible to human error.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

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**2016-013: Allowable Costs/Cost Principles**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> CFDA 93.778 Medical Assistance Program (Medicaid; Title XIX)
<b>Federal Agency Name:</b> Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number/Name:</b> 1505WYMAP; 1605WYMAP
<b>Award Year(s):</b> 2015 and 2016
<b>Department:</b> Wyoming Department of Health

**Criteria:** 42 CFR Ch. IV Part 440.230 the State plan must outline:

- (a) The plan must specify the amount, duration, and scope of each service that it provides for:  
(1) The categorically needy; and (2) Each covered group of medically needy.
- (b) Each service must be sufficient in amount, duration, and scope to reasonably achieve its purpose.
- (c) The Medicaid agency may not arbitrarily deny or reduce the amount, duration, or scope of a required service under §§ 440.210 and 440.220 to an otherwise eligible recipient solely because of the diagnosis, type of illness, or condition.
- (d) The agency may place appropriate limits on a service based on such criteria as medical necessity or on utilization control procedures.

**Condition/Context:** Of the 60 recipients selected for testing compliance with expenditure requirements within the Medicaid Cluster, we noted one instance where the recipient's claim did not meet the medically necessity requirement. This resulted in an improper benefit claim of \$140.00.

**Questioned Costs:** Known: \$140; Projected: \$105,193

**Effect:** If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency 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.
- (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.

STATE OF WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016

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**Cause:** Although there is an ongoing control system in place to ensure that claims paid by Medicaid are periodically reviewed to ensure they fulfill the medical necessity requirement, due to the volume of recipients participating in the Medicaid Program, the control system does not catch an improper payment and a claim can be paid that does not meet the medical necessity requirement.

**Identification as a Repeat Finding:** Yes; 2015-013

**Recommendation:** We recommend the State increase training efforts medical necessity of claims.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

**2016-014: Eligibility**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> #93.767 Children’s Health Insurance Program (CHIP)
<b>Federal Agency Name:</b> U.S. Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number:</b> 1105WY5021; 1205WY5021
<b>Award Year(s):</b> October 1, 2013 – September 30, 2015; October 1, 2014 – September 30, 2016
<b>Department:</b> Wyoming Department of Health

**Criteria:** 42 USC 1397 bb (b) establishes the basic criteria for the State of Wyoming’s Child Health Plan. Wyoming’s CHIP eligibility requirements include those who are U.S. citizens, a lawful qualified non-citizen or a lawful, permanent alien who has lived in the U.S. for at least 5 consecutive years; a Wyoming resident; less than 19 years of age; not eligible or already enrolled in Medicaid; not currently covered by health insurance nor has had health insurance during the last 30 days except as provided for under section 4.6; not eligible to receive health insurance benefits under Wyoming’s State employee benefit plan as a State employee or the dependent of a State employee; not residing in a public institution for mental disease; not residing in a public correctional institution; financially eligible based on modified adjusted gross income eligibility determination.

**Condition/Context:** Of the 40 participants selected for testing compliance with the eligibility requirements of the CHIP Program (CFDA # 93.767) (the “Program”) we noted five instances in which the Department of Health (the “Department”) allowed ineligible participants to participant in the Program or failed to follow internal control procedures. The following instances were noted:

- In instance one, the participant was ineligible based on poverty level guidelines, the age of the participant, and income guidelines. This resulted in payment of ineligible benefits. Total questioned costs for this participant were \$680.
- In instance two, the participant moved out of State in August of 2015, which rendered the participant ineligible. However, the Program continued to provide benefits to this ineligible participant until March of 2016. Total questioned costs for this participant were \$1,398.
- In instance three, the participant was identified as ineligible during the in-take process. However, a call center representative actively overrode the eligibility determination and qualified the child for participation. Furthermore, there was no documentation in the Wyoming Eligibility System (WES) to justify why the call center representative overrode the determination. This resulted in payment of 8 months of benefits. Total questioned costs for this participant were \$1,814.

## STATE OF WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended June 30, 2016

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- In instance four, the Program did not retain support for this participant's eligibility for the Program. As such, the Program could not verify if the participant was actually eligible for participation.
- In instance five, the Program internal controls indicated that an income eligibility check should have been performed; however, in this instance, the check was not performed.

**Questioned Costs:** The errors resulted in \$3,892 of known questioned costs. Likely questioned costs are unknown.

**Effect:** If a non-Federal entity fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency 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.
- (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.

**Cause:**

1. Instance one, the error was caused by a Customer Service Center vendor worker error.
2. Instance two, the error was caused by a Customer Service Center vendor processing error.
3. Instance three, the error was caused by a Customer Service Center vendor worker error.
4. Instance four, the error was caused by a Customer Service Center vendor processing error.
5. Instance five, the error was caused by a Customer Service Center vendor processing error.

**Identification as a Repeat Finding:** No

**Recommendation:** We recommend the Department continue to identify areas subject to error and implement employee trainings and quality control procedures to address those areas more susceptible to human error.

**Views of Responsible Officials and Planned Corrective Actions:** See Exhibit I

STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2016

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FINDING	STATUS
<p><b><u>2013-004:</u> Subrecipient Monitoring</b></p> <p><b>Title I Grants to Local Educational Agencies (CFDA #84.010) Special Education Cluster (IDEA) (CFDA #s 84.027 and 84.173) Career and Technical Education – Basic Grants to States (CFDA #84.048) Improving Teacher Quality State Grants (CFDA #84.367)</b></p> <p><b>Federal Agency</b> – U.S. Department of Education</p> <p>A component of the subrecipient monitoring compliance requirement is that a pass-through entity is responsible for <i>During-the-Award Monitoring</i> (monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved). For the WDE, the primary means of <i>During-the-Award Monitoring</i> are site visits. There are 48 school districts and seven community colleges in the State, and the WDE attempts to review one-third of them each year; therefore, each district/community college is reviewed at least once every three years. For the period under audit, we selected ten subrecipients to verify that an on-site assessment was performed within the last three years and findings were being followed up on. The results of our testing found that there were two school districts for which the WDE had a finding from an on-site assessment and no follow up occurred.</p>	<p><b>Status:</b> To ensure that proper subrecipient monitoring, follow-up and proper documentation of LEAs receiving Federal pass-through funds is occurring, the WDE Federal Program Supervisor has implemented a set of procedures for ensuring that timelines are maintained, and documentation is filed in accordance with the Federal requirements.</p> <p><b>Auditor’s Comment:</b> Based on audit work performed, we determined that the State Department of Education implemented the above procedures. This finding is considered resolved.</p>
<p><b><u>2013-013:</u> Subrecipient Monitoring</b></p> <p><b>Temporary Assistance for Needy Families (CFDA #93.558)</b></p> <p><b>Federal Agency</b> – U.S. Department of Health and Human Services</p> <p>Seven of the seven subrecipient monitoring files/contracts tested did not have the Program Name or CFDA number, and OMB Circular A-133 compliance requirements were not listed on the contracts or otherwise communicated to the subrecipient, and no procedures were performed to verify this was being done. Also, the Department of Family Services (DFS) does not have an effective system in place to follow up on findings included in the subrecipients’ Single Audit Reports.</p>	<p><b>Status:</b> Beginning with Federal fiscal year 2016, sub-recipient contracts were amended to include all required information and a procedure was implemented that calls for an independent review of sub-recipient contracts. In addition, the Department developed and utilized a standard sub-recipient audit request form to monitor all sub-recipients.</p> <p><b>Auditor’s Comment:</b> Based on current year testing, we determined that the Department is still in the process of implementing the above procedures. See repeat finding at 2016-010. As such, this finding has not yet been resolved.</p>

STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<p><b>2013-014: Eligibility</b></p> <p><b>Medical Assistance Program (CFDA #93.778)</b></p> <p><b>Federal Agency</b> – U.S. Department of Health and Human Services</p> <p>Of the 40 recipients selected for testing compliance with the eligibility requirements within the Medicaid Cluster, we noted four instances where the recipient was not timely removed from the system at the time the recipient became ineligible to receive benefits.</p>	<p><b>Status:</b> The Department of Family Services was responsible for eligibility determination for the Medicaid program. The eligibility system (EPICS) had limitations on collecting renewal dates for enrollees and had no way to enforce manual actions by workers. The Department of Health launched a new rules based eligibility system (WES) in February, 2014 and moved the Medicaid eligibility functions to the Department of Health. The new system automates many of the previously manual processes including the income calculation and the eligibility decision. In addition, renewal dates will be populated based on program rules and application dates. Cases that are not renewed timely will be closed automatically by the system. These changes made by the Department will remove most of the opportunities for human error.</p> <p><b>Auditor's Comment:</b> Based on current year testing, the Department of Health is still in the process of implementing the above corrective action. See repeat finding at 2016-009. As such, this finding has not yet been resolved.</p>

