



COMMONWEALTH OF PENNSYLVANIA

# SINGLE AUDIT REPORT

For the Fiscal Year Ended June 30, 2023



**Commonwealth of Pennsylvania**  
**Single Audit Report**  
**For the Fiscal Year Ended June 30, 2023**

*Josh Shapiro, Governor*



Prepared By:  
**Office of the Budget**

*Uri Z. Monson*  
*Secretary*

*Brenda Warburton*  
*Executive Deputy Secretary*

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**Commonwealth of Pennsylvania  
Single Audit Report  
For the Fiscal Year Ended June 30, 2023**

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COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR

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

March 20, 2024

To the United States Department of Health and Human Services:

We are pleased to submit the Commonwealth of Pennsylvania's (Commonwealth) Single Audit Report for the fiscal year ended June 30, 2023. This audit has been performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and satisfies the requirements of the Single Audit Act Amendments of 1996 and the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Commonwealth's Annual Comprehensive Financial Report for the year ended June 30, 2023 has been issued under separate cover. The auditors' report on the supplementary schedule of expenditures of federal awards, and the reports on compliance and internal control over financial reporting and compliance with requirements related to major federal programs are contained in this document.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards reflects \$52.9 billion of federal expenditures by the Commonwealth during the fiscal year ended June 30, 2023. Most of the federal expenditures occurred in fifteen state agencies, as follows:

AGENCY NAME	<b><u>FEDERAL EXPENDITURES</u></b> <b><u>(in thousands)</u></b>
Human Services	\$40,410,917
Education	4,862,843
Transportation	2,240,750
Labor & Industry	2,233,076
Health	715,186
Emergency Management Agency	573,964
Community & Economic Development	419,776
Agriculture	207,737
Military & Veterans Affairs	169,416
Revenue	140,010
Executive Offices	139,094
Insurance	138,084
Environmental Protection	131,766
Aging	111,510
Drug and Alcohol Programs	111,110
Subtotal	<u>\$52,605,239</u>
Other Agencies (16)	274,694
Grand Total	<u>\$52,879,933</u>

For purposes of the Commonwealth's single audit, a Type A federal program is any program with federal expenditures of at least \$79.3 million. Of the \$52.9 billion expended, 85 percent, or \$45 billion, represents expenditures under federal programs audited as major programs. The Summary of Auditors' Results lists the Commonwealth's 24 major federal programs tested for the fiscal year ended June 30, 2023.

FINDINGS AND RECOMMENDATIONS - CURRENT YEAR

The accompanying report for the fiscal year ended June 30, 2023 contains various findings, as disclosed in the Schedule of Findings and Questioned Costs. The finding pertaining to the audit of the Commonwealth's basic financial statements is detailed in the Basic Financial Statement Findings. Findings pertaining to the audit of the Commonwealth's federal programs are detailed in the Federal Award Findings and Questioned Costs. The findings contain detailed explanations of the compliance issues, questioned costs, the auditors' recommendations, and the agency responses. This report also includes the Commonwealth's corrective action plan for each finding.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The Summary Schedule of Prior Audit Findings reflects the current status of prior year findings. The status of those findings is described from single audits between the years ended June 30, 2021 through June 30, 2022.

INDEPENDENT AUDIT

The Commonwealth's June 30, 2023 single audit and basic financial statement audit were performed jointly by the Department of the Auditor General and the independent public accounting firm of CliftonLarsonAllen LLP. The audits were performed pursuant to the authority vested in the Auditor General and the Governor under Section 402 of the Fiscal Code of 1929, and in the Governor under Section 701 of the Administrative Code of 1929.

REPORTS OF OTHER INDEPENDENT AUDITORS

Other auditors performed the single audits of the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Housing Finance Agency, the State System of Higher Education (component units of the Commonwealth), and the Judicial Department of Pennsylvania (part of the primary government). Federal programs administered by these agencies are not included in the Commonwealth's Schedule of Expenditures of Federal Awards. These agencies have sent their single audit reports directly to the Federal Audit Clearinghouse for distribution to the appropriate federal agencies.

**ACKNOWLEDGMENTS**

We wish to express our appreciation to the staff of the various Commonwealth agencies whose time and dedicated effort made this audit possible and, at the same time, to affirm our commitment to maintaining the highest standards of accountability in the Commonwealth's management of federal awards.

Sincerely,



Uri Z. Monson  
Secretary of the Budget

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# Independent Auditors' Reports



Commonwealth of Pennsylvania



CliftonLarsonAllen LLP  
 CLAconnect.com

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

## INDEPENDENT AUDITORS' REPORT

The Honorable Joshua D. Shapiro, Governor  
 Commonwealth of Pennsylvania  
 Harrisburg, Pennsylvania

### Report on the Audit of the Financial Statements

#### *Opinions*

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Pennsylvania (the Commonwealth), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents of the separately issued Annual Comprehensive Financial Report.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not jointly audit the financial statements of certain funds and component units of the Commonwealth, which represent the indicated percent of assets and deferred outflows of resources and revenues or additions as presented in the table below. Those statements were audited by other auditors, including CliftonLarsonAllen LLP and the Commonwealth of Pennsylvania's Department of the Auditor General acting separately, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for those funds and component units, are based solely on the report of other auditors.

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
<b>Business-Type Activities</b>	Tuition Payment Fund; State Stores Fund; Commonwealth Financing Authority; Philadelphia Regional Port Authority	56%	27%
<b>Major Proprietary Fund</b>	Tuition Payment Fund	100%	100%
<b>Major Proprietary Fund</b>	State Stores Fund	100%	100%
<b>Major Proprietary Fund</b>	Commonwealth Financing Authority	100%	100%

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflow of Resources	Revenues / Additions
<b>Aggregate Discretely Presented Component Units</b>	Pennsylvania Turnpike Commission; Pennsylvania Housing Finance Agency; Pennsylvania Higher Education Assistance Agency; Pennsylvania Infrastructure Investment Authority; State System of Higher Education; State Public School Building Authority; Philadelphia Shipyard Development Corporation; Port of Pittsburgh Commission; Pennsylvania Industrial Development Authority; Pennsylvania Convention Center Authority; Thaddeus Stevens College of Technology; Pennsylvania Higher Educational Facilities Authority, Pennsylvania Health Insurance Exchange Authority	100%	100%
<b>Aggregate Remaining Fund Information</b>	Philadelphia Regional Port Authority; State Employees' Retirement System; Deferred Compensation Fund; Public School Employees' Retirement System; Tuition Account Investment Program; INVEST Program	90%	42%

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commonwealth and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the State System of Higher Education, State Employees' Retirement System, the Deferred Compensation Fund, the Public School Employees' Retirement System, the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Higher Educational Facilities Authority, the State Public School Building Authority, the Port of Pittsburgh Commission, the Pennsylvania Turnpike Commission, and the Philadelphia Regional Port Authority were not audited in accordance with the *Government Auditing Standards*.

**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note 1 to the financial statements, effective July 1, 2022, the Commonwealth adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires lessees to recognize a right-to-use software asset and corresponding right-to-use liability for all SBITA with terms greater than twelve months. Our opinions are not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 – 46, and the schedules of pension and OPEB amounts, the budgetary comparison schedules, as listed in the table of contents and notes to the required supplementary information on pages 204 – 215, included in the separately issued Annual Comprehensive Financial Report, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth's basic financial statements. The combining non-major fund and component unit financial statements, and the budgetary comparison schedules for budgeted non-major special revenue funds, as listed in the table of contents in the separately issued Annual Comprehensive Financial Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

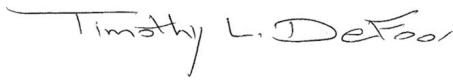
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover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

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

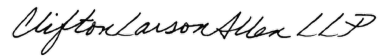
The Honorable Joshua D. Shapiro, Governor  
Commonwealth of Pennsylvania

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the Commonwealth’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commonwealth’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth’s internal control over financial reporting and compliance.



Harrisburg, Pennsylvania  
December 13, 2023



Baltimore, Maryland  
December 13, 2023



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



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

The Honorable Joshua D. Shapiro, Governor  
 Commonwealth of Pennsylvania  
 Harrisburg, Pennsylvania

We have jointly audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Pennsylvania (the Commonwealth), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements, and have issued our report thereon dated December 13, 2023. Our report includes a reference to other auditors, including CliftonLarsonAllen LLP and the Commonwealth of Pennsylvania's Department of the Auditor General acting separately, who audited the financial statements of certain funds and component units of the Commonwealth, which represent the indicated percent of assets and deferred outflows of resources and revenues or additions as presented in the table below and described in our report of the Commonwealth's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflows of Resources	Revenues / Additions
<b>Business-Type Activities</b>	Tuition Payment Fund; State Stores Fund; Commonwealth Financing Authority; Philadelphia Regional Port Authority	56%	27%
<b>Major Proprietary Fund</b>	Tuition Payment Fund	100%	100%
<b>Major Proprietary Fund</b>	State Stores Fund	100%	100%
<b>Major Proprietary Fund</b>	Commonwealth Financing Authority	100%	100%

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets / Deferred Outflows of Resources	Revenues / Additions
<b>Aggregate Discretely Presented Component Units</b>	Pennsylvania Turnpike Commission; Pennsylvania Housing Finance Agency; Pennsylvania Higher Education Assistance Agency; Pennsylvania Infrastructure Investment Authority; State System of Higher Education; State Public School Building Authority; Philadelphia Shipyard Development Corporation; Port of Pittsburgh Commission; Pennsylvania Industrial Development Authority; Pennsylvania Convention Center Authority; Thaddeus Stevens College of Technology; Pennsylvania Higher Educational Facilities Authority; Pennsylvania Health Insurance Exchange Authority	100%	100%
<b>Aggregate Remaining Fund Information</b>	Philadelphia Regional Port Authority; State Employees' Retirement System; Deferred Compensation Fund; Public School Employees' Retirement System; Tuition Account Investment Program; INVEST Program	90%	42%

The financial statements of the State System of Higher Education, State Employees' Retirement System, the Deferred Compensation Fund, the Public School Employees' Retirement System, the Pennsylvania Higher Education Assistance Agency, the Pennsylvania Higher Educational Facilities Authority, the State Public School Building Authority, the Port of Pittsburgh Commission, the Pennsylvania Turnpike Commission and the Philadelphia Regional Port Authority were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commonwealth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commonwealth's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

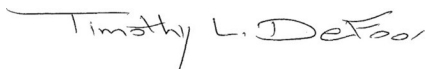
As part of obtaining reasonable assurance about whether the Commonwealth’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***The Commonwealth’s Response to Finding***

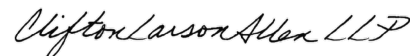
*Government Auditing Standards* requires the auditor to perform limited procedures on the Commonwealth’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commonwealth’s response was not subjected to the other auditing procedures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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harrisburg, Pennsylvania  
December 13, 2023



Baltimore, Maryland  
December 13, 2023



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



CliftonLarsonAllen LLP  
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**INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Joshua D. Shapiro, Governor  
 Commonwealth of Pennsylvania  
 Harrisburg, Pennsylvania

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

***Qualified and Unmodified Opinions***

We have jointly audited the Commonwealth of Pennsylvania’s (Commonwealth) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commonwealth’s major federal programs for the year ended June 30, 2023. The Commonwealth’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

*Summary of Opinions*

<b>Major Federal Program/Cluster</b>	<b>Type of Opinion</b>
Supplemental Nutrition Assistance Program (SNAP) Cluster	Qualified
Child Nutrition Cluster	Qualified
Food Distribution Cluster	Qualified
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Qualified
Child and Adult Care Food Program	Qualified
Abandoned Mine Land Reclamation	Qualified
Title I Grants to Local Educational Agencies	Qualified
Special Education Cluster (IDEA)	Qualified

Major Federal Program/Cluster	Type of Opinion
Supporting Effective Instruction State Grants	Qualified
Education Stabilization Fund	Qualified
Aging Cluster	Qualified
Epidemiology and Laboratory Capacity for Infectious Diseases	Qualified
Temporary Assistance for Needy Families	Qualified
Social Services Block Grant	Qualified
Opioid STR	Qualified
Coronavirus State and Local Fiscal Recovery Funds	Unmodified
Rehabilitation Services – Vocational Rehab Grants to States	Unmodified
1332 State Innovation Waivers	Unmodified
Child Support Enforcement	Unmodified
Child Care and Development Fund (CCDF) Cluster	Unmodified
Foster Care – Title IV-E	Unmodified
Adoption Assistance	Unmodified
Medicaid Cluster	Unmodified
Social Security – Disability Insurance	Unmodified

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

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Commonwealth complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the identified major programs for the year ended June 30, 2023.