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STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<p><b><u>2014-004:</u></b> Allowable Cost/Cost Principles</p> <p><b>Special Education Cluster (IDEA) (CFDA #s 84.027 and 84.173)</b></p> <p><b>Federal Agency</b> – U.S. Department of Education</p> <p>The WDE purchased several vehicles using the Federal grant without prior authorization from the Federal oversight entity.</p>	<p><b>Status:</b> To prevent reoccurrence of this finding, the Division of Individual Learning has instructed program personnel that all equipment with a unit cost of \$5,000 or more purchased with IDEA Part B funds must have prior written approval from The Office of Special Education and Rehabilitative Services (OSEP). A copy of the written OSEP approval will be submitted with the encumbrance and purchase order requests and will be verified by the division director, chief officer, and the WDE Finance Division.</p> <p><b>Auditor’s Comment:</b> Based on audit work performed, the vehicles in question were subsequently approved by the Federal awarding Agency. In addition, updated policies have been implemented by the Program. This finding is considered resolved.</p>
<p><b><u>2015-001:</u></b> State Auditor’s Office – Audit Adjustments</p> <p><b>Condition/Context</b> – Several journal entries to the State’s financial statements were posted incorrectly by the CAFR Division of the State Auditor’s Office (the “CAFR Division”). As a result, adjusting journal entries were proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Under professional standards, material adjustments to the financial statements is considered a control deficiency.</p>	<p><b>Status:</b> The State Auditor’s Office continued to refine its internal review process of financial statement information through the use of specifically assigned personnel. In addition, they specifically reviewed the projects resulting in posted or proposed adjustments in the prior year and ensured none of those adjustments were necessary in the current fiscal year.</p> <p><b>Auditor’s Comment:</b> Based on current year testing, there were no audit adjustments related to the issues identified during the 2015 audit. However, a new issue was identified during the 2016 audit that required an adjustment. See 2016-001.</p>

STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<b>2015-002: School Facilities Commission – Audit Adjustment</b>	
<p><b>Condition/Context</b> – The School Facilities Commission (the “Commission”) processed the fiscal year 2016 major maintenance payments to all school districts on June 30, 2015, as opposed to July 1, 2015 as required by State Statute. As a result, an adjusting journal entry was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with U.S. GAAP.</p> <p>As outlined in W.S. 21-15-109(b), “to the extent funds are available, on July 1 of each year, the school facilities commission shall based upon square footage computations computed on September 1 of the prior school year, distribute major building and facility repair and replacement payments to each school district from the capital construction account. If funds within the account are not sufficient for payments on July 1 of any school year, the Commission shall distribute payments from the account on or before September 30 and March 31 of that school year.” Under professional standards, a material adjustment to the financial statements is considered a control deficiency.</p>	<p><b>Status:</b> The Commission is well aware and familiar with the requirements of W.S. 21-15-109(b) (funds available on July 1 of each year). As a result of this error, the agency implemented the utilization of the WOLFS scheduled payment date option. The 2017 major maintenance payments were prepared ahead of time with a scheduled payment date of 07/01/16 and as such were processed in accordance with State Statute.</p> <p><b>Auditor’s Comment:</b> Based on current year testing, we determined that the School Facilities Commission implemented the above procedures. This finding is considered resolved.</p>
<b>2015-003: Department of Environmental Quality – Audit Adjustment</b>	
<p><b>Condition/Context</b> – The Department of Environmental Quality (the “DEQ”) failed to identify an accounts payable to a component unit of the State for Abandoned Mined Lands (“AML”) grant funds, as well as the related Federal receivable. As a result, an adjusting journal entry was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Under professional standards, a material adjustment to the financial statements is considered a control deficiency.</p>	<p><b>Status:</b> In fiscal year 2016, the DEQ began notifying the University of Wyoming (“UW”) of the “billed through” date of every open AML agreement. Within 30 days of the letter’s issuance, UW is required to: 1) provide an invoice for, or 2) explain why an invoice has not been generated if the accrual date for the most recent reimbursement for a given project is older than 90 days. Due to continuing difficulties, the matter has been elevated to senior management for review.</p> <p><b>Auditor’s Comment:</b> Based on current year testing, we determined that the Department of Environmental Quality has not implemented the above procedures. This finding is repeated as finding 2016-004 and, as such, is not yet resolved.</p>

STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<b>2015-004: Department of Family Services – Audit Adjustment and Schedule of Expenditures of Federal Awards</b>	
<p><b>Condition/Context</b> – The Department of Family Services (the “DFS”) did not provide a Schedule of Expenditures of Federal Awards (SEFA) which properly identified all Federal funds expended. During the course of testing performed on the initial SEFA provided for audit, we noted that the cash basis expenditures were reported incorrectly. As a result, adjusting journal entries were proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with U.S. GAAP. Under professional standards, material adjustments to the financial statements is considered a control deficiency. In addition, per 31 USC 7502 (Single Audit Act Amendments of 1996 (Pub. L. 104-156)), each non- Federal entity that expends a total amount of Federal awards equal to or in excess of \$500,000 shall provide its auditor a schedule of Federal expenditures that is presented fairly in all material respects in relation to the financial statements taken as a whole.</p>	<p><b>Status:</b> DFS created a new system to track grant revenue versus expenses which was implemented in fiscal year 2016.</p> <p><b>Auditor’s Comment:</b> Based on current year testing, we determined that the Department of Family Services implemented the above procedures. This finding is considered resolved.</p>
<b>2015-005: Wyoming Community College Commission – Audit Adjustment</b>	
<p><b>Condition/Context</b> – The Wyoming Community College Commission (the “WCCC”) failed to identify accounts payable related to the fourth quarter health insurance and retirement reimbursements to the seven Wyoming community colleges. As a result, an adjusting journal entry was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with U.S. GAAP. Under professional standards, a significant adjustment to the financial statements is considered a control deficiency.</p>	<p><b>Status:</b> A guide was created for fiscal division use which lists all types of payments the WCCC makes to the colleges along with the correct methodology for service dates on each type of payment. Fiscal staff are trained on the guide and all service dates are verified with this guide prior to submission in WOLFS.</p> <p><b>Auditor’s Comment:</b> We reviewed the fiscal year 2016 fourth quarter health insurance and retirement reimbursements to the seven Wyoming community colleges noting that they all had the correct service dates. Based on this review, we determined that the Wyoming Community College Commission implemented the above procedures. This finding is considered resolved.</p>

STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<b>2015-006: State Treasurer's Office – Inter- and Intra-Fund Activity</b>	
<p><b>Condition/Context</b> – Due to the unique nature of the transaction, the State Treasurer's Office (the "STO") could not utilize the proper accounting documents when processing an intra-fund disbursement.</p> <p>However, the STO did not notify the State Auditor's Office (SAO) of the intra-fund activity. As a result, an adjusting journal entry was proposed during the audit to report the government-wide and fund level financial statements in accordance with U.S. GAAP. All inter- and intra-fund activity should be eliminated from the government-wide and fund level financial statements in accordance with U.S. GAAP.</p>	<p><b>Status:</b> The State Auditor's Office (SAO) and the State Treasurer's Office worked collaboratively to properly record this elimination for FY2016 and the SAO CAFR Group has a project to ensure this item is properly recorded in future fiscal years. The SAO Quality Assurance Division developed a training course to address the GAS/CR document use and the Quality Assurance Division will continue to educate the various State Agencies on proper IET use, various event types, and why each is important.</p> <p><b>Auditor's Comment:</b> Based on current year testing, we determined that the State Treasurer's Office implemented the above procedures. This finding is considered resolved.</p>

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STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<b>2015-007: Enterprise Technology Services</b>	
<b>Condition/Context</b> – During the Information Systems General Controls Review, we noted three observations with respect to Enterprise Technology Services (“ETS”).	<b>Status:</b>
<ol style="list-style-type: none"><li>1. ETS has not performed firewall rule set reviews since the migration of the State’s agencies into the ETS environment. A firewall rule set review gives ETS an opportunity to clean up any unneeded, outdated, or incorrect rules, and makes certain that rules sets allow only authorized services and ports that match business justifications.</li><li>2. ETS’s telecommunications and networking group performs internal network scans; however, they do not perform external vulnerability scanning and penetration testing. In addition, they are not working with an Approved Scanning Vendor to perform external vulnerability scans for the State agencies that are in scope for a Payment Card Industry (PCI) Data Security Standard assessment.</li><li>3. The risk assessment for ETS was not provided during the on-site visit and has not been reviewed or updated on an annual basis.</li></ol>	<ol style="list-style-type: none"><li>1. ETS implemented a new policy and practice to perform firewall reviews every six months beginning in February 2016.</li><li>2. ETS has implemented internal and external vulnerability scan on the State of Wyoming network.</li><li>3. ETS has contracted with a third party to perform risk assessment services and are in the process of scheduling them for late 2016.</li></ol>

**Auditor’s Comment:** Based on current year testing, we determined that Enterprise Technology Services implemented the above procedures to address items #1 and #2 and those matters are considered resolved. As the procedures to address item #3 was not implemented at year end, it has been repeated within finding 2016-005. As such, this finding is not yet resolved.

ETS was established in fiscal year 2012 by the Wyoming State Legislature to coordinate, consolidate and provide information technology (“IT”) services; to promote economy and efficiency in government use of IT; and to establish uniform standards of IT administration. Many of the IT systems previously housed by individual agencies have been brought under the purview of ETS over the past two years, which includes several IT systems that manage and report the State’s financial data. As a result, the controls in place at ETS have increased in their significance to the State and its financial and compliance reporting and data safeguarding responsibilities.

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STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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FINDING	STATUS
<p><b><u>2015-008:</u> Earmarking</b></p> <p><b>Title I Grants to Local Educational Agencies (CFDA #84.010)</b></p> <p><b>Federal Agency</b> – U.S. Department of Education</p> <p>The WDE expensed \$422,389 for administrative activities under the Title I program for the 2011 award year. The program includes an earmarking requirement in which the WDE is only allowed to expend \$400,000 for administrative expenses between Title I, Parts A, C, and D.</p>	<p><b>Status:</b> The WDE has implemented the corrective action plan, as originally stated. The Federal Programs Supervisor and the Divisions Director review and approve the budget set up requests. The Finance Section Supervisor and the Finance Division Director also review the budget requests to ensure the \$400,000 earmarking requirement is met.</p> <p><b>Auditor's Comment:</b> Per audit work performed, the above corrective action plan has been implemented. This finding is considered resolved.</p>
<p><b><u>2015-009:</u> Subrecipient Monitoring</b></p> <p><b>Senior Community Service Employment Program (CFDA #17.235)</b></p> <p><b>Federal Agency</b> – U.S. Department of Labor</p> <p>During the period under audit, the Senior Community Service Employment Program failed to obtain the subrecipients most recent audited financial statements.</p>	<p><b>Status:</b> After reviewing internal controls and the SCSEP policy guide, the current policy of collecting an A-133 at the time of subrecipient grant application review has been modified to include annual collection of an A-133 before any contract renewal is considered.</p> <p><b>Auditor's Comment:</b> Per audit work performed, the above corrective action plan has been implemented. This finding is considered resolved.</p>

STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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**2015-010:** Maintenance of Effort

**Block Grants for Prevention and Treatment of Substance Abuse (CFDA #93.959)**

**Federal Agency** – U.S. Department of Health and Human Services

During the period under audit, the Program failed to maintain the maintenance of effort requirement set forth by the grant requirements. The Program identified the error and is working with the U.S. Department of Health and Human Services to correct.

**Status:** The corrective action plan is being implemented. Phases are tied to each grant to track MOE. Currently, program managers and fiscal managers can pull expenditure reports to ensure MOE levels are being maintained. The Division applied for material compliance for the block grant for the fiscal year 2015 Substance Abuse Block Grant. The material compliance request has not been approved by SAMHSA because additional fiscal reports have been requested. The Division is in the process of gathering the additional fiscal reports and preparing to send it to SAMHSA.

The Division is in the process of submitting a new request to SAMHSA to change fiscal year 2016 State substance abuse expenditures reported in the fiscal year 2017 Behavioral Health Report. Once the new expenditures are provided, the Division will be able to determine if the fiscal year 2016 substance abuse MOE was met.

Wyoming did meet the MOE for the mental health block grant in fiscal year 2016. For fiscal year 2014, the Division submitted a material compliance request due to the shortfall. This request has not been approved as additional fiscal reports have been requested. The Division is in the process of gathering these reports to send them to SAMHSA.

**Auditor's Comment:** The Program is still in the process of correcting this finding. As such, this finding is not yet resolved.

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**2015-011:** Schedule of Expenditures of Federal Awards

**All Federal Programs Administered by the Wyoming Department of Family Services**

**Federal Agency** – U.S. Department of Health and Human Services

*See Finding 2015-004.*

**Status:** DFS created a new system to track grant revenue versus expenses which was implemented in fiscal year 2016.

**Auditor's Comment:** While there is a repeat finding in the Department of Family Service, the instances of non-compliance are different and the 2016 finding is not considered a repeat finding. Based on current year testing, the above corrective plan has been implemented. As such, this finding is resolved.

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STATE OF WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
Year Ended June 30, 2016

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**2015-012: Subrecipient Monitoring**

**Special Education – Grants for Infants and Families (CFDA #84.181)**

**Federal Agency** – U.S. Department of Education

During the period under audit, the Program failed to review the subrecipients' most recent audited financial statements, and failed to communicate any audit findings with the subrecipient.

**Status:** The Early Intervention and Education Program Unit (EIEP) unit uploaded copies of each of the sub-recipients' financial audits for 2015 and added the results to the audit tracking sheet that has been in place since 2012. The EIEP reviews the reports for any findings and noted that any findings had been appropriately addressed with the sub-recipient's corrective action plan.

**Auditor's Comment:** Based on audit work performed, this finding is considered resolved.

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**2015-013: Allowable Costs / Cost Principles**

**Medical Assistance Program (CFDA #93.778)**

**Federal Agency** – U.S. Department of Health and Human Services

Of the 60 recipients selected for testing compliance with expenditure requirements within the Medicaid Cluster, we noted two instances where the recipient's claims did not meet the medically necessity requirement.

**Status:** The Wyoming Medicaid Program Integrity Unit has completed its additional review to corroborate the findings identified in the 2015 McGee, Hearne & Paiz, LLP statewide single audit. During this audit, finding #2015-013 indicated that medical necessity was not proper for two claims submitted by two different providers. Two cases were internally generated to track the completion of the Corrective Actions (CA). At this time, all actions associated with the CA have been completed and recovery of overpayments has been obtained.

**Auditor's Comment:** Based on current year testing, the Department of Health has corrected the two instances of non-compliance noted in the prior year audit. As such, this finding is considered resolved. However, the current year audit noted one instance where a claim did not meet the medical necessity requirement. See current year finding at 2016-013.

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# **EXHIBIT I**

## **CORRECTIVE ACTION PLANS**

# State of Wyoming

## Corrective Action Plans

### June 30, 2016

The following are the corrective action plans for the *Schedule of Findings and Questioned Costs* reported in the June 30, 2016 Compliance Report for the State of Wyoming.

#### **2016-001: State Auditor's Office – Audit Adjustment**

**Condition/Context:** The CAFR Division failed to properly calculate the component unit payable specific to block grant appropriations. As a result, an adjusting journal entry within the General Fund was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

**Recommendation:** We recommend that the CAFR Division implement a control system to ensure the accuracy of the accrual.

**Corrective Action Planned:** The calculation is very complicated. The criteria for the calculation is subject to interpretation. There is an every other year component in the calculation as well. This was the first year for new staff to complete the calculation with the every other year component as part of the calculation. The CAFR division staff will improve documentation relate to the calculation and its related interpretations. The calculation will be reviewed by at least one other member of the CAFR staff prior to recording the related adjusting journal entry.

**Contact:** Barb Wallace, CAFR Division Manager

**Anticipated Completion Date:** June 30, 2017

#### **2016-002: Wyoming Department of Education – Audit Adjustment**

**Condition/Context:** The WDE failed to identify accounts payable related to retirement contribution reimbursements to multiple Wyoming school districts. As a result, an adjusting journal entry was proposed and recorded within the Foundation Program Fund to increase accounts payable and the corresponding education expense by \$5,119,028.

**Recommendation:** We recommend that the WDE implement a control system to ensure the accuracy of the service dates entered into the State's accounting system to ensure they are properly recorded in the correct fiscal period.

**Corrective Action Planned:** The Wyoming Department of Education (WDE) has conducted a thorough review of the School Foundation Program and various payments to identify any other areas of concern with regard to service dates. The WDE fiscal staff involved with entering and approving School Foundation Program payments have been alerted to the service date issue and have received instructions for using the correct service dates on the applicable payments going forward. To ensure compliance, the School Foundation Program manager will notate the correct period of service on the payment documentation during the initial approval. In addition, the Finance pre-auditor and post-auditor will review all service dates to ensure that the correct dates are entered into the WOLFS accounting system. The WDE does not anticipate any further issues of this nature, but will diligently monitor for reoccurrences.