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

In our opinion, the Commonwealth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

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

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

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

<b>State Administering Agency</b>	<b>Finding Number</b>	<b>Assistance Listing Number (C = COVID-19)</b>	<b>Federal Program/Cluster</b>	<b>Compliance Requirement</b>
Department of Aging	2023-002	93.044 – C 93.045 – C 93.053	Aging Cluster	Matching, Level of Effort, Earmarking and Reporting
Department of Aging	2023-003	93.044 – C 93.045 – C 93.053	Aging Cluster	Subrecipient Monitoring
Department of Corrections	2023-006	93.788	Opioid STR	Activities Allowed or Unallowed
Department of Environmental Protection	2023-010	15.252	Abandoned Mine Land Reclamation	Subrecipient Monitoring
Department of Environmental Protection	2023-011	15.252	Abandoned Mine Land Reclamation	Cash Management
Department of Human Services	2023-012	10.551 – C 10.561 – C	Supplemental Nutrition Assistance Program (SNAP) Cluster	Special Tests and Provisions related to EBT Card Security
		93.558 – C	Temporary Assistance for Needy Families	
Department of Human Services	2023-015	93.667	Social Services Block Grant	Cash Management and Subrecipient Monitoring
Office of the Budget – Office of Comptroller Operations	2023-021	93.558 – C	Temporary Assistance for Needy Families	Reporting
Various Agencies	2023-024	10.553 10.555 – C 10.556 10.559 10.582	Child Nutrition Cluster	Subrecipient Monitoring

State Administering Agency	Finding Number	Assistance Listing Number (C = COVID-19)	Federal Program/Cluster	Compliance Requirement
	2023-024 (continued)	10.565 10.568 10.569	Food Distribution Cluster	
		10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	
		10.558	Child and Adult Care Food Program	
		84.010	Title I Grants to Local Educational Agencies	
		84.027 – C 84.173 – C	Special Education Cluster (IDEA)	
		84.367	Supporting Effective Instruction State Grants	
		84.425 – C C, D, R, U, V	Education Stabilization Fund	
		93.044 – C 93.045 – C 93.053	Aging Cluster	
		93.323 – C	Epidemiology and Laboratory Capacity for Infectious Diseases	

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

***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

The Commonwealth’s basic financial statements include the operations of the State System of Higher Education, the Pennsylvania Higher Education Assistance Agency, the Philadelphia Shipyard Development Corporation, the Pennsylvania Housing Finance Agency, the Philadelphia Regional Port Authority, the Pennsylvania Convention Center Authority, the Commonwealth Financing Authority, and the Judicial Department of Pennsylvania, which received approximately \$4.1 billion in federal awards and \$12.8 billion of federal loan guarantees that are not included in the schedule of expenditures of federal awards for the year ended June 30, 2023. Our audit, described below, did not include the operations of these eight entities because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance.

### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commonwealth's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commonwealth's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

<b>State Administering Agency</b>	<b>Finding Number</b>	<b>Assistance Listing Number (C = COVID-19)</b>	<b>Federal Program/Cluster</b>	<b>Compliance Requirement</b>
Department of Agriculture	2023-004	10.553 10.555 – C 10.556 10.559 10.582	Child Nutrition Cluster	Special Tests and Provisions related to Accountability for USDA – Donated Foods
Department of Agriculture	2023-005	10.565 10.568 10.569	Food Distribution Cluster	Subrecipient Monitoring
Department of Drug and Alcohol Programs	2023-007	93.788	Opioid STR	Reporting
Department of Education	2023-008	10.558	Child and Adult Care Food Program	Subrecipient Monitoring
Department of Education	2023-009	93.558 – C	Temporary Assistance for Needy Families	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Department of Human Services	2023-013	93.558 – C	Temporary Assistance for Needy Families	Reporting
Department of Human Services	2023-014	93.558 – C	Temporary Assistance for Needy Families	Subrecipient Monitoring
Department of Human Services	2023-016	93.775 93.777 – C 93.778 – C	Medicaid Cluster	Special Tests and Provisions related to the Medicaid National Correct Coding Initiative (NCCI)
Department of Labor and Industry	2023-018	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Period of Performance
Department of Labor and Industry and Office of the Budget – Office of Comptroller Operations	2023-019	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Reporting
Office of the Budget – Governor’s Budget Office	2023-020	21.027 – C	Coronavirus State and Local Fiscal Recovery Funds	Reporting

<b>State Administering Agency</b>	<b>Finding Number</b>	<b>Assistance Listing Number (C = COVID-19)</b>	<b>Federal Program/Cluster</b>	<b>Compliance Requirement</b>
Office of the Budget – Office of Comptroller Operations	2023-022	93.558 – C	Temporary Assistance for Needy Families	Reporting
		93.788	Opioid STR	
Various Agencies	2023-023	10.565 10.568 10.569	Food Distribution Cluster	Subrecipient Monitoring
		93.044 – C 93.045 – C 93.053	Aging Cluster	
		93.323 – C	Epidemiology and Laboratory Capacity for Infectious Diseases	
		93.558 – C	Temporary Assistance for Needy Families	
		93.658 – C	Foster Care – Title IV-E	
		93.667	Social Services Block Grant	

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



## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-006, 2023-010, 2023-011, 2023-012, 2023-015, 2023-021 and 2023-024 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-005, 2023-007, 2023-008, 2023-009, 2023-013, 2023-014, 2023-016, 2023-017, 2023-018, 2023-019, 2023-020, 2023-022 and 2023-023 to be significant deficiencies.

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

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

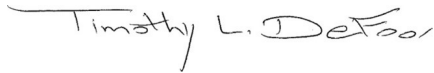
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

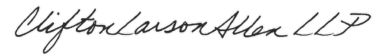
We have jointly audited the financial statements, issued under separate cover, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements.

The Honorable Joshua D. Shapiro, Governor  
Commonwealth of Pennsylvania

We have issued our report thereon dated December 13, 2023, which includes a reference to other auditors and contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Harrisburg, Pennsylvania  
March 20, 2024



Baltimore, Maryland  
March 20, 2024

# Schedule of Expenditures of Federal Awards



Commonwealth of Pennsylvania

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
<b>U.S. Department of Agriculture</b>				
<i>SNAP Cluster:</i>				
10.551	Supplemental Nutrition Assistance Program	4,013,689		
10.551	COVID-19 - Supplemental Nutrition Assistance Program	<u>1,507,525</u>		
	Total Supplemental Nutrition Assistance Program		5,521,214	
10.561	State Admin Matching Grants for Supplemental Nutrition Assistance Program	228,347		29,009
10.561	COVID-19 - State Admin Matching Grants for Supplemental Nutrition Assistance Program	<u>17,115</u>		1,923
	Total State Admin Matching Grants for Supplemental Nutrition Assistance Program		<u>245,462</u>	
	<i>Total SNAP Cluster</i>		5,766,676	
<i>Child Nutrition Cluster:</i>				
10.553	School Breakfast Program		177,732	177,562
10.555	National School Lunch Program (Cash Assistance)	536,743		536,432
10.555	COVID-19 - National School Lunch Program (Cash Assistance)	48,687		48,687
10.555	National School Lunch Program (Food Commodities)	<u>69,534</u>		69,534
	Total National School Lunch Program		654,964	
10.556	Special Milk Program for Children		189	189
10.559	Summer Food Service Program for Children (Cash Assistance)	19,686		19,123
10.559	Summer Food Service Program for Children (Food Commodities)	<u>448</u>		448
	Total Summer Food Service Program for Children		20,134	
10.582	Fresh Fruit and Vegetable Program		<u>6,687</u>	6,687
	<i>Total Child Nutrition Cluster</i>		859,706	
<i>Food Distribution Cluster:</i>				
10.565	Commodity Supplemental Food Program (Cash Assistance)	3,500		3,496
10.565	Commodity Supplemental Food Program (Food Commodities)	<u>16,953</u>		16,953
	Total Commodity Supplemental Food Program		20,453	
10.568	Emergency Food Assistance Program (Administrative Costs)		8,120	3,709
10.569	Emergency Food Assistance Program (Food Commodities)		<u>54,738</u>	54,738
	<i>Total Food Distribution Cluster</i>		83,311	
<i>Forest Service Schools and Roads Cluster:</i>				
10.665	Schools and Roads - Grants to States		2,827	2,827
10.025	Plant and Animal Disease, Pest Control, and Animal Care		11,773	414
10.028	Wildlife Services		133	
10.170	Specialty Crop Block Grant Program - Farm Bill		1,514	1,368
10.170	COVID-19 - Specialty Crop Block Grant Program - Farm Bill		<u>463</u>	460
	Total Specialty Crop Block Grant Program - Farm Bill		1,977	

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
10.171	Organic Certification Cost Share Programs	194	
10.182	COVID-19 - Food Bank Network	6,086	6,075
10.525	Farm and Ranch Stress Assistance Network Competitive Grants	358	262
10.541	Child Nutrition- Technology Innovation Grant	17	
10.542	COVID-19 - Pandemic EBT Food Benefits	539,251	
10.545	Farmers' Market SNAP Support Grants	5	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	175,157	49,774
10.558	Child and Adult Care Food Program (Cash Assistance)	118,915	117,899
10.558	Child and Adult Care Food Program (Food Commodities)	99	99
	Total Child and Adult Care Food Program		
		119,014	
10.560	State Administrative Expenses for Child Nutrition	9,748	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	1,209	209
10.574	Team Nutrition Grants	444	
10.575	Farm to School Grant Program	38	
10.576	Senior Farmers Market Nutrition Program	1,758	
10.578	WIC Grants to States (WGS)	336	352
10.579	Child Nutrition Discretionary Grants Limited Availability	1,212	1,212
10.579	COVID-19 - Child Nutrition Discretionary Grants Limited Availability	801	801
	Total Child Nutrition Discretionary Grants Limited Availability		
		2,013	
10.649	COVID-19 - Pandemic EBT Administrative Costs	21,832	732
10.664	Cooperative Forestry Assistance	86	
10.675	Urban and Community Forestry Program	2	
10.676	Forest Legacy Program	1,360	
10.678	Forest Stewardship Program	122	
10.680	Forest Health Protection	843	
10.691	Good Neighbor Authority	11	
10.698	State & Private Forestry Cooperative Fire Assistance	2,340	365
10.931	Agricultural Conservation Easement Program	608	
10.932	Regional Conservation Partnership Program	785	
	<b>Total - U.S. Department of Agriculture</b>	<b>\$7,610,020</b>	<b>\$1,151,339</b>
<b>U.S. Department of Commerce</b>			
	<i>Economic Development Cluster</i>		
11.307	Economic Adjustment Assistance	105	
11.307	COVID-19 - Economic Adjustment Assistance	2,325	
	Total Economic Adjustment Assistance		
		2,430	

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**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
11.032	State Digital Equity Planning Grants	431	
11.035	Broadband Equity, Access, and Deployment Program	142	
11.407	Interjurisdictional Fisheries Act of 1986	12	
11.419	Coastal Zone Management Administration Awards	1,608	671
11.474	Atlantic Coastal Fisheries Cooperative Management Act	152	
<b>Total - U.S. Department of Commerce</b>		<b>\$4,775</b>	<b>\$671</b>
<b>U.S. Department of Defense</b>			
12.112	Payments to States in Lieu of Real Estate Taxes	385	385
12.400	Military Construction, National Guard	173	
12.401	National Guard Military Operations and Maintenance (O&M) Projects	76,506	
12.404	National Guard Challenge Program	6,663	
12.617	Economic Adjustment Assistance for State Governments	303	263
12.620	Troops to Teachers Grant Program	174	100
<b>Total - U.S. Department of Defense</b>		<b>\$84,204</b>	<b>\$748</b>
<b>U.S. Department of Housing and Urban Development</b>			
<i>CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster:</i>			
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	1,483	1,419
14.228	Community Development Block Grants/State's Program	43,653	42,446
14.228	COVID-19 - Community Development Block Grants/State's Program	21,922	21,539
Total Community Development Block Grants/State's Program		65,575	
14.231	Emergency Solutions Grant Program	4,941	4,563
14.231	COVID-19 - Emergency Solutions Grant Program	11,524	11,311
Total Emergency Solutions Grant Program		16,465	
14.239	Home Investment Partnerships Program	12,615	11,513
14.239	COVID-19 - Home Investment Partnerships Program	363	
Total Home Investment Partnerships Program		12,978	
14.241	Housing Opportunities for Persons with AIDS	3,364	3,362
14.267	Continuum of Care Program	1,196	
14.276	Youth Homelessness Demonstration Program	136	
14.401	Fair Housing Assistance Program - State and Local	3	
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	309	286
<b>Total - U.S. Department of Housing and Urban Development</b>		<b>\$101,509</b>	<b>\$96,439</b>

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
<b>U.S. Department of the Interior</b>			
	<i>Fish and Wildlife Cluster:</i>		
15.605	Sport Fish Restoration	10,400	
15.611	Wildlife Restoration and Basic Hunter Education	<u>45,000</u>	1,364
	<i>Total Fish and Wildlife Cluster</i>		55,400
15.018	Energy Community Revitalization Program (ECRP)		6,364
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining		12,225
15.252	Abandoned Mine Land Reclamation (AMLR)		60,056
15.608	Fish and Wildlife Management Assistance		183
15.615	Cooperative Endangered Species Conservation Fund		103
15.634	State Wildlife Grants		1,958
15.808	U.S. Geological Survey - Research and Data Collection		156
15.810	National Cooperative Geologic Mapping		105
15.814	National Geological and Geophysical Data Preservation		4
15.904	Historic Preservation Fund Grants-In-Aid		1,274
15.916	Outdoor Recreation Acquisition, Development and Planning		2,025
15.928	Battlefield Land Acquisition Grants		780
15.930	Chesapeake Bay Gateways Network		57
	<b>Total - U.S. Department of the Interior</b>		<u><b>\$140,690</b></u>
			<u><b>\$11,292</b></u>
<b>U.S. Department of Justice</b>			
16.004	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training		1,804
16.017	Sexual Assault Services Formula Program		1,207
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program		417
16.321	Antiterrorism Emergency Reserve		736
16.540	Juvenile Justice and Delinquency Prevention		823
16.550	State Justice Statistics Program for Statistic Analysis Centers		219
16.554	National Criminal History Improvement Program (NCHIP)		1,567
16.575	Crime Victim Assistance		63,975
16.576	Crime Victim Compensation		6,867
16.582	Crime Victim Assistance/Discretionary Grants		152
16.588	Violence Against Women Formula Grants		4,699
16.593	Residential Substance Abuse Treatment for State Prisoners		601
16.606	State Criminal Alien Assistance Program		4,946
16.609	Project Safe Neighborhoods		681

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

<b>Assistance Listing #</b>	<b>Assistance Listing Name</b>	<b>Federal Expenditures (000's)</b>	<b>Passed Through to Subrecipients (000's)</b>
16.710	Public Safety Partnership and Community Policing Grants	3,191	
16.735	PREA Program: Strategic Support for PREA Implementation	123	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	8,089	5,502
16.741	DNA Backlog Reduction Program	1,816	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	369	364
16.750	Support for Adam Walsh Act Implementation Grant Program	438	
16.752	Economic, High-Tech, and Cyber Crime Prevention	188	
16.754	Harold Rogers Prescription Drug Monitoring Program	354	
16.812	Second Chance Act Reentry Initiative	483	99
16.813	NICS Act Record Improvement Program	88	
16.816	John R. Justice Prosecutors and Defenders Incentive Act	58	
16.825	Smart Prosecution Initiative	19	19
16.831	Children of Incarcerated Parents	174	168
16.835	Body Worn Camera Policy and Implementation	102	102
16.838	Comprehensive Opioid Abuse Site-Based Program	1,363	1,353
16.839	STOP School Violence	(6)	(6)
16.922	Equitable Sharing Program	447	
<b>Total - U.S. Department of Justice</b>		<b>\$105,990</b>	<b>\$75,648</b>
<b>U.S. Department of Labor</b>			
<i>Employment Service Cluster:</i>			
17.207	Employment Service/Wagner-Peyser Funded Activities	33,715	
17.801	Jobs for Veterans State Grants	6,217	
	<i>Total Employment Service Cluster</i>	<u>39,932</u>	
<i>WIOA Cluster:</i>			
17.258	WIOA Adult Program	41,105	36,797
17.259	WIOA Youth Activities	43,365	37,938
17.278	WIOA Dislocated Worker Formula Grants	47,777	44,467
	<i>Total WIOA Cluster</i>	<u>132,247</u>	
17.002	Labor Force Statistics	2,266	
17.005	Compensation and Working Conditions	255	
17.225	Unemployment Insurance	1,559,793	248
17.225	COVID-19 - Unemployment Insurance	137,901	350
	<i>Total Unemployment Insurance</i>	<u>1,697,694</u>	
17.235	Senior Community Service Employment Program	3,881	3,754
17.245	Trade Adjustment Assistance	12,777	2,026



**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
17.270	Reintegration of Ex-Offenders	26	
17.271	Work Opportunity Tax Credit Program (WOTC)	1,307	
17.273	Temporary Labor Certification for Foreign Workers	333	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	2,048	
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	150	148
	Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants	<u>2,198</u>	
17.285	Apprenticeship USA Grants	539	331
17.600	Mine Health and Safety Grants	601	
	<b>Total - U.S. Department of Labor</b>	<b><u>\$1,894,056</u></b>	<b><u>\$126,059</u></b>
<b>U.S. Department of Transportation</b>			
	<i>Federal Motor Carrier Safety Assistance Cluster:</i>		
20.218	Motor Carrier Safety Assistance		15,300
	<i>Federal Transit Cluster:</i>		
20.500	Federal Transit - Capital Investment Grants	9,485	8,993
20.507	Federal Transit - Formula Grants	15,914	5,360
20.525	State of Good Repair Grants Program	3,783	379
20.526	Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Program	1,172	
	Total Federal Transit Cluster		30,354
	<i>Transit Services Programs Cluster:</i>		
20.513	Enhanced Mobility of Seniors & Individuals with Disabilities	9,007	9,007
20.513	COVID-19 - Enhanced Mobility of Seniors & Individuals with Disabilities	621	621
	Total Enhanced Mobility of Seniors & Individuals with Disabilities	<u>9,628</u>	
20.516	Job Access and Reverse Commute Program	969	969
	Total Transit Services Programs Cluster		10,597
	<i>Highway Safety Cluster:</i>		
20.600	State and Community Highway Safety	10,689	6,348
20.616	National Priority Safety Programs	11,052	4,623
	Total Highway Safety Cluster		21,741
20.106	Airport Improvement Program	11,794	11,394
20.106	COVID-19 - Airport Improvement Program	1,953	1,950
	Total Airport Improvement Program		13,747

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
20.200	Highway Research and Development Program	1,101	
20.205	Highway Planning and Construction	2,087,821	146,002
20.215	Highway Training and Education	69	
20.219	Recreational Trails Program	2,032	2,183
20.232	Commercial Driver's License Program Implementation Grant	741	
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	10	
20.325	Consolidated Rail Infrastructure and Safety Improvements	4,993	4,993
20.505	Metropolitan Trans Planning & State & Non-Metropolitan Planning & Research	4,560	
20.509	Formula Grants for Rural Areas and Tribal Transit Program	33,871	33,871
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	11,360	11,360
	Total Formula Grants for Rural Areas and Tribal Transit Program		
		45,231	
20.528	Rail Fixed Guideway Public Trans. System State Safety Oversight Form. Grant Program	1,461	
20.614	National Highway Traffic Safety Admin Discretionary Safety Grants & Cooperative Agreements	138	
20.700	Pipeline Safety Program State Base Grant	3,100	
20.703	Interagency Hazardous Materials Training and Planning Grants	640	380
20.721	PHMSA Pipeline Safety Program One Call Grant	47	
20.725	PHMSA Pipeline Safety Underground Natural Gas Storage Grant	37	
20.933	National Infrastructure Investments	23,082	14,341
<b>Total - U.S. Department of Transportation</b>		<b>\$2,266,802</b>	<b>\$262,774</b>
<b>U.S. Department of the Treasury</b>			
21.016	Equitable Sharing	564	
21.019	COVID-19 - Coronavirus Relief Fund	11	(926)
21.023	COVID-19 - Emergency Rental Assistance Program	32,305	28,205
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	833,682	391,033
21.029	COVID-19 - Coronavirus Capital Projects Fund	663	
<b>Total - U.S. Department of the Treasury</b>		<b>\$867,225</b>	<b>\$418,312</b>
<b>Appalachian Regional Commission</b>			
23.001	Appalachian Regional Development	74	
23.002	Appalachian Area Development	3,626	3,267
<b>Total - Appalachian Regional Commission</b>		<b>\$3,700</b>	<b>\$3,267</b>