**Contact:** Trent Carroll, Finance Director

**Anticipated Completion Date:** This new process has been implemented.

### **2016-003: Water Development Commission – Audit Adjustment**

**Condition/Context:** Disbursements for loans that were made subsequent to year end were properly identified by the Commission as vouchers payable; however, the corresponding debits were recorded as expenditures when they should have been recorded as loans receivable. As a result, an adjusting journal entry was proposed and recorded within the General Fund to increase loans receivable and decrease the corresponding recreation and resource development expense by \$1,049,569.

**Recommendation:** We recommend that the Commission work collaboratively with the CAFR Division to revise the control system over the vouchers payable project to ensure that loan disbursements are properly identified and classified within the State CAFR. In addition, we also recommend that the CAFR Division initiate similar communications with other State agencies that have loan programs to ensure all loan disbursements are being treated consistently and are properly reported.

**Corrective Action Planned:** To ensure loans receivable are properly recorded, the SAO CAFR Division and the Water Development Office will communicate at year end regarding loan disbursements made subsequent to year end and related to the previous fiscal year. The SAO CAFR Division will revise their process to require the completion of only one loans receivable form per fund at year end. Also, the SAO CAFR Division will modify the form to include an additional question asking if there are loan disbursements made subsequent to year end and related to the previous fiscal year. If the answer is yes, the amount of the disbursement will be included. This additional documentation will facilitate the communication between the Water Development Office and the SAO CAFR Division to ensure the proper recording of loans receivable.

**Contact:** Andrea Odell, Fiscal Officer

**Anticipated Completion Date:** Corrective action has been implemented.

### **2016-004: Department of Environmental Quality – Audit Adjustment**

**Condition/Context:** The DEQ failed to identify an accounts payable to a component unit of the State for Abandoned Mined Lands (“AML”) grant funds, as well as the related Federal receivable. As a result, an adjusting journal entry was proposed and recorded during the audit to report the government-wide and fund level financial statements in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

**Recommendation:** Due to the unique funding associated with these grant funds, we recommend that the DEQ establish a control system that would require the component unit to report to DEQ the amount of outstanding reimbursement expenses at the end of each quarter.

**Corrective Action Planned:** The matter has been elevated to senior management for review. Until Management’s review is completed, accounting personnel will continue to request from UW the amount of reimbursable expenses that the University of Wyoming (UW) has not invoiced. If UW is not responsive, management may dictate other means and methods to achieve compliance. DEQ acknowledges the auditor's recommendation and will continue to notify UW via letter of the "billed through date of every open AML agreement. Within thirty days of the letter's issuance, UW will be required to 1) provide an invoice for, or 2) explain why an invoice hasn't been generated, if the accrual date for the most recent reimbursement for a given project is older than 90 days. DEQ will implement this process for the quarter ending March 31, 2017.

**Contact:** Stephen S. Toalson, Jr., Comptroller

**Anticipated Completion Date:** April 30, 2017

## **2016-005: Enterprise Technology Services**

**Condition/Context:** During the Information Systems General Controls Review, we noted five new observations with respect to Enterprise Technology Services (“ETS”):

1. ETS is performing an informal and undocumented user access review of their own employees, including Active Directory, network hardware, and servers. Additionally, guidance for completing the user access review, including frequency, extent, scope, etc., has not been defined in a policy.
2. ETS receives daily reports detailing any changes to admin accounts, groups, and service accounts. These reports are currently reviewed monthly or on an as needed basis, but changes in the environment occur much more frequently than the current review cycle.
3. ETS performs a user access review for users with access to the data center located at the Emerson Building; however, a user access review is not performed of users with access to the Greenhouse data center.
4. The State IT Coordination Council policy requires that all network accounts meet policy standards of eight minimum characters, passwords reset every 45 days, 12 remembered passwords and complexity enabled. We noted through our inspection of the wyo.gov domain that only a seven minimum character length is enforced for passwords.
5. ETS performs periodic test restores of the network backups as identified in their policy; however, evidence of these test restores could not be provided.

In addition, of the three observations from the fiscal year 2015 audit, ETS implemented procedures to remedy two of the observations; however, the following observation remains open:

6. The risk assessment for ETS was not provided during the on-site visit and has not been reviewed or updated on an annual basis.

**Recommendation:** ETS should develop and document IT control systems, policies, and procedures that enable the State to be more vigilant through the use of continuous monitoring and threat detection capabilities, and be resilient to better resist, respond to, and recover from cyber-attacks. With respect to each observation above, we recommend that:

1. ETS implement a formalized user access review process. This process should detail the users and administrative groups ETS is responsible for versus all other groups and users that the State agencies are responsible for reviewing. This process should include formal documentation procedures to ensure that an audit trail is retained for administrative purposes. Implementing this will also strengthen the security of all agency-supported networks, and delineate the responsibilities of ETS and State agencies. It is also recommended that ETS reach out to all agencies that they support to assist them in their own review of user access rights to ensure that the appropriate and effective communication standards exist between ETS and State agencies.
2. ETS perform a daily review of these reports to ensure that any risks or unauthorized changes are caught and remediated immediately. ETS should also maintain a log of this review, including the date reviewed, who performed the review, and any other documentation of remediation that was done as a result.
3. ETS follow appropriate communication procedures with the Greenhouse data center to request that new and termed users have access controlled appropriately. However, ETS should be performing a user access review of all users with access to the Greenhouse data center on an annual basis to ensure that users are still appropriate. It is also recommended that ETS work with the various agencies who have users with access to both the Emerson data center and the Greenhouse data center to ensure that they are also performing their appropriate user access reviews.
4. ETS determine whether the password policy and/or wyo.gov domain requires updating to meet the approved security and authentication requirements.
5. ETS ensure appropriate evidence of the test restores is maintained in order to demonstrate compliance with State-mandated policies.

6. ETS perform a risk assessment on an annual basis in order to assess current risks and potential vulnerabilities. The State needs to be aware of the risks and vulnerabilities to determine if existing controls are in place to mitigate the threat. In addition, the State should add additional security measures where controls are identified as being “not in place” or lacking to protect against the threat.

***Corrective Action Planned:***

1. The SysAdmins run a monthly domain administrator check to ensure rights are not being granted to improper individuals. After the domain admin check is complete the SysAdmins check the log manager to ensure all groups were added correctly. The log manager is checked using *Manageengine ADAudit* plus and shows all people added to active directory and what permissions those individuals were granted. These checks are documented in a Google spreadsheet to indicate changes and or discrepancies. If active directory had a total system breach the systems team would use their CommVault backup to recover the system components. If they could not recover the system using the CommVault restore the SysAdmins would begin rebuilding the system from scratch by creating one policy and building the rest out as needed.

Daily alerts are sent and monitored in cases where changes are made to Active Directory admin accounts, service accounts or groups with elevated privileges. Any discrepancies are documented in a Google spreadsheets and responded to as necessary.

SysAdmins are responsible for daily monitoring of Active Directory Administration groups/accounts, Active Directory Service Accounts, and elevated groups. Changes to these accounts will be verified and documented in the appropriate google spreadsheet.

***Contact:*** James Miller, Systems Operations Manager

***Anticipated Completion Date:*** March 1, 2017

***Corrective Action Planned:***

2. The SysAdmins run a weekly domain administrator check to ensure rights are not being granted to improper individuals. After the domain admin check is complete the SysAdmins check the log manager to ensure all groups were added correctly. The log manager is checked using *Manageengine ADAudit* plus and shows all people added to active directory and what permissions those individuals were granted. These checks are documented in a Google spreadsheet to indicate changes and or discrepancies. If active directory had a total system breach the systems team would use their CommVault backup to recover the system components. If they could not recover the system using the CommVault restore the SysAdmins would begin rebuilding the system from scratch by creating one policy and building the rest out as needed.

Daily alerts are sent and monitored in cases where changes are made to Active Directory admin accounts, service accounts or groups with elevated privileges. Any discrepancies are documented in a Google spreadsheets and responded to as necessary.

SysAdmins are responsible for daily monitoring of Active Directory Administration groups/accounts, Active Directory Service Accounts, and elevated groups. Changes to these accounts will be verified and documented in the appropriate google spreadsheet.

***Contact:*** James Miller, Systems Operations Manager

***Anticipated Completion Date:*** March 1, 2017

***Corrective Action Planned:***

3. Employee access to Green House Data is now reviewed on a monthly basis when ETS Human Resources releases their new hire, transfer and terminated employee list. Additionally, access logs to our Green House Data environment are now review two times a year.