# COMMONWEALTH OF PENNSYLVANIA

## Schedule of Expenditures of Federal Awards - June 30, 2023

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
<b>Equal Employment Opportunity Commission</b>			
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	1,158	
<b>Total - Equal Employment Opportunity Commission</b>		<b>\$1,158</b>	<b>\$0</b>
<b>General Services Administration</b>			
39.003	Donation of Federal Surplus Personal Property	543	543
<b>Total - General Services Administration</b>		<b>\$543</b>	<b>\$543</b>
<b>National Foundation on the Arts and Humanities</b>			
45.025	Promotion of the Arts - Partnership Agreements	1,505	
45.025	COVID-19 - Promotion of the Arts - Partnership Agreements	22	22
	Total Promotion of the Arts - Partnership Agreements	1,527	
45.310	Grants to States	5,111	3,348
45.310	COVID-19 - Grants to States	3,849	3,849
	Total Grants to States	8,960	
<b>Total - National Foundation on the Arts and Humanities</b>		<b>\$10,487</b>	<b>\$7,219</b>
<b>Small Business Administration</b>			
59.061	State Trade Expansion	398	
<b>Total - Small Business Administration</b>		<b>\$398</b>	<b>\$0</b>
<b>U.S. Department of Veterans Affairs</b>			
64.010	Veterans Nursing Home Care	79	
64.014	Veterans State Domiciliary Care	2,662	
64.015	Veterans State Nursing Home Care	42,267	
64.111	Veterans Education Assistance	1,435	
<b>Total - U.S. Department of Veterans Affairs</b>		<b>\$46,443</b>	<b>\$0</b>
<b>Environmental Protection Agency</b>			
<i>Clean Water State Revolving Fund Cluster:</i>			
66.458	Capitalization Grants for Clean Water State Revolving Funds	45,895	45,895
<i>Drinking Water State Revolving Fund Cluster:</i>			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	31,663	23,551

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

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Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
66.001	Air Pollution Control Program Support	6,408	
66.032	State Indoor Radon Grants	343	
66.034	Surveys, Studies, Research, Investigations, Demos & Special Purpose Activities - Clean Air Act	755	
66.034	COVID-19 - Surveys, Studies, Research, Investigations, Demos & Special Purpose Activities - Clean Air Act	202	
	Total Surveys, Studies, Research, Investigations, Demos & Special Purpose Activities - Clean Air Act	957	
66.040	Diesel Emissions Reduction Act (DERA) State Grants	137	137
66.204	Multipurpose Grants to States and Tribes	448	399
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	5,786	
66.432	State Public Water System Supervision	4,758	
66.442	Water Infrastructure Improvements for the Nation SUDC Emerging Contaminants Grant Program	125	53
66.444	Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	222	
66.454	Water Quality Management Planning	606	
66.460	Nonpoint Source Implementation Grants	6,449	5,239
66.461	Regional Wetland Program Development Grants	156	
66.466	Geographic Programs - Chesapeake Bay Program	5,899	3,204
66.469	Geographic Programs - Great Lakes Restoration Initiative	306	149
66.605	Performance Partnership Grants	1,122	
66.801	Hazardous Waste Management State Program Support	4,942	
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	511	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	2,331	
66.817	State and Tribal Response Program Grants	1,083	
66.964	Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants	4,862	3,915
<b>Total - Environmental Protection Agency</b>		<b>\$125,009</b>	<b>\$82,542</b>
<b>U.S. Department of Energy</b>			
81.041	State Energy Program	1,807	71
81.042	Weatherization Assistance for Low-Income Persons	22,005	19,316
81.138	State Heating Oil & Propane Program	3	
<b>Total - U.S. Department of Energy</b>		<b>\$23,815</b>	<b>\$19,387</b>
<b>U.S. Department of Education</b>			
<i>Special Education Cluster (IDEA):</i>			
84.027	Special Education - Grants to States	490,518	474,516
84.027	COVID-19 - Special Education - Grants to States	22,884	22,884
	Total Special Education - Grants to States	513,402	

# COMMONWEALTH OF PENNSYLVANIA

## Schedule of Expenditures of Federal Awards - June 30, 2023

Assistance Listing #	Assistance Listing Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
84.173	Special Education - Preschool Grants	13,992		13,373
84.173	COVID-19 - Special Education - Preschool Grants	957		957
	Total Special Education - Preschool Grants		14,949	
	Total Special Education Cluster (IDEA)		528,351	
	<i>TRIO Cluster:</i>			
84.042	TRIO - Student Support Services		213	
	<i>Student Financial Assistance Programs Cluster:</i>			
84.007	Federal Supplemental Educational Opportunity Grants		59	
84.033	Federal Work-Study Program		15	
84.063	Federal Pell Grant Program		3,070	
84.268	Federal Direct Student Loans		4,469	
	Total Student Financial Assistance Programs Cluster		7,613	
84.002	Adult Education - Basic Grants to States		17,663	16,621
84.010	Title I Grants to Local Educational Agencies		718,832	705,769
84.011	Migrant Education - State Grant Program		6,324	5,788
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		1,551	1,283
84.048	Career and Technical Education - Basic Grants to States		43,328	40,512
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States		157,805	
84.144	Migrant Education - Coordination Program		50	50
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind		1,626	
84.181	Special Education - Grants for Infants and Families	10,293		7,948
84.181	COVID-19 - Special Education - Grants for Infants and Families	7,024		7,024
	Total Rehabilitation Services - Special Education - Grants for Infants and Families		17,317	
84.184	School Safely National Activities		85	
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		38	
84.196	Education for Homeless Children and Youth		3,497	3,164
84.287	Twenty-First Century Community Learning Centers		44,989	42,679
84.323	Special Education - State Personnel Development		1,843	1,684
84.358	Rural Education		1,220	1,220
84.365	English Language Acquisition State Grants		16,660	15,868
84.367	Supporting Effective Instruction State Grants		79,589	76,691
84.369	Grants for State Assessments and Related Activities		12,491	
84.372	Statewide Longitudinal Data Systems		1,975	
84.377	Title I Grants to Local Educational Agencies		4,897	4,897
84.421	Disability Innovation Fund (DIF)		94	

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

<b>Assistance Listing #</b>	<b>Assistance Listing Name</b>	<b>Federal Expenditures (000's)</b>	<b>Passed Through to Subrecipients (000's)</b>
84.424	Student Support and Academic Enrichment Program	50,708	49,603
84.425C	COVID-19 - Education Stabilization Fund - GEER Fund	19,481	17,595
84.425D	COVID-19 - Education Stabilization Fund - ESSER Fund	626,195	625,302
84.425E	COVID-19 - Education Stabilization Fund - HEERF Student Aid Portion	226	
84.425F	COVID-19 - Education Stabilization Fund - HEERF Institutional Portion	1,702	
84.425R	COVID-19 - Education Stabilization Fund - CRRSA EANS Program	55,149	54,925
84.425U	COVID-19 - Education Stabilization Fund - ARP ESSER	1,509,260	1,502,431
84.425V	COVID-19 - Education Stabilization Fund - ARP EANS Program	41,071	40,858
84.425W	COVID-19 - Education Stabilization Fund - ARP ESSER HCY	6,708	6,708
	Total COVID-19 - Education Stabilization Fund	<u>2,259,792</u>	
<b>Total - U.S. Department of Education</b>		<u><b>\$3,978,551</b></u>	<u><b>\$3,740,350</b></u>
<b>Elections Assistance Commission</b>			
90.401	Help America Vote Act Requirements Payments	557	
90.404	2018 HAVA Election Security Grants	6,164	4,452
<b>Total - Elections Assistance Commission</b>		<u><b>\$6,721</b></u>	<u><b>\$4,452</b></u>
<b>U.S. Department of Health and Human Services</b>			
<i>Aging Cluster:</i>			
93.044	Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs	23,112	21,882
93.044	COVID-19 - Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs	11,865	12,444
	Total Special Programs for the Aging - Title III, Part B, Grants for Supp Svc & Senior Cntrs	34,977	
93.045	Special Programs for the Aging - Title III, Part C, Nutrition Services	23,047	23,042
93.045	COVID-19 - Special Programs for the Aging - Title III, Part C, Nutrition Services	17,313	17,277
	Total Special Programs for the Aging - Title III, Part C, Nutrition Services	40,360	
93.053	Nutrition Services Incentive Program	6,352	6,352
	Total Aging Cluster	81,689	
<i>CCDF Cluster:</i>			
93.575	Child Care and Development Block Grant	193,764	167,605
93.575	COVID-19 - Child Care and Development Block Grant	203,952	204,037
	Total Child Care and Development Block Grant	397,716	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	143,237	143,076
	Total CCDF Cluster	540,953	

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**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
	<i>Head Start Cluster:</i>			
93.600	Head Start	8,139		8,139
93.600	COVID-19 - Head Start	40		40
	Total Head Start		8,179	
	<i>Total Head Start Cluster</i>			8,179
	<i>Medicaid Cluster:</i>			
93.775	State Medicaid Fraud Control Units		8,391	
93.777	State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare	20,720		
93.777	COVID-19 - State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare	394		
	Total State Survey & Cert. of Health Care Providers & Suppliers (Title XVIII) Medicare		21,114	
93.778	Medical Assistance Program	28,293,000		350,245
93.778	COVID-19 - Medical Assistance Program	2,765,316		23,071
	Total Medical Assistance Program		31,058,316	
	<i>Total Medicaid Cluster</i>			31,087,821
93.041	Special Programs for the Aging - Title VII, Chapter 3, Programs for Prev of Elder Abuse		199	199
93.042	Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services		494	491
93.042	COVID-19 - Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services		598	596
	Total Special Programs for the Aging - Title VII, Chapter 2, Long Term Care Om. Services			1,092
93.043	Special Programs for the Aging - Title III, Part D, Disease Prevent and Health Promo Serv		1,088	1,088
93.048	COVID-19 - Special Programs for the Aging - Title IV and Title II, Discretionary Projects		1,033	100
93.052	National Family Caregiver Support, Title III, Part E	9,829		9,829
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	1,592		1,592
	Total National Family Caregiver Support, Title III, Part E			11,421
93.069	Public Health Emergency Preparedness	16,677		3,431
93.069	COVID-19 - Public Health Emergency Preparedness	1,054		
	Total Public Health Emergency Preparedness			17,731
93.070	Environmental Public Health and Emergency Response		711	378
93.071	Medicare Enrollment Assistance Program		1,111	747
93.079	Cooperative Agreements to Promote Adolescent Health		71	60
93.090	Guardianship Assistance	14,106		13,389
93.090	COVID-19 - Guardianship Assistance	1,531		1,531
	Total Guardianship Assistance			15,637
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		789	785
93.103	Food and Drug Administration - Research		1,516	
93.104	Community Mental Health Services for Children with Serious Emotional Disturbances		967	958
93.110	Maternal and Child Health Federal Consolidated Programs		377	264

**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	962	87
93.127	Emergency Medical Services for Children	107	108
93.130	Coop. Agreements to States/Territories for the Coordination & Dev. of Primary Care Offices	306	
93.136	Injury Prevention & Control Research & State & Community Based Programs	11,781	4,959
93.150	Projects for Assistance in Transition from Homelessness (PATH)	2,207	2,207
93.165	Grants to States for Loan Repayment	812	
93.197	Childhood Lead Poisoning Prevention Projects, St and Lcl Childhood Lead Poising Prev	474	167
93.234	Traumatic Brain Injury State Demonstration Grant Program	225	201
93.234	COVID-19 - Traumatic Brain Injury State Demonstration Grant Program	18	18
	Total Traumatic Brain Injury State Demonstration Grant Program		243
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	1,320	1,317
93.236	Grants to States to Support Oral Health Workforce Activities	326	231
93.240	State Capacity Building	438	
93.243	Substance Abuse and Mental Health Services - Projects of Reg. and Nat. Significance	5,181	3,612
93.251	Early Hearing Detection and Intervention	116	108
93.262	Occupational Safety and Health Program	153	
93.268	Immunization Cooperative Agreements (Cash Assistance)	10,747	2,965
93.268	COVID-19 - Immunization Cooperative Agreements (Cash Assistance)	24,005	15,758
93.268	Immunization Cooperative Agreements (Vaccines)	111,792	
	Total Immunization Cooperative Agreements		146,544
93.270	Viral Hepatitis Prevention and Control	198	
93.283	Centers for Disease Control & Prevention - Investigations and Technical Assistance	237	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	2,905	501
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	219,903	67,051
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		222,808
93.324	State Health Insurance Assistance Program	1,346	1,330
93.324	COVID-19 State Health Insurance Assistance Program	31	
	Total State Health Insurance Assistance Program		1,377
93.336	Behavioral Risk Factor Surveillance System	22	
93.336	COVID-19 - Behavioral Risk Factor Surveillance System	147	
	Total Behavioral Risk Factor Surveillance System		169
93.354	COVID-19 - PHER: Cooperative Agreement for Emergency Response: Public Health Crisis Response	4,128	6,461
93.366	State Actions to Improve Oral Health Outcomes & Partner Actions to Improve Oral Health Outcomes	480	278
93.367	Flexible Funding Model - Infrastructure Development & Maintenance for SMFRP	631	
93.369	ACL Independent Living State Grants	337	213
93.387	National and State Tobacco Control Program	2,347	790
93.391	COVID-19 - STLT Health Department Response to Public Health Crises	10,402	9,511
93.413	The State Flexibility to Stabilize the Market Grant Program	333	

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**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.423	1332 State Innovation Waivers	120,230	
93.426	Improving the Hlth of Americans through Prev & Mgmt of Diab & HD and Stroke	2,277	1,416
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	491	122
93.439	State Physical Activity and Nutrition (SPAN)	1,069	485
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	498	161
93.497	COVID-19 - Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	1,161	1,161
93.498	COVID-19 - Provider Relief Fund and ARP Rural Distribution	86	
93.499	COVID-19 - Low Income Household Water Assistance Program	14,175	
93.556	Promoting Safe and Stable Families Program	12,127	12,123
93.556	COVID-19 - Promoting Safe and Stable Families Program	1,944	1,944
	Total Promoting Safe and Stable Families Program	14,071	
93.558	Temporary Assistance for Needy Families	451,642	281,971
93.558	COVID-19 - Temporary Assistance for Needy Families	4,090	
	Total Temporary Assistance for Needy Families	455,732	
93.563	Child Support Enforcement	183,701	139,628
93.566	Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	18,820	13,847
93.568	Low-Income Home Energy Assistance	385,133	36,916
93.568	COVID-19 - Low-Income Home Energy Assistance	48,680	17,790
	Total Low-Income Home Energy Assistance	433,813	
93.569	Community Services Block Grant	35,459	34,084
93.569	COVID-19 - Community Services Block Grant	15,917	15,912
	Total Community Services Block Grant	51,376	
93.576	Refugee and Entrant Assistance - Discretionary Grants	44	44
93.583	Refugee and Entrant Assistance - Wilson/Fish Program	449	449
93.590	Community-Based Child Abuse Prevention Grants	1,352	1,352
93.590	COVID-19 - Community-Based Child Abuse Prevention Grants	2,121	2,121
	Total Community-Based Child Abuse Prevention Grants	3,473	
93.597	Grants to States for Access and Visitation Programs	88	88
93.599	Chafee Education and Training Vouchers Program (ETV)	2,486	2,486
93.603	Adoption and :Legal Guardianship Incentive Payments	7,123	670
93.630	Developmental Disabilities Basic Support and Advocacy Grants	2,787	1,545
93.639	COVID-19 - State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	409	
93.643	Children's Justice Grants to States	347	347
93.645	Stephanie Tubbs Jones Child Welfare Services Program	9,605	8,841
93.658	Foster Care - Title IV-E	204,985	195,368
93.658	COVID-19 - Foster Care - Title IV-E	5,974	5,974
	Total Foster Care - Title IV-E	210,959	

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**COMMONWEALTH OF PENNSYLVANIA**

**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name		Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.659	Adoption Assistance	152,983		116,090
93.659	COVID-19 - Adoption Assistance	12,619		12,619
	Total Adoption Assistance		165,602	
93.665	COVID-19 - Emergency Grants to Address Mental and Substance Use Disorder		1,359	1,359
93.667	Social Services Block Grant		92,747	79,427
93.669	Child Abuse and Neglect State Grants	1,794		774
93.669	COVID-19 - Child Abuse and Neglect State Grants	218		129
	Total Child Abuse and Neglect State Grants		2,012	
93.671	Family Violence Prevention & Services/Domestic Violence Shelter & Supportive Services	4,107		4,107
93.671	COVID-19 - Family Violence Prevention & Services/Domestic Violence Shelter & Supportive Services	4,062		4,062
	Total Family Violence Prevention & Services/Dom. Violence Shelter & Supportive Services		8,169	
93.674	John H. Chafee Foster Care Program for Successful Transition for Adulthood	5,832		5,832
93.674	COVID-19 - John H. Chafee Foster Care Program for Successful Transition for Adulthood	4,410		4,410
	Total John H. Chafee Foster Care Program for Successful Transition for Adulthood		10,242	
93.734	Empowering Older Adults and Adults with Disabilities (PPHF)		92	
93.747	Elder Abuse Prevention Interventions Program	247		
93.747	COVID-19 - Elder Abuse Prevention Interventions Program	3,636		1,827
	Total Elder Abuse Prevention Interventions Program		3,883	
93.758	PHHS Block Grant Funded Solely with PPHF		(23)	(23)
93.767	Children's Health Insurance Program	501,237		728
93.767	COVID-19 - Children's Health Insurance Program	27,486		45
	Total Children's Health Insurance Program		528,723	
93.788	Opioid STR		79,632	37,818
93.791	Money Follows the Person Rebalancing Demonstration	20,784		2,254
93.791	COVID-19 - Money Follows the Person Rebalancing Demonstration	633		
	Total Money Follows the Person Rebalancing Demonstration		21,417	
93.870	Maternal, Infant & Early Childhood Home Visiting Grant Program	9,387		9,179
93.870	COVID-19 - Maternal, Infant & Early Childhood Home Visiting Grant Program	809		809
	Total Maternal, Infant & Early Childhood Home Visiting Grant Program		10,196	
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		166	
93.889	National Bioterrorism Hospital Preparedness Program	5,939		4,657
93.889	COVID-19 - National Bioterrorism Hospital Preparedness Program	1,448		1,314
	Total National Bioterrorism Hospital Preparedness Program		7,387	
93.898	Cancer Prevention & Control Programs for State, Territorial & Tribal Organizations		4,128	2,128
93.917	HIV Care Formula Grants		26,233	638
93.940	HIV Prevention Activities - Health Department Based		4,954	1,064
93.944	Human Immunodeficiency Virus (HIV)/AIDS Surveillance		360	
93.946	Cooperative Agreements to Support Safe Motherhood and Infant Health Initiative Program		350	

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## Schedule of Expenditures of Federal Awards - June 30, 2023

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
93.958	Block Grants for Community Mental Health Services	27,197	25,171
93.958	COVID-19 - Block Grants for Community Mental Health Services	18,446	17,173
	Total Block Grants for Community Mental Health Services		45,643
93.959	Block Grants for Prevention and Treatment of Substance Abuse	55,043	44,587
93.959	COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	21,844	20,071
	Total Block Grants for Prevention and Treatment of Substance Abuse		76,887
93.967	COVID-19 - CDC's Collaboration w/ Academia to Strengthen Public Health		13,145
93.968	States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model		660
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	2,068	299
93.977	COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,267	
	Total Sexually Transmitted Diseases (STD) Prevention and Control Grants		3,335
93.991	Preventive Health and Health Services Block Grant		8,024
93.994	Maternal and Child Health Services Block Grant to the States		24,305
	<b>Total - U.S. Department of Health and Human Services</b>		<b>\$34,861,700</b>
			<b>\$2,337,330</b>
<b>Corporation for National and Community Service</b>			
94.003	AmeriCorps State Commissions Support Grant		491
94.006	AmeriCorps State and National	8,860	8,860
94.006	COVID-19 - AmeriCorps State and National	3,364	3,364
	Total AmeriCorps		12,224
94.009	Training and Technical Assistance		182
	<b>Total - Corporation for National and Community Service</b>		<b>\$12,897</b>
			<b>\$12,224</b>
<b>Executive Office of the President</b>			
95.001	High Intensity Drug Trafficking Areas Program		4,568
	<b>Total - Executive Office of the President</b>		<b>\$4,568</b>
			<b>\$0</b>
<b>Social Security Administration</b>			
<i>Disability Insurance/SSI Cluster:</i>			
96.001	Social Security - Disability Insurance		138,639
	<b>Total - Social Security Administration</b>		<b>\$138,639</b>
			<b>\$0</b>
<b>U.S. Department of Homeland Security</b>			
97.008	Non-Profit Security Program		1,080
97.012	Boating Safety Financial Assistance		2,823
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		255

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**Schedule of Expenditures of Federal Awards - June 30, 2023**

Assistance Listing #	Assistance Listing Name	Federal Expenditures (000's)	Passed Through to Subrecipients (000's)
97.029	Flood Mitigation Assistance		846
97.036	Disaster Grants - Public Assist (Presidentially Declared Disasters)	45,207	36,742
97.036	COVID-19 - Disaster Grants - Public Assist (Presidentially Declared Disasters)	493,418	489,408
	Total Disaster Grants - Public Assist (Presidentially Declared Disasters)		538,625
97.039	Hazard Mitigation Grant		7,591
97.041	National Dam Safety Program		113
97.042	Emergency Management Performance Grants	10,550	4,583
97.042	COVID-19 - Emergency Management Performance Grants	1,389	
	Total Emergency Management Performance Grants		11,939
97.044	Assistance to Firefighters Grant		338
97.045	Cooperating Technical Partners		66
97.047	BRIC: Building Resilient Infrastructure and Communities		279
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		27
97.056	Port Security Grant Program		124
97.067	Homeland Security Grant Program		17,919
97.088	Disaster Assistance Projects		621
97.091	Homeland Security Biowatch Program		489
97.132	Financial Assistance for Targeted Violence and Terrorism Prevention		179
	<b>Total - U.S. Department of Homeland Security</b>		<b>\$558,578</b>
	<i>Research and Development Cluster:</i>		
	<b>U.S. Department of Transportation</b>		
20.530	Public Transportation Innovation (Award ID PA202005800)		243
	<b>U.S. Department of Education</b>		
84.305	Education Research, Development and Dissemination (Award ID R305S210026)		317
	<i>Total Research and Development Cluster</i>		<b>\$682</b>
	<b>GRAND TOTAL</b>		<b>\$8,909,734</b>

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## ***Notes to the Schedule of Expenditures of Federal Awards - June 30, 2023***

### **Note A: Single Audit Reporting Entity**

The Commonwealth of Pennsylvania (the Commonwealth) includes expenditures in its schedule of expenditures of federal awards (SEFA) for all federal programs administered by the same funds, agencies, boards, commissions, and component units included in the Commonwealth's financial reporting entity used for its basic financial statements. However, the State System of Higher Education (SSHE), the Pennsylvania Higher Education Assistance Agency (PHEAA), the Pennsylvania Housing Finance Agency (PHFA), the Pennsylvania Convention Center Authority (PCCA), the Philadelphia Shipyard Development Corporation (PSDC), which are discretely presented component units, the Philadelphia Regional Port Authority (PRPA) and the Commonwealth Financing Authority (CFA), which are blended component units, elect to have their own single audits (when required) and their expenditures of federal awards are therefore excluded from the Commonwealth's SEFA. These seven component units are required to submit their own single audit reports to the Federal Audit Clearinghouse. The CFA, the PCCA, the PRPA and the PSDC are not required to submit a single audit for the year ended June 30, 2023, because their federal expenditures were below the requirement threshold. In addition, the Judicial Department of Pennsylvania, which is included in the Primary Government, elected to have its own single audit performed. Their federal expenditures are also excluded from the Commonwealth's SEFA.