**Contact:** Timothy Sheehan, Enterprise Cloud Architect

**Anticipated Completion Date:** March 31, 2017

***Corrective Action Planned:***

4. The Active Directory password policy has been changed to reflect ITCC requirements.

**Contact:** James Miller, Systems Operations Manager

**Anticipated Completion Date:** November 1, 2016

***Corrective Action Planned:***

5. Verifying a backup checks that the backup is intact physically, to ensure that all the files in the backup are readable and can be restored, and that you can restore your backup in the event you need to use it. A backup admin will conduct trial restoration periodically to verify that files are properly backed up. To verify backups the following will occur:
  - A. Test restores will occur on a monthly basis.
  - B. An ETS supervisor will identify and document the files, volume or server to restore.
  - C. An ETS backup administrator will restore the identified files, volume or server using the appropriate tools.
  - D. An ETS backup administrator and supervisor will verify that the restore was successful.
  - E. If the restore fails appropriate action will be taken to correct the issue and reinitiated until the restore is successful.
  - F. All activities will be documented on the appropriate Google Spreadsheet.

**Contact:** James Miller, Systems Operations Manager

**Anticipated Completion Date:** March 1, 2017

***Corrective Action Planned:***

6. ETS has recently requested funding for a third party to provide a comprehensive risk assessment that will form the foundation for a comprehensive risk mitigation strategy featuring the Center for Internet Security (CIS) Critical Security Controls and the National Institute for Standards and Technology (NIST) Cybersecurity Framework. At this point, we have completed a third-party threat assessment and are working to assess vulnerability in the current environment to inform the overall risk assessment process.

**Contact:** Rick Imbrogno, Information Security Officer

**Anticipated Completion Date:** Ongoing

## **2016-006: Schedule of Expenditure of Federal Awards**

**Criteria:** Per 2 CFR 200.510(b)(4), the Schedule of Expenditures of Federal Awards (SEFA) must include the total amount provided to sub-recipients from each Federal program.

**Condition/Context:** The State of Wyoming does not have adequate controls in place to ensure their agencies were able to accurately and completely report total sub-recipient disbursements made under each CFDA number during the fiscal year. In the records submitted by agencies for the preparation of the SEFA, we noted the following:

1. Incorrect CFDA numbers reported
2. Improper exclusion of sub-recipient disbursements
3. Incorrect disbursement amounts
4. Inconsistent methods, or a lack of method, of tracking total disbursement amounts per fiscal year

In addition, during our audit procedures performed over the SEFA, we noted one instance where the State of Wyoming Department of Family Services (DFS) continues to report a large deferred revenue balance. This deferred revenue balance does not appear to be supported.

- CFDA #93.563 – The SEFA provided by DFS reports an ending deferred revenue balance of \$2,158,382. This same amount was also reported as a deferred revenue balance in the 2014 and 2015 SEFAs. DFS is unsure as to the nature of this deferred revenue balance nor are they sure if they drew down the funds from the Federal awarding agency in prior years. DFS is operating under the assumption that there is money to spend.

**Recommendation:** We recommend that the State Auditor's Office incorporate a standardized tracking method into their upcoming Chart of Accounts project. In addition, we recommend that they continue to educate the agencies on how to completely and accurately identify the required disclosure information in the SEFA under Uniform Grant Guidance. We also recommend that the Department of Family Services work with the State Auditor's Office to understand the deferred revenue balance and adjust if necessary.

**Corrective Action Planned – State Auditor's Office:** The State Auditor's Office concurs with the recommendation on 2016-006. As part of the upcoming Chart of Accounts project, a Federal fund will be created and standardization of the use of chart of account elements will be implemented to include the cost accounting coding necessary for agencies to identify and report the proper information on their SEFA schedules. In an effort to mitigate future errors reported by agencies on their SEFAs, the State Auditor's Office requests from the external auditors a comprehensive list of the agencies who report errors each year. This will assist the State Auditor's Office in continuing to provide guidance to agencies on how to completely and accurately disclose information on each agency's SEFA under Uniform Grant Guidance.

**Contact:** Barb Wallace, CAFR Division Manager

**Anticipated Completion Date:** July 1, 2018

**Corrective Action Planned – Wyoming Department of Family Services (DFS):** The Department will work with the State Auditor's Office to clean up this deferred revenue balance that has been reported in error since 2013. The department has not been operating on the assumption that this money was available to spend which is why the spending authority for these funds has not been requested since 2013.

**Contact – DFS:** Derrick Pacheco, Principal Accountant

**Anticipated Completion Date – DFS:** June 30, 2017

**2016-007 and 2016-008: Schedule of Expenditures of Federal Awards**

<p><b>Catalog of Federal Assistance (CFDA) Number and Title:</b></p> <ol style="list-style-type: none"> <li>1. #93.658 Foster Care_Title IV-E</li> <li>2. #93.659 Adoption Assistance</li> <li>3. #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)</li> <li>4. #12.400 Military Construction, National Guard</li> </ol>
<p><b>Federal Agency Name:</b></p> <ol style="list-style-type: none"> <li>1. U.S. Department of Health and Human Services</li> <li>2. U.S. Department of Health and Human Services</li> <li>3. U.S. Department of Homeland Security</li> <li>4. U.S. Department of Defense</li> </ol>
<p><b>Pass-Through Entity Name (if applicable):</b> N/A</p>
<p><b>Award Number:</b></p> <ol style="list-style-type: none"> <li>1. 1501WYFOST; 1601WYFOST</li> <li>2. 1501WYADPT; 1601WYADPT</li> <li>3. 1923DR-WY-P1; 4227DR-WY-P1</li> <li>4. W912L3-09-2—2001; W912L3-16-2-2001</li> </ol>
<p><b>Award Year(s):</b></p> <ol style="list-style-type: none"> <li>1. July 1, 2015 – June 30, 2016</li> <li>2. July 1, 2015 – June 30, 2016</li> <li>3. July 14, 2010 – July 4, 2016; July 7, 2015 – January 7, 2018</li> <li>4. December 1, 2009 – June 30, 2016</li> </ol>
<p><b>Department:</b></p> <ol style="list-style-type: none"> <li>1. Wyoming Department of Family Services</li> <li>2. Wyoming Department of Family Services</li> <li>3. Wyoming Office of Homeland Security</li> <li>4. Wyoming Military Department</li> </ol>

**Condition/Context:** The State of Wyoming did not initially provide a Schedule of Expenditures of Federal Awards (SEFA) that properly identified all Federal funds expended. Various issues were noted across several State of Wyoming Departments. The following items were noted:

On the final SEFA provided by the Wyoming Department of Family Services (DFS), we noted that DFS inaccurately reported two Programs and their related Federal expenditures:

- CFDA #93.658 – The initial Federal expenditures reported for this Program were \$3,741,491. This amount was overstated by \$924,129, which were expenditures related to a separate Program.
- CFDA #93.659 – The final SEFA provided for audit did not include this Program. DFS inaccurately grouped the expenditures associated with this Program with CFDA #93.658. As a result, expenditures for CFDA #93.659 were understated by \$924,129.

After the initial SEFA was provided for testing, the following issue was noted in the Wyoming Military Department, which required a revision to the SEFA:

- CFDA #97.036 – The initial Federal expenditures reported for this Program were \$1,276,748, which was understated by \$384,478.

After the initial SEFA was provided for testing, the following issue was noted in the Department of the Adjunct General (the “AG”), which required a revision to the SEFA:

- CFDA #12.400 – The initial Federal expenditures reported for this Program were \$3,221,965, which was understated by \$64,310. In addition, beginning accounts receivable on the SEFA did not agree to the prior year SEFA by \$29,000. This appears to be related to fiscal year 2014 funds that were initially classified as State funds, but later Federally reimbursed. The AG recognized the funds as Federal in 2016, but the revenue should have been recognized in fiscal year 2014.

***Recommendation:*** We recommend that the State of Wyoming and its various Departments continue to document and revise as necessary, the control system in place over the preparation of the SEFA to ensure all required elements are reported and the expenditures disclosed are accurate. In addition, each Department should consider implementing or strengthening their review processes to ensure that the SEFA is accurate and complete.

***Corrective Action Planned – Wyoming Department of Family Services (DFS):*** The Department sees these two conditions (instances one and two) as the same issue and will work with the State Auditor’s Office to update WOLFS with an additional revenue code to more appropriately account for these two different CFDA numbers in a more appropriate fashion. Historically, these have never been separated and had the collections combined not created a major program determination this probably would continue to be overlooked; but the Department agrees that it is more appropriate to account for these separately and will work to do so.

***Contact – DFS: Derrick Pacheco, Principal Accountant***

***Anticipated Completion Date – DFS:*** June 30, 2017

***Corrective Action Planned – Wyoming Office of Homeland Security (HS):*** WOHS will have another employee assist with the preparation of the SEFA and double check and verify figures prior to submission.