### **Note B: Basis of Accounting**

All expenditures for each program included in the schedule of expenditures of federal awards are net of applicable program income and refunds.

Expenditures reported under Assistance Listing Number (ALN) 10.551, Supplemental Nutrition Assistance Program (SNAP), and ALN 10.542, Pandemic EBT Food Benefits, represent amounts the Electronic Benefits Transfer (EBT) contractor paid to retail outlets for participants' purchases under the programs during the fiscal year ended June 30, 2023.

Expenditures reported under ALN 10.555, National School Lunch Program, ALN 10.558, Child and Adult Care Food Program, ALN 10.559, Summer Food Service Program for Children, ALN 10.565, Commodity Supplemental Food Program, and ALN 10.569, Emergency Food Assistance Program, include the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service, commodity price lists in effect as of July 1, 2022 and January 1, 2023.

A portion of subrecipient expenditures reported under ALN 14.228, Community Development Block Grants, and all subrecipient expenditures reported under ALN 14.239, Home Investment Partnerships Program, represent funds drawn directly from the Housing and Urban Development (HUD) Integrated Disbursement and Information System (IDIS) by subrecipients of the Commonwealth.

Expenditures for ALN 20.200, Highway Research and Development Program, ALN 20.205, Highway Planning and Construction, ALN 20.215, Highway Training and Education, ALN 20.219, Recreational Trails Program, ALN 20.505, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, and ALN 20.933, National Infrastructure Investments are presented on the basis that expenditures are reported to the U.S. Department of Transportation. Accordingly, certain expenditures are recorded when paid and certain other expenditures are recorded when the federal obligation is determined.

Amounts reported as expenditures for ALN 39.003, Donation of Federal Surplus Personal Property, represent the General Services Administration's average fair market value percentage of 23.34 percent of the federal government's original acquisition cost (OAC) of the federal property transferred to recipients by the Commonwealth.

Expenditures identified on the SEFA as Vaccines under ALN 93.268, Immunization Cooperative Agreements, represent the dollar value of the items used.

As prescribed by the Health Resources and Services Administration (HRSA), expenditures reported under ALN 93.498, Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution, represent the amounts reported to HRSA in the period 4 PRF report (July 1, 2021 - December 31, 2021) and the period 5 PRF report (January 1, 2022 - June 30, 2022).

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Notes to the Schedule of Expenditures of Federal Awards - June 30, 2023***

Expenditures reported by the Pennsylvania Department of Transportation (PennDOT) for ALN 97.036, Disaster Grants-Public Assistance (Presidentially Declared Disasters), are recorded when the estimated federal obligation is determined and reimbursed.

The remaining expenditures included in the schedule of expenditures of federal awards are presented on the cash plus invoices payable basis. Invoices payable represent Commonwealth expenditures recorded on the general ledger for which the Commonwealth Treasury Department has not made cash disbursements.

The Commonwealth has not elected to use the 10% de minimis cost rate referenced in Uniform Guidance § 200.414 Indirect (F&A) costs.

### **Note C: Categorization of Expenditures**

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants that were active during the fiscal year ended June 30, 2023. The categorization of expenditures by program included in the SEFA is based on the Assistance Listing. Changes in the categorization of expenditures occur based on revisions to the ALN, which are issued on a real-time basis on the Assistance Listing website.

### **Note D: Unemployment Insurance**

In accordance with Department of Labor, Office of Inspector General instructions, the Commonwealth recorded State Regular Unemployment Compensation (UC) benefits under ALN 17.225 in the schedule of expenditures of federal awards. The individual state and federal portions are as follows (amounts in thousands):

State Regular UC Benefits	\$1,415,599
Federal UC Benefits	75,656
Federal Admin.	<u>206,439</u>
Total Expenditures	<u><u>\$1,697,694</u></u>

# Schedule of Findings and Questioned Costs



Commonwealth of Pennsylvania

# COMMONWEALTH OF PENNSYLVANIA

## Summary of Auditors' Results - June 30, 2023

### Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                          yes                      X  no

Significant deficiency(ies) identified?             X  yes                          none reported

Noncompliance material to financial statements noted?

      yes                      X  no

### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?                      X  yes                          no

Significant deficiency(ies) identified?             X  yes                          none reported

Type of auditors' report issued on compliance for major federal programs:

Qualified for noncompliance in the following major federal programs:

Supplemental Nutrition Assistance Program (SNAP) Cluster (ALN 10.551 and 10.561)  
Child Nutrition Cluster (ALN 10.553, 10.555, 10.556, 10.559, and 10.582)  
Food Distribution Cluster (ALN 10.565, 10.568, and 10.569)  
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (ALN 10.557)  
Child and Adult Care Food Program (ALN 10.558)  
Abandoned Mine Land Reclamation (ALN 15.252)  
Title I Grants to Local Educational Agencies (ALN 84.010)  
Special Education Cluster (IDEA) (ALN 84.027 and 84.173)  
Supporting Effective Instruction State Grants (ALN 84.367)  
Education Stabilization Fund (ALN 84.425 C, D, R, U, V)  
Aging Cluster (ALN 93.044, 93.045, and 93.053)  
Epidemiology and Laboratory Capacity for Infectious Diseases (ALN 93.323)  
Temporary Assistance for Needy Families (ALN 93.558)  
Social Services Block Grant (ALN 93.667)  
Opioid STR (ALN 93.788)

Unmodified for the following major federal programs:

Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)  
Rehabilitation Services – Vocational Rehab Grants to States (ALN 84.126)



# COMMONWEALTH OF PENNSYLVANIA

## Summary of Auditors' Results - June 30, 2023

Unmodified for the following major federal programs (continued):

- 1332 State Innovation Waivers (ALN 93.423)
- Child Support Enforcement (ALN 93.563)
- Child Care and Development Fund (CCDF) Cluster (ALN 93.575 and 93.596)
- Foster Care – Title IV-E (ALN 93.658)
- Adoption Assistance (ALN 93.659)
- Medicaid Cluster (ALN 93.775, 93.777, and 93.778)
- Social Security – Disability Insurance (ALN 96.001)

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes        no

### Identification of Major Federal Programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster	Federal Expenditures (000s)
10.551 and 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster (C)	\$5,766,676
10.553, 10.555, 10.556, 10.559, and 10.582	Child Nutrition Cluster (C)	859,706
10.565, 10.568, and 10.569	Food Distribution Cluster	83,311
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	175,157
10.558	Child and Adult Care Food Program	119,014
15.252	Abandoned Mine Land Reclamation	60,056
21.027	Coronavirus State and Local Fiscal Recovery Funds (C)	833,682
84.010	Title I Grants to Local Educational Agencies	718,832
84.027 and 84.173	Special Education Cluster (IDEA) (C)	528,351
84.126	Rehabilitation Services – Vocational Rehab Grants to States	157,805
84.367	Supporting Effective Instruction State Grants	79,589
84.425 C, D, E, F, R, U, V, W	Education Stabilization Fund (C)	2,259,792
93.044, 93.045, and 93.053	Aging Cluster (C)	81,689
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (C)	222,808
93.423	1332 State Innovation Waivers	120,230
93.558	Temporary Assistance for Needy Families (C)	455,732
93.563	Child Support Enforcement	183,701
93.575 and 93.596	Child Care and Development Fund (CCDF) Cluster (C)	540,953
93.658	Foster Care – Title IV-E (C)	210,959
93.659	Adoption Assistance (C)	165,602
93.667	Social Services Block Grant	92,747
93.775, 93.777, and 93.778	Medicaid Cluster (C)	31,087,821
93.788	Opioid STR	79,632
96.001	Social Security – Disability Insurance	138,639
Total Federal Expenditures – Major Programs		\$45,022,484

(C) = COVID-19 Funds included

**COMMONWEALTH OF PENNSYLVANIA**

***Summary of Auditors' Results - June 30, 2023***

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Dollar threshold used to distinguish between  
Type A and Type B programs (000s):           \$79,320          

Auditee qualified as low-risk auditee?           yes       X      no

# COMMONWEALTH OF PENNSYLVANIA

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## *Index to Basic Financial Statement Findings - June 30, 2023*

<b>Finding No.</b>	<b>Finding Title</b>	<b>Impacted State Agency</b>	<b>Finding Page</b>	<b>CAP Page</b>
2023-001*	Information Technology General Controls Need Improvement (Similar Conditions Were Noted in Prior Year Findings 2022-001 and 2022-003)	OA-OIT	50	126

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

# COMMONWEALTH OF PENNSYLVANIA

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## Basic Financial Statement Findings - June 30, 2023

### Office of Administration – Office for Information Technology

#### Finding 2023 – 001:

#### Information Technology General Controls Need Improvement (Similar Conditions Were Noted in Prior Year Findings 2022-001 and 2022-003)

#### Type of Finding: Significant Deficiency

**Condition:** Our review of information technology (IT) general controls in the Office of Administration, Office for Information Technology (OA-OIT), for the fiscal year ended June 30, 2023, disclosed the following control deficiencies in applications supported by the Employment, Banking, and Revenue (EBR) Delivery Center and the Infrastructure and Economic Development (I&ED) Delivery Center:

1. There was a lack of segregation of duties between application development and promotion of code to production in an application in a mid-range computing environment. A developer (contractor) was granted the ability to develop code and to promote code to production.
2. Nine out of 25 terminated users tested were not removed from a construction management system within two weeks after separation.
3. In the prior audit, we noted that a large number of system administrator accounts were granted to vendor personnel on one server in a vendor-managed benefits system; these accounts were removed in January 2023. During the current audit, we identified additional system administrator accounts granted to vendor personnel on other servers that should have been removed. Further, the vendor's System and Organization Controls (SOC) reports did not include tests of controls over the system located in Pennsylvania.

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

**Criteria:** Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*.

- Green Book Principle 11 – Design Activities for the Information System, states in part:
  - *11.12 Management designs control activities over access to protect an entity from inappropriate access and unauthorized use of the system. These control activities support appropriate segregation of duties. By preventing unauthorized use of and changes to the system, data and program integrity are protected from malicious intent (e.g., someone breaking into the technology to commit fraud, vandalism, or terrorism) or error.*
  - *11.14 Management designs control activities to limit user access to information technology through authorization control activities, such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity.*
  - *11.16 Management incorporates methodologies for the acquisition of vendor packages into its information technology development and designs control activities over their selection, ongoing development, and maintenance. Control activities for the development, maintenance, and change of application software prevent unauthorized programs or modifications to existing programs.*

# COMMONWEALTH OF PENNSYLVANIA

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## Basic Financial Statement Findings - June 30, 2023

### Finding 2023 – 001: (continued)

- 11.17 Management also evaluates the unique risks that using a service organization presents for the completeness, accuracy, and validity of information submitted to and received from the service organization.