***Contact – HS:*** Robin Roberts, Accounting/Grants Supervisor, Wyoming Office of Homeland Security

***Anticipated Completion Date – HS:*** March 31, 2017

***Corrective Action Planned – Wyoming Military Department (MD):*** We track all Federal Cooperative Agreements, MCCAs and Grants on our SEFA. Some of these have State funds as well as Federal funds. Our Accounting Manager has a spreadsheet and database for all funds distributed and received. The Spreadsheet has Accounts Receivable carried forward from previous year, current year distributions, and all receipts. The Budget/Business Manager uses these spreadsheets to complete the SEFA. Unfortunately, there was a formula error on the Laramie Readiness Center Cooperative Agreement W912L3-16-2-2001 Distribution Column of the spreadsheet created by the Accounting Manager, and it did not pick up the final June 2016 Disbursement of \$64,310. The Budget/Business Manager did not catch this error when completing the SEFA. The Budget/Business Manager has corrected this error on the 2017 SEFA report showing a difference of \$64,310, which we have been reimbursed for, with an explanation of the difference as such: “Prior Year Accounts Receivable should have been \$168,788 rather than \$104,478. Missed June ’16 Disbursement of \$64,310”. I feel that we have a good system in place for completing the SEFA. We will do a better job of making sure all the formulas are correct before completing the SEFA in the future.

***Contact – MD:*** Misty Malmborg, Budget/Business Manager

***Anticipated Completion Date – MD:*** Correct on 2<sup>nd</sup> Quarter 2017 SEFA Report on June 6, 2017

**2016-009: Eligibility**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> CFDA 93.778 Medical Assistance Program (Medicaid; Title XIX)
<b>Federal Agency Name:</b> Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number/Name:</b> 1505WYMAP; 1605WYMAP
<b>Award Year(s):</b> 2015 and 2016
<b>Department:</b> Wyoming Department of Health

**Condition/Context:** Of the 60 recipients selected for testing compliance with the eligibility requirements within the Medicaid Cluster, there were two instances where the recipients were not timely removed from the system at the time the recipient became ineligible to receive benefits.

- In instance one, the client did not complete the renewal application in April 2014, which rendered the client ineligible. The client improperly received \$1,834 in benefits between April 2014 and January 2016, when the client became eligible again.
- In instance two, the client did not complete a renewal application in December 2014, which rendered the client ineligible. The client improperly received \$7,332 in benefits between January 2015 and January 2016, when the client became eligible again.

There are known questioned costs for fiscal year 2016 of \$5,000, which constitutes the amount of claims paid on behalf of the recipients selected for testing during the year under audit. The remaining amount are questioned costs incurred in the previous fiscal year.

**Recommendation:** We recommend the State increase training efforts and timeliness of their quality control procedures to ensure that clients no longer eligible for assistance are removed from the System.

**Corrective Action Planned:** Both of these cases were rolled forward by Customer Service Center (CSC) staff when their cases were not renewed timely. This is not the process established by Wyoming Medicaid, but was a documented issue with the vendor under contract with the Wyoming Department of Health (WDH). The WDH attempted to work with the non-performing vendor to improve their performance of the activities conducted in the CSC by providing additional training to their staff, adding additional staff, and even working many cases themselves. After allowing sufficient time for the vendor to show significant improvement and seeing none, the WDH notified the vendor that their contract would not be extended and began the procurement process for a new vendor. A new vendor was selected and CSC operations were transferred to the new vendor on October 1, 2016. The contract with the new vendor does have penalties associated with inaccurate eligibility determinations and also incentivize exceptional work performed by the new vendor. As part of our corrective actions the WDH provided increased training and continuously monitors the work of the new vendor to avoid similar errors in the future.

**Contact:** N/A

**Anticipated Completion Date:** Implemented (October 1, 2016)

**2016-010: Sub-recipient Monitoring**

<p><b>Catalog of Federal Assistance (CFDA) Number and Title:</b></p> <ol style="list-style-type: none"><li>1. CFDA #93.558 Temporary Assistance for Needy Families</li><li>2. CFDA #97.067 Homeland Security Grant Program</li><li>3. CFDA #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)</li><li>4. CFDA #10.664 Cooperative Forestry Assistance</li><li>5. CFDA #10.553 School Breakfast Program (Child Nutrition Cluster)</li><li>6. CFDA #10.555 National School Lunch Program (Child Nutrition Cluster)</li><li>7. CFDA# 10.556 Special Milk for Children (Child Nutrition Cluster)</li><li>8. CFDA# 10.559 Summer Food Service Program for Children (Child Nutrition Cluster)</li><li>9. CFDA# 10.558 Child and Adult Care Food Program</li></ol>
<p><b>Federal Agency Name:</b></p> <ol style="list-style-type: none"><li>1. U.S. Department of Health and Human Services</li><li>2. U.S. Department of Homeland Security</li><li>3. U.S. Department of Homeland Security</li><li>4. U.S. Department of Agriculture</li><li>5. U.S. Department of Agriculture</li><li>6. U.S. Department of Agriculture</li><li>7. U.S. Department of Agriculture</li><li>8. U.S. Department of Agriculture</li><li>9. U.S. Department of Agriculture</li></ol>
<p><b>Pass-Through Entity Name (if applicable):</b> N/A</p>
<p><b>Award Number:</b></p> <ol style="list-style-type: none"><li>1. 2016G996115, 2015G996115</li><li>2. EMW-2015-SS-00037</li><li>3. 4227-DR-WY-P1SWY500</li><li>4. 15-DG-11020000-039</li><li>5. – 9. 16163WY312N1099; 201616N109943; 16153WY312N2020; 16163WY509N1050; 201616N202043; 201616N105043</li></ol>
<p><b>Award Year(s):</b></p> <ol style="list-style-type: none"><li>1. October 1, 1999 – September 30, 2016</li><li>2. September 23 ,2013 – June 30, 2017</li><li>3. October 1, 2013 – September 30, 2017</li><li>4. October 1, 1999 – September 30, 2016</li><li>5. October 1, 2015 – September 30, 2016</li><li>6. October 1, 2015 – September 30, 2016</li><li>7. October 1, 2015 – September 30, 2016</li><li>8. October 1, 2015 – September 30, 2016</li><li>9. October 1, 2015 – September 30, 2016</li></ol>
<p><b>Department:</b></p> <ol style="list-style-type: none"><li>1. Wyoming Department of Family Services</li><li>2. Wyoming Office of Homeland Security</li><li>3. Wyoming Office of Homeland Security</li><li>4. Wyoming Office of State Lands and Investments</li><li>5. Wyoming Department of Education</li><li>6. Wyoming Department of Education</li><li>7. Wyoming Department of Education</li><li>8. Wyoming Department of Education</li><li>9. Wyoming Department of Education</li></ol>

**Condition/Context:** There are various components of sub-recipient monitoring, which include *Award Identification* (providing complete and accurate information to the sub-recipient, *During-the-Award Monitoring* (monitoring the sub-recipient's use of Federal awards through reporting, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws regulations, and the provisions of contracts or grant agreements and that sub-award performance goals are achieved), and the *Audit Requirement* (verify that every sub-recipient is audited as required).

In addition, the Uniform Grant Guidance (UGG) went into effect for all awards made on or after December 26, 2014. This significantly expanded the *Award Identification* elements that need to be included with each sub-award. As a part of *During-the-Award Monitoring*, the UGG also established a requirement that pass-through entities must perform formal risk assessments of each sub-recipient. These risk assessments are then used to drive *how* and to *what extent* the pass-through entity monitor each sub-recipient.

One Department of Family Services program failed to perform or provide documentation for one or more of the components of sub-recipient monitoring, including the new UGG requirements. During the course of testing performed, the following item was noted:

1. Due to the award periods, this finding is evaluated under both Circular A-133 and Uniform Grant Guidance. Of the five sub-recipients subjected to testing for the Temporary Assistance for Needy Families Program (CFDA #93.558), there were five instances in which the sub-awards failed to contain all required award information. In addition, of the five sub-recipients selected for testing, the Program was required to perform risk assessment procedures on those sub-recipients in conjunction with Uniform Grant Guidance. In all four instances tested, the Program failed to perform and document the required risk assessment procedures.

Several Wyoming Department of Homeland Security program's failed to perform or provide documentation for one or more of the components of sub-recipient monitoring, including the new UGG requirements. During the course of testing performed, the following items were noted:

2. Due to the award period, this finding is evaluated under Uniform Grant Guidance. Of the five sub-recipients subject to testing for the Homeland Security Grant Program (CFDA #97.067), all five sub-awards failed to contain all required award information. In addition, of the five sub-recipients selected for testing, the Program was required to perform risk assessment procedures on those sub-recipients in conjunction with Uniform Grant Guidance. In all five instances tested, the Program failed to perform and document the required risk assessment procedures.
3. Due to the award period, this finding is evaluated under Uniform Grant Guidance. Of the four sub-recipients subject to testing for the Public Assistance Disaster Grants (CFDA #97.036), all four sub-awards failed to provide all required award information. In addition, of the four sub-recipients selected for testing, the Program was required to perform risk assessment procedures on those sub-recipients in conjunction with Uniform Grant Guidance. In all four instances tested, the Program failed to perform and document the required risk assessment procedures.