Information Technology Policy – ITP-SFT000 – *Software Development Life Cycle (SDLC) Policy*, effective February 17, 2017, section 5 states, in part,

- *Agencies shall incorporate separation of duties to maintain continuity and integrity throughout the execution of the procedures and processes associated with the SDLC framework and affiliated software development projects. Careful consideration should be given to:*
  - *Establishing access controls granting permissions to Commonwealth employees and/or outside contractors performing multiple roles within the various environments (i.e., development, production, system integration, testing, staging, etc.) to add, modify, delete, and migrate application code, data sets, and/or make configuration changes to systems in these environments.*

Information Technology Policy – OPD SEC007a – *Configurations for IDs, Passwords, and Multi-Factor Authentication*, revised July 12, 2022, section 3.7 states, in part,

- *Least privileged. By default, all accounts should be assigned the lowest level of permissions. If elevated permissions are required a change request should be submitted and approved before elevated permissions are granted to any account.*

Management Directive 325.13 – *Service Organization Controls*, effective November 22, 2017, establishes responsibility and procedures for the oversight and evaluation of a service organization’s internal controls. OA-OIT issued the following Operational Document (OPD) to provide governance and guidance to agencies and delivery centers when administering IT systems and managing IT vendors:

- *OPD-SEC040B – System & Organization Controls (SOC) Reporting Procedure*, effective January 27, 2020, which details “... the responsibilities of stakeholders when evaluating the SOC reports and acting to address issues or exceptions noted in the SOC report.” Under this policy, agency contract managers are required to obtain SOC reports relevant to internal controls over financial transactions and reporting (also known as SOC 1 reports) and review for the following: “*process control objectives, control deficiencies, disclosures, transaction flows, audit evidence, coverage period, service auditor’s test of controls, Service Organizations (and Subservice Organization, if applicable) Corrective Action Plans, CUEC, carve-out reports, etc.*”

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

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

In the construction management system, the IE&D Delivery Center manually removes separated employees’ access after notification by supervisors or by the Office of Administration, Office for Human Resources (OA-HR). In certain cases, the supervisors and OA-HR failed to provide timely notification that system access was no longer needed. In other cases, notification was timely, but IE&D system administrators failed to remove the access within an appropriate time because of (1) high system administrator turnover; (2) the absence of assigned back-up system administrators; and (3) lack of clarity as to procedures and responsibilities. An automated process to remove users from the system has been planned but has not been implemented.

# COMMONWEALTH OF PENNSYLVANIA

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## *Basic Financial Statement Findings - June 30, 2023*

### **Finding 2023 – 001: (continued)**

In the vendor-managed benefits system, the EBR Delivery Center began reducing the number of vendor administrators with access to most production servers in February 2022. In the prior audit, we identified one payment server that was overlooked, however, and EBR removed these users from the server in January 2023. Over the past year, EBR Delivery Center personnel continued to remove vendor access from additional servers and began providing vendors with administrator accounts that could be monitored. Our current audit procedures, however, identified several additional servers where EBR Delivery Center personnel failed to remove groups of vendor administrators with inappropriate access.

While the vendor provided SOC reports for one of the vendor's outsourced systems, the vendor's SOC reports did not provide assurance as to the controls over the servers located in Pennsylvania. Our review of the contract with the vendor revealed that the contract included provisions requiring the vendor to provide SOC reports but did not specify that the servers located in Pennsylvania be included in the scope of the reports.

**Effect:** The segregation of duties weakness and the untimely removal of terminated users contribute to the risk that system actions can occur that are not in accordance with management's intent. Applications serving the Pennsylvania Insurance Department and the Department of Transportation were impacted by these control weaknesses.

Without effective procedures for reviewing the vendor's administrative access to Commonwealth servers, management in the Department of Labor and Industry cannot be assured that changes to data and programs in the vendor managed benefits system are properly authorized. While SOC reports that include tests of operating effectiveness of these controls could compensate for inappropriate administrator access, the SOC reports received from the vendor did not include the system in Pennsylvania. Further, without properly scoped SOC reports, management have little assurance that they have approved all changes to the system, and that the vendor has maintained segregation of duties between development of code and promotion into production. In the absence of these controls, management cannot be assured the system is functioning in accordance with management's intent.

Further, without properly functioning controls over segregation of duties and privileged access, the auditors are precluded from reliance on computer controls in these agencies.

**Recommendation:** We recommend that OA-OIT management continue its efforts to resolve the general computer control deficiencies noted above. Specifically, management should:

- Create controls and procedures that segregate the responsibility for development of programs from promotion of code to the production environment or implement procedures to independently monitor changes to the production environment in the current midrange-computing system.
- Continue efforts to automate the process for removing separated users' access to the construction management system. Prior to implementation of an automated process, management should:
  - Work with OA-HR to improve timely notifications of user separations;
  - Revise policies and procedures to improve timely notifications by agency supervisors; and
  - Revise policies and procedures to ensure systems administrators and designated back-ups are aware of their responsibilities to remove separated users' access in a timely manner.
- Remove the inappropriate vendor access from certain servers in the vendor-managed benefits system and review, at least annually, the vendor's administrative access to ensure access is appropriate and limited.

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Basic Financial Statement Findings - June 30, 2023***

### **Finding 2023 – 001: (continued)**

- Ensure that the vendor provides SOC reports that include tests of the controls over Pennsylvania’s vendor-managed benefits system. The change management control objectives in the SOC reports should include:
  - Confirmation that Pennsylvania approved all changes to the system; and
  - Confirmation that the vendor maintains segregation of duties.

**Agency Response:** Office of Administration, Office for Information Technology (OA-OIT), on behalf of the Employment, Banking, and Revenue (EBR) Delivery Center and the Infrastructure and Economic Development (I&ED) Delivery Center agrees with this finding.

# COMMONWEALTH OF PENNSYLVANIA

## Index to Federal Award Findings and Questioned Costs - June 30, 2023

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2023-002 **	93.044 93.045 93.053	Aging Cluster (including COVID-19)	A Material Weakness and Material Noncompliance Exist in the Department of Aging's Maintenance of Effort Certification Reporting Process	MNC	None	PDOA	60	127
2023-003 **	93.044 93.045 93.053	Aging Cluster (including COVID-19)	A Material Weakness and Material Noncompliance Exist in the Department of Aging Related to Subrecipient Monitoring	MNC	ND	PDOA	62	128
2023-004 *	10.553 10.555 10.556 10.559 10.582	Child Nutrition Cluster (including COVID-19)	Controls Over the Accountability of Donated Foods Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2022-010)	NC	None	PDA	64	129
2023-005 *	10.565 10.568 10.569	Food Distribution Cluster	A Significant Deficiency and Noncompliance Exist in Pennsylvania Department of Agriculture Monitoring of Food Distribution Cluster Subrecipients	NC	ND	PDA	66	130
2023-006 **	93.788	Opioid STR	A Material Weakness and Material Noncompliance Exist at the Department of Corrections Related to the Review of Opioid Medication Costs	MNC	ND	DOC	68	130
2023-007 *	93.788	Opioid STR	A Significant Deficiency and Noncompliance Exist at the Department of Drug and Alcohol Programs Related to Submission of Performance Progress Reports	NC	ND	DDAP	70	131

54

\* - Significant Deficiency

\*\* - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

N/A - Not Applicable



# COMMONWEALTH OF PENNSYLVANIA

## Index to Federal Award Findings and Questioned Costs - June 30, 2023

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2023-008 *	10.558	Child and Adult Care Food Program	A Significant Deficiency and Noncompliance Exist in Pennsylvania Department of Education Monitoring of Child and Adult Care Food Program Subrecipients	NC	ND	PDE	72	132
2023-009 *	93.558	Temporary Assistance for Needy Families (including COVID-19)	A Significant Deficiency and Noncompliance Exist in the Review and Approval of Subrecipient Education Leading to Employment and Career Training Expenditure Reports by the Pennsylvania Department of Education	NC	ND	PDE	75	132
2023-010 **	15.252	Abandoned Mine Land Reclamation	A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2022-005)	MNC	ND	DEP	78	133
2023-011 **	15.252	Abandoned Mine Land Reclamation	A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Cash Management of Federal Funds	MNC	None	DEP	80	133
2023-012 **	10.551 10.561 93.558	Supplemental Nutrition Assistance Program (SNAP) Cluster (including COVID-19) Temporary Assistance for Needy Families (including COVID-19)	A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2022-006)	MNC	ND	DHS	82	134

\* - Significant Deficiency

\*\* - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

N/A - Not Applicable

# COMMONWEALTH OF PENNSYLVANIA

## Index to Federal Award Findings and Questioned Costs - June 30, 2023

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2023-013 *	93.558	Temporary Assistance for Needy Families (including COVID-19)	A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the ACF-204 and ACF-196P Reports	NC	None	DHS	85	135
2023-014 *	93.558	Temporary Assistance for Needy Families (including COVID-19)	Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2022-008)	NC	ND	DHS	87	136
2023-015 **	93.667	Social Services Block Grant	A Material Weakness and Material Noncompliance Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant Subrecipients	MNC	ND	DHS	89	136
2023-016 *	93.775 93.777 93.778	Medicaid Cluster (including COVID-19)	A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative (A Similar Condition Was Noted in Prior Year Finding 2022-009)	NC	None	DHS	92	137
2023-017 *	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Inappropriate Privileged Access Granted to Program Personnel	N/A	None	L&I OA-OIT	94	137
2023-018 *	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry's Procedures Related to Period of Performance Requirements	NC	\$8,763	L&I	96	137

\* - Significant Deficiency

\*\* - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

N/A - Not Applicable

# COMMONWEALTH OF PENNSYLVANIA

## Index to Federal Award Findings and Questioned Costs - June 30, 2023

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2023-019 *	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	A Significant Deficiency and Noncompliance Exist Related to the Preparation and Submission of the Quarterly RSA-17 Report	NC	None	L&I OB-OCO	98	138
2023-020 *	21.027	COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	A Significant Deficiency and Noncompliance Exist at the Governor’s Budget Office Related to the Quarterly Project and Expenditure Report	NC	None	OB-GBO	100	138
2023-021 **	93.558	Temporary Assistance for Needy Families (including COVID-19)	A Material Weakness and Material Noncompliance Exist Over the Preparation and Submission of the Quarterly ACF-196R Reports	MNC	None	OB-OCO	102	140
2023-022 *	93.558 93.788	Temporary Assistance for Needy Families (including COVID-19) Opioid STR	A Significant Deficiency and Noncompliance Exist in the Commonwealth’s FFATA Reporting Process (A Similar Condition Was Noted in Prior Year Finding 2022-012)	NC	None	OB-OCO	105	141
2023-023 *	Various	Various ALNs – See Finding	State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient’s Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2022-013)	NC	ND	Various	108	141

\* - Significant Deficiency

\*\* - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

N/A - Not Applicable

# COMMONWEALTH OF PENNSYLVANIA

## Index to Federal Award Findings and Questioned Costs - June 30, 2023

Finding Number	ALN	Assistance Listing Program Name	Finding Title	Compliance Conclusion	Questioned Costs	Impacted State Agency	Finding Page	CAP Page
2023-024 **	Various	Various ALNs – See Finding	A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2022-014)	MNC	ND	Various	112	143

\* - Significant Deficiency

\*\* - Material Weakness

ND - The amount of questioned costs cannot be determined

MNC - Material Noncompliance

NC - Noncompliance

ALN - Assistance Listing Number

CAP - Corrective Action Plan

N/A - Not Applicable

**COMMONWEALTH OF PENNSYLVANIA**

**Matrix of Findings by Federal Agency - June 30, 2023**

Federal Agency	USDA	DOI	TRE	ED	HHS
Prefix	10	15	21	84	93
Finding					
2023-002					X
2023-003					X
2023-004	X				
2023-005	X				
2023-006					X
2023-007					X
2023-008	X				
2023-009					X
2023-010		X			
2023-011		X			
2023-012	X				X
2023-013					X
2023-014					X
2023-015					X
2023-016					X
2023-017				X	
2023-018				X	
2023-019				X	
2023-020			X		
2023-021					X
2023-022					X
2023-023	X				X
2023-024	X			X	X