The Cooperative Forestry Assistance Program (CFDA #10.664) failed to perform or provide documentation for one or more of the components of sub-recipient monitoring, including the new UGG requirements. During the course of testing performed, the following items were noted:

4. Due to the award period, this finding is evaluated under Uniform Grant Guidance. Of the six sub-recipients subject to testing, there was one instance in which the sub-award failed to contain all of the required UGG award information. In addition, there was one instance in which the Program was required to perform risk assessment procedures on a sub-recipient in conjunction with Uniform Grant Guidance and the Program failed to perform and document the required risk assessment procedures.

In addition, while the Program does indicate that sub-recipients that receive more than the audit threshold in Federal awards are required to submit their annual audit report, the Program does not have a formal process in place to solicit annual audits or follow up with sub-recipients that do not submit an audit.

For instances 5 through 9, we noted that the Department of Education did not modify their sub-award agreements for the Child Nutrition Cluster or the Child and Adult Care Food Programs. As a result, all required award identification under the Uniform Grant Guidance was not properly provided to the Program's sub-recipients.

***Recommendation:*** We recommend that the Departments develop and implement a standard control system over the monitoring and management of sub-recipients. The Departments should ensure the control system is inclusive of all Federally required communications and actions. This includes reviewing award documents to ensure that all required award identification information is provided to the sub-recipient. In addition, the Departments should ensure that risk assessment procedures are documented. Finally, regarding the instance where there was no procedure in place to solicit single audit reports, the Department/Program should review their processes and implement one.

**Corrective Action Planned – Wyoming Department of DFS (DFS):** The Department will develop and implement a standard control system over the monitoring and management of sub-recipients. The Department will ensure the control system is inclusive of all Federally required communications and actions. Additionally, the Department will consider the implementation of an independent review process as part of the standard control system.

***Contact – DFS:*** Nick Baird, CFO

***Anticipated Completion Date – DFS:*** Any contract executed after July 1, 2017

**Corrective Action Planned – Wyoming Department of Homeland Security (HS):** Steps have been implemented to include all necessary information, such as DUNS number, are included in all future grant award agreements. 2 CFR 200.331 has been reviewed by WOHS employees responsible for award and monitoring of grants passed through to subrecipients.

***Contact – HS:*** Robin Roberts, Accounting/Grants Supervisor, Wyoming Office of Homeland Security

***Anticipated Completion Date – HS:*** March 31, 2017

**Corrective Action Planned – Wyoming Office of State Lands and Investments (OSLI):** Text will be included in new subrecipient grant agreements involving Federal funds that instructs subrecipients as follows: “Act in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 (as may, from time to time, be hereafter amended), which may be found electronically at the following internet site: [ecfr.gov](http://ecfr.gov).”

While the WSFD will make every effort to also proactively inform subrecipients of changes in Federal guidance or regulations, staffing limitations within the division for carrying out such communications and amendments to subrecipient agreements is severely limited. Thus, while efforts will be made to communicate major changes to subrecipients and as necessary to amend subrecipient agreements, it is unlikely to be possible for the WSFD to carry out such outreach for every change in Federal guidance or regulations.

Regarding assessment of risk of subrecipient noncompliance with Federal laws and regulations, WSFD checks a database located on the Wyoming Secretary of State's website for whether each subrecipient is in good standing. A standard formal subrecipient risk assessment process that goes beyond this step is unlikely to be viable due to a) the variability of grant award procedures across programs that comprise the Consolidated Payment Grant, and b) the many factors that play into the awarding of sub-granted Federal funds to subrecipients (including sometimes the selection of subrecipient awardees by regional selection committee rather than a state selection committee). Finally, a formal process risk assessment process is typically unnecessary as most of the subrecipients WSFD engages with are municipalities and local government entities that are required to follow strict rules and procedures for operation and are regularly audited for compliance.

WSFD also hopes to undertake more regular training for program staff handling Federal grant funds on Federal grants process and procedures, including those related to 2 CFR 200.331 regarding the requirements for pass-through entities.

***Contact – OSLI:*** Laura Schweitzer, Assistant State Forester – Cooperative Forestry

**Anticipated Completion Date – OSLI:** October 2017

**Corrective Action Planned – Wyoming Department of Education (WDE):** To achieve compliance with the requirements of pass-through entities listed under the Federal OMB Uniform Grant Guidance, the Wyoming Department of Education (WDE) Nutrition Team will provide an appendix to all sub-recipient Permanent Program Agreements to communicate the required data elements listed under 2 CFR 200.331. In addition, the WDE Finance Division will schedule follow up meetings with the WDE Nutrition Team to verify completion of this corrective action.

**Contact – WDE:** Trent Carroll, Finance Director

**Anticipated Completion Date – WDE:** The WDE Nutrition Team has begun development of the new appendix and will deploy the documentation with all future Permanent Program Agreements for the School Nutrition Program, the Child and Adult Care Food Program, and the Summer Food Service Program.

### **2016-011: Reporting**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> <ol style="list-style-type: none"><li>1. #10.551 Supplemental Nutrition Assistance Program (SNAP)</li><li>2. #93.667 Social Services Block Grant (SSBG)</li><li>3. #97.067 Homeland Security Grant Program</li><li>4. #97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)</li></ol>
<b>Federal Agency Name:</b> <ol style="list-style-type: none"><li>1. US Department of Agriculture</li><li>2. U.S. Department of Health and Human Services</li><li>3. U.S. Department of Homeland Security</li><li>4. U.S. Department of Homeland Security</li></ol>
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number:</b> <ol style="list-style-type: none"><li>1. 16163WY410S2514; 16163WY410S8036; 15153WY410S2514; 15153WY410S8036</li><li>2. G-1501WYSOSR</li><li>3. EMW-2015-SS-00037</li><li>4. 4227-DR-WY-P1SWY500</li></ol>
<b>Award Year(s):</b> <ol style="list-style-type: none"><li>1. October 1, 2015 – September 30, 2016; October 1, 2014 – September 30, 2015</li><li>2. October 1, 2014 – September 30, 2015</li><li>3. September 1, 2014 – August 31, 2018</li><li>4. July 7, 2015 – January 7, 2018</li></ol>
<b>Department:</b> <ol style="list-style-type: none"><li>1. Wyoming Department of Family Services</li><li>2. Wyoming Department of Family Services</li><li>3. Wyoming Office of Homeland Security</li><li>4. Wyoming Office of Homeland Security</li></ol>

#### ***Condition/Context:***

1. A total of eight financial reporting reports were selected for testing in the SNAP program (CFDA #10.551). Of those eight reports, three were SF-425 financial reports. In two of the three SF-425 financial reports selected for testing, the amounts reported in the *Total Federal Funds Authorized* line was not supported by the Federal award. Specifically, the errors occurred in the December 31, 2015 report submitted January 28, 2016 and the 2015 Closeout Report submitted December 29, 2015.
2. A total of two financial reports were selected for testing for the SSBG program (CFDA# 93.667). Of those two reports, one report was called the Post-Expenditure Report. The SSBG program was unable to provide supporting documentation for all financial information reported on the Post-Expenditure Report (the “report”) submitted in December 2015.

3. A total of three financial reporting reports were selected for testing for the Homeland Security Grant Program (CFDA #97.067). In one of the three SF-425 financial reports selected for testing, the Program reported a recipient share of expenditures in the amount of \$1,474,121, even though this grant has no matching requirement and no matching funds were provided by the Wyoming Department of Homeland Security.
4. A total of three financial reporting reports were selected for testing for the Disaster Grant – Public Assistance (CFDA #97.036). In one of the three SF-425 financial reports selected for testing, the Program reported an incorrect recipient share of expenditures. The Program reported \$449,166 in state assistance, but should have reported \$612,562. As such, the amount reported was understated by \$163,395.

**Recommendation:** We recommend that the Department strengthen controls surrounding the preparation and review process of the financial reports to ensure that accurate information is being submitted.

**Corrective Action Planned – Wyoming Department of Family Services (DFS):** The Department will work with Federal Grant Managers to ensure that information is correct prior to final approval. Additionally, the Department will monitor all Federal Reports more closely to ensure that the information being submitted is accurate.

**Contact – DFS:** Rick Bagby, Accounting Manager

**Anticipated Completion Date – DFS:** March 31, 2017

**Corrective Action Planned – Wyoming Department of Homeland Security (HS):** WOHS will ensure an individual other than the employee preparing the financial report reviews prior to submission.

**Contact – HS:** Robin Roberts, Accounting/Grants Supervisor, Wyoming Office of Homeland Security

**Anticipated Completion Date – HS:** March 31, 2017

**2016-012: Eligibility**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> #93.568 Low-Income Home Energy Assistance
<b>Federal Agency Name:</b> U.S. Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number:</b> 2016G992201
<b>Award Year(s):</b> October 1, 2013 – September 30, 2015 October 1, 2014 – September 30, 2016 October 1, 2015 – September 30, 2017
<b>Department:</b> Wyoming Department of Family Services

**Condition/Context:** Of the 40 beneficiary households selected for testing compliance with the eligibility requirements of the Low-Income Home Energy Assistance (CFDA #93.568), we noted four instances in which the Department of Family Services, (the “Department”), over awarded and overpaid the beneficiary household. All instances resulted in an understatement of beneficiary household’s income and an associated overpayment of benefits.

The errors resulted in \$245 of known questioned costs and \$90,256 of projected/likely questioned costs.

**Recommendation:** We recommend the Department continue to identify areas subject to error and implement employee trainings and quality control procedures to address those areas more susceptible to human error.

**Corrective Action Planned:** LIEAP has consistently strengthened quality control procedures using a combination of rigorous quality control reviews by Align quality assurance staff and the State Program Manager, and engineered controls. Any time you have workers keying in large volumes of data, there is a risk of human error. To mitigate this risk for human error, the following actions have been implemented:

- Align quality assurance staff provide accuracy reviews of 100% of data entered by all new workers until which time those new workers are considered to be proficient. It is then scaled back to reviews of random samplings.
- Align quality assurance staff provide ongoing accuracy reviews of random samplings of all household case files and data entry.
- The LIEAP State Program Manager conducts quality control accuracy reviews of a random sampling of all households each year.
- Align staff training is provided in real time on an ongoing basis throughout the season. This training addresses any issues discovered during quality assurance and quality control reviews immediately upon discovery. The Align team conducts team training/updates every morning which is also a very good method for communicating issues in real time. There have been several instances during the process of conducting the State quality control reviews that the Align quality assurance staff and the State Program Manager circled the Align workers and conducted on-the-spot training as a result of identifying an issue during our quality control process. This has proven to be very effective for mitigating the risk for human error and for clarifying policy and procedures misunderstandings. LIEAP will continue to utilize this approach.
- In addition to the real time training mentioned above, all Align workers who work under the LIEAP program receive formal training at the beginning of each season. Additionally, all workers receive an updated Job Aid manual at the beginning of each season. And, when changes to policy and procedures occur, specialized training is provided to train staff on those changes.
- Over that past several years, the State Program Manager and the Align team have implemented engineered controls for the purposes of mitigating the risk for human error and increasing data accuracy and processing efficiency. For example, we have implemented the use of hotkey codes to increase the accuracy and consistency in the case narrative in the notes section of the case file. Additionally, we have added engineering controls to prevent duplication and to ensure accuracy of the input of fuel account numbers and social security numbers. There are engineered controls to prevent application approval if all verifications have not been completed. I have listed a handful of the engineered controls that we have implemented in the past few years. These engineered controls have improved data accuracy significantly and have been very effective in mitigating human error risk.
- To take our engineered controls to the next level, the LIEAP program is currently implementing the intelligent data capture (IDC) software to further mitigate the risk for human error associated with data entry. Once the IDC project is fully implemented and fully operational, the system will read the data from the applications and populate the data in the corresponding LIEAP data fields automatically reducing the need for manual data entry by workers. We expect this to significantly improve data accuracy.
- To put the above listed findings in perspective, the State-conducted quality control reviews for the same program period resulted in a .005 error rate for Align after the identified correctible errors were satisfactorily corrected. The error rate prior to the allowable corrections was .126. Most of the errors identified were correctible and once the corrections were made by Align, the final error rate was reduced to .005. These reviews are always conducted on a random sample which the State IT programmer provides to the State Program Manager.

The LIEAP Program Manager believes there is already in place a rigorous corrective action plan to mitigate the risk of human error and improve data accuracy.

**Contact:** Brenda Ilg, Program Manager

**Anticipated Completion Date:** Implemented

**2016-013: Allowable Costs/Cost Principles**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> CFDA 93.778 Medical Assistance Program (Medicaid; Title XIX)
<b>Federal Agency Name:</b> Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number/Name:</b> 1505WYMAP; 1605WYMAP
<b>Award Year(s):</b> 2015 and 2016
<b>Department:</b> Wyoming Department of Health

**Condition/Context:** Of the 60 recipients selected for testing compliance with expenditure requirements within the Medicaid Cluster, we noted one instance where the recipient’s claim did not meet the medically necessity requirement. This resulted in an improper benefit claim of \$140.00.

**Recommendation:** We recommend the State increase training efforts medical necessity of claims.

**Corrective Action Planned:** This error is due to the failure of a provider to submit supporting medical documentation. Despite repeated letters and phone calls requesting the documentation, nothing was received by the Department. Therefore, this is determined to be an error. There is no actual error on the part of the WDH. We do ongoing provider training and reminders in regard to the requirements to create and maintain supporting documentation for any services that they bill to Medicaid. Further, they agree in writing to abiding by these rules. Ongoing random reviews are conducted to ensure providers are compliant.

This is NOT a system error. The system does not require or contain provider documentation on most claims. Although there is an ongoing effort and audit process to ensure that claims paid by Medicaid are periodically reviewed for medical necessity, it is not possible to review each claim. Further, it would be an undue burden on providers to implement such a requirement. If and when it is determined by the Department that sufficient documentation does not exist to support the medical necessity of a claim, any payments made for those services will be recovered. That is the action that will be taken in this instance.

The Department has recently created a provider self-audit program that will support efforts to comply with documentation requirements.

**Contact:** N/A

**Anticipated Completion Date:** N/A

**2016-014: Eligibility**

<b>Catalog of Federal Assistance (CFDA) Number and Title:</b> #93.767 Children’s Health Insurance Program (CHIP)
<b>Federal Agency Name:</b> U.S. Department of Health and Human Services
<b>Pass-Through Entity Name (if applicable):</b> N/A
<b>Award Number:</b> 1105WY5021; 1205WY5021
<b>Award Year(s):</b> October 1, 2013 – September 30, 2015; October 1, 2014 – September 30, 2016
<b>Department:</b> Wyoming Department of Health

**Condition/Context:** Of the 40 participants selected for testing compliance with the eligibility requirements of the CHIP Program (CFDA # 93.767) (the “Program”) we noted five instances in which the Department of Health (the “Department”) allowed ineligible participants to participate in the Program or failed to follow internal control procedures. The following instances were noted:

- In instance one, the participant was ineligible based on poverty level guidelines, the age of the participant, and income guidelines. This resulted in payment of ineligible benefits. Total questioned costs for this participant were \$680.
- In instance two, the participant moved out of State in August of 2015, which rendered the participant ineligible. However, the Program continued to provide benefits to this ineligible participant until March of 2016. Total questioned costs for this participant were \$1,398.
- In instance three, the participant was identified as ineligible during the in-take process. However, a call center representative actively overrode the eligibility determination and qualified the child for participation. Furthermore, there was no documentation in the Wyoming Eligibility System (WES) to justify why the call center representative overrode the determination. This resulted in payment of 8 months of benefits. Total questioned costs for this participant were \$1,814.
- In instance four, the Program did not retain support for this participant’s eligibility for the Program. As such, the Program could not verify if the participant was actually eligible for participation.
- In instance five, the Program failed to perform an income eligibility check, which is outside of Program procedures.

**Recommendation:** We recommend the Department continue to identify areas subject to error and implement employee trainings and quality control procedures to address those areas more susceptible to human error.

**Corrective Action Planned:** For each of the five instances of error findings noted in the review of the Children’s Health Insurance Program (CHIP), the case actions were processed by the Customer Service Center (CSC) staff who were not performing their duties in an accurate and/or timely manner. The erroneous actions taken by CSC staff were not the process that has been established by Wyoming CHIP, but were documented issues with the vendor under contract with the Wyoming Department of Health (WDH). The WDH attempted to work with the non-performing vendor to improve their performance of the activities conducted in the CSC by providing additional training to their staff and adding additional staff. After allowing sufficient time for the vendor to show significant improvement and seeing none, the WDH notified the vendor that their contract would not be extended and began the procurement process for a new vendor. A new vendor was selected and CSC operations were transferred to the new vendor on October 1, 2016. The contract with the new vendor does have penalties associated with inaccurate eligibility determinations and also incentivizes exceptional work performed by the new vendor. As part of our corrective actions the WDH provided increased training and continuously monitors the work of the new vendor to avoid similar errors in the future.

**Contact:** Susie Scott, Program Manager

**Anticipated Completion Date:** Implemented (October 1, 2016)