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Aging

#### Finding 2023 – 002:

#### ALN 93.044, 93.045, and 93.053 – Aging Cluster (including COVID-19)

#### A Material Weakness and Material Noncompliance Exist in the Department of Aging’s Maintenance of Effort Certification Reporting Process

**Federal Grant Number(s) and Year(s):** 2101PAOACM (10/01/2020 – 9/30/2023), 2101PAOAH (10/01/2020 – 9/30/2023), 2201PAOACM (10/01/2021 – 9/30/2023), 2201PAOAH (10/01/2021 – 9/30/2023), 2201PAOASS (10/01/2021 – 9/30/2023), 2301PAOACM (10/01/2022 – 9/30/2024), 2301PAOAH (10/01/2022 – 9/30/2024)

**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Compliance Requirement:** Matching, Level of Effort, Earmarking and Reporting

**Condition:** The Pennsylvania Department of Aging (PDOA) is required to spend at least the average amount of state funds for aging services and administration that it reported as spent under the state plan for these activities for the three previous fiscal years. The amount of state funds expended is subsequently required to be reported to the United States Department of Health and Human Services (HHS) on the Certification of Maintenance of Effort (MOE). Our testing confirmed that PDOA met the state spending requirement for the federal fiscal year (FFY) ended September 30, 2022, for Title III, Parts B and C applicable to the Aging Cluster. However, PDOA did not file the MOE Certification for the FFY ended September 30, 2022, as required. The certification includes other Title III Parts applicable to other, non-Aging Cluster, federal programs.

**Criteria:** 45 CFR Section 1321.49, State agency maintenance of effort, states:

*In order to avoid a penalty, each fiscal year the State agency, to meet the required non-federal share applicable to its allotments under this part, shall spend under the State plan for both services and administration at least the average amount of State funds it spent under the plan for the three previous fiscal years. If the State agency spends less than this amount, the Commissioner reduces the State’s allotments for supportive and nutrition services under this part by a percentage equal to the percentage by which the State reduced its expenditures.*

Per Administration for Community Living reporting instructions, the Certification of Maintenance of Effort (form OMB 0985-0009) is required to be submitted annually by the State agency.

Commonwealth Management Directive 325.12 Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should design control activities to achieve objectives and respond to risk. Management should implement control activities through policies.*

**Cause:** PDOA officials indicated that the MOE Certification was not submitted to HHS due to staff turnover which resulted in an oversight of the reporting requirement.

**Effect:** Since the PDOA did not submit the MOE Certification as required, PDOA is not in compliance with the Level of Effort reporting requirements. In addition, without the required MOE Certification, HHS has no documented assurance that PDOA met the state requirement for the FFY ended September 30, 2022.

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 002: (continued)**

**Recommendation:** We recommend that PDOA implement procedures to ensure the MOE Certification is submitted to HHS at the end of each FFY as required.

**Agency Response:** PDOA agrees with this finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Aging

#### Finding 2023 – 003:

#### ALN 93.044, 93.045, and 93.053 – Aging Cluster (including COVID-19)

#### A Material Weakness and Material Noncompliance Exist in the Department of Aging Related to Subrecipient Monitoring

**Federal Grant Number(s) and Year(s):** 2101PACMC6 (4/01/2021 – 9/30/2024), 2101PAHDC5 (12/27/2020 – 9/30/2023), 2101PAHDC6 (4/01/2021 – 9/30/2024), 2101PAOACM (10/01/2020 – 9/30/2023), 2101PAOAHDC (10/01/2020 – 9/30/2023), 2101PAOANS (10/01/2020 – 9/30/2023), 2101PAOASS (10/01/2020 – 9/30/2023), 2101PAPHC6 (4/01/2021 – 9/30/2024), 2101PASSC6 (4/01/2021 – 9/30/2024), 2101PAVAC5 (4/01/2021 – 9/30/2023), 2201PAOACM (10/01/2021 – 9/30/2023), 2201PAOAHDC (10/01/2021 – 9/30/2023), 2201PAOANS (10/01/2021 – 9/30/2023), 2201PAOASS (10/01/2021 – 9/30/2023), 2201PASTPH (1/01/2022 – 9/30/2024), 2301PAOACM (10/01/2022 – 9/30/2024), 2301PAOAHDC (10/01/2022 – 9/30/2024), 2301PAOANS (10/01/2022 – 9/30/2024), 2301PAOASS (10/01/2022 – 9/30/2024)

**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Compliance Requirement:** Subrecipient Monitoring

**Condition:** Within the Aging Cluster, the Pennsylvania Department of Aging (PDOA) contracts with 52 Area Agency on Aging subrecipients to provide various services that include cares support, preventive health, and nutrition services, among others. Our audit testing disclosed that PDOA did not perform subrecipient monitoring on any of the subrecipients during the fiscal year ended June 30, 2023. The Aging Cluster subrecipients received \$81.0 million out of Aging Cluster Program expenditures totaling \$81.7 million reported on the Schedule of Expenditures of Federal Awards (SEFA).

**Criteria:** 45 CFR Section 1321.11 State agencies policies, states in part:

- (a) *The State agency on aging shall develop policies governing all aspects of programs operated under this part... The State agency is responsible for enforcement of these policies.*
- (b) *The policies developed by the State agency shall address the manner in which the State agency will monitor the performance of all programs and activities initiated under this part for quality and effectiveness.*

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

- (d) *Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*
  - (1) *Reviewing financial and performance reports required by the pass-through entity.*
  - (2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*
  - (3) *Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity...*



# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

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### Finding 2023 – 003: (continued)

(e) *Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:*

*(1) Providing subrecipients with training and technical assistance on program-related matters; and*

*(2) Performing on-site reviews of the subrecipient's program operations;*

*(3) Arranging for agreed-upon-procedures engagements as described in §75.425 (Audit services).*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** While PDOA has subrecipient monitoring procedures in place, PDOA officials indicated that these procedures were not performed for Aging Cluster subrecipients due to staffing shortages.

**Effect:** Without proper subrecipient monitoring, PDOA cannot ensure compliance with grant requirements and federal regulations, including allowable costs and other requirements.

**Recommendation:** PDOA should perform risk based during-the-award monitoring procedures for all Aging Cluster subrecipients to ensure timely compliance with all applicable federal regulations. On-site monitoring visits by state officials should be supported by documentation to show the monitoring performed, areas examined, conclusions reached, and that the monitoring was performed in compliance with applicable regulations.

**Agency Response:** PDOA agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Department of Agriculture**

#### **Finding 2023 – 004:**

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

#### **Controls Over the Accountability of Donated Foods Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2022-010)**

**Federal Grant Number(s) and Year(s):** 231PA305N1099 (10/01/2022 – 9/30/2023), 221PA305N1099 (10/01/2021 – 9/30/2022), 231PA365N8903 (10/01/2022 – 9/30/2024), 221PA365N8903 (10/01/2022 – 9/30/2023)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

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

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

We noted a discrepancy between a processor’s MPR and BFA’s Commodity Inventory Report. We noted the following discrepancy in this reconciliation:

- Our testing of 40 processor MPRs disclosed that for one processor, BFA duplicated a receipt on their Commodity Inventory Report which was prepared from the inventory application.

**Criteria:** The 2023 OMB Uniform Guidance Compliance Supplement, Part 4 – Agency Program Requirements for the CNC Cluster, Special Tests and Provisions – N.2 Accountability for USDA – Donated Foods, states:

#### *a. Maintenance of Records:*

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

7 CFR Section 250.19, Recordkeeping requirements, states:

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

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** PDA management stated that inventory received was erroneously duplicated for the processor indicated above.

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 004: (continued)**

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

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

**Agency Response:** PDA agrees with the facts of the finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Agriculture

#### Finding 2023 – 005:

#### ALN 10.565, 10.568, and 10.569 – Food Distribution Cluster

#### A Significant Deficiency and Noncompliance Exist in Pennsylvania Department of Agriculture Monitoring of Food Distribution Cluster Subrecipients

**Federal Grant Number(s) and Year(s):** 221PA825Y8005 (10/01/2021 – 9/30/2022), 221PA825Y8105 (10/01/2021 – 9/30/2022), 231PA825Y8005 (10/01/2022 – 9/30/2023) 231PA825Y8105 (10/01/2022 – 9/30/2023)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

#### Compliance Requirement: Subrecipient Monitoring

**Condition:** The Pennsylvania Department of Agriculture (PDA), Bureau of Food Assistance (BFA), administers the operations of the Food Distribution Cluster (FDC). During the fiscal year ended June 30, 2023, subrecipient expenditures accounted for \$78.9 million or approximately 95 percent of total federal program expenditures of \$83.3 million.

PDA performs on-site monitoring of subrecipients to ensure compliance with federal program regulations. For the Emergency Food Assistance Program (TEFAP), PDA must perform annual reviews for at least 25 percent of subrecipients who have signed agreements with PDA and no less frequent than once every four years. For the Commodity Supplemental Food Program (CSFP), PDA must perform an on-site review of all subrecipients at least once every two years.

As part of our testing of subrecipient monitoring, we selected nine subrecipients to test PDA's monitoring procedures. We verified that PDA performed monitoring reviews within the required period. Our testing disclosed that PDA failed to monitor one of the 17 CSFP subrecipients in the two-year period from July 1, 2021 through June 30, 2023.

**Criteria:** 7 CFR Section 251.10 (e) (2) regarding TEFAP state monitoring system states:

*Unless specific exceptions are approved in writing by FNS, the State agency monitoring system must include:*

*(i) An annual review of at least 25 percent of all eligible recipient agencies which have signed an agreement with the State agency pursuant to § 251.2(c), provided that each such agency must be reviewed no less frequently than once every four years; and*

*(ii) An annual review of one-tenth or 20, whichever is fewer, of all eligible recipient agencies which receive TEFAP commodities and/or administrative funds pursuant to an agreement with another eligible recipient agency. Reviews must be conducted, to the maximum extent feasible, simultaneously with actual distribution of commodities and/or meal service, and eligibility determinations, if applicable. State agencies must develop a system for selecting eligible recipient agencies for review that ensures deficiencies in program administration are detected and resolved in an effective and efficient manner.*

7 CFR Section 247.34 (a) regarding CSFP management reviews states:

*The State agency must establish a management review system to ensure that local agencies, subdistributing agencies, and other agencies conducting program activities meet program requirements and objectives. As part of the system, the State agency must perform an on-site review of all local agencies, and of all storage facilities utilized by local agencies, at least once every two years. As part of the on-site review, the State agency must evaluate all aspects of program administration, including certification procedures, nutrition education, civil rights compliance, food storage practices, inventory controls, and financial management systems. In addition to conducting on-site reviews, the State agency must evaluate program administration on an ongoing basis by reviewing financial reports, audit reports, food orders, inventory reports, and other relevant information.*

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 005: (continued)**

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.*

**Cause:** PDA management stated that the subrecipient was to be reviewed in April 2023, but due to new staff assigned to the review, management decided to delay the review for a period of one year to April 2024.

**Effect:** When subrecipients are not reviewed timely, subrecipients may continue to operate in noncompliance with program regulations.

**Recommendation:** We recommend that PDA implement procedures necessary to ensure subrecipients are timely monitored in accordance with FDC program regulations.

**Agency Response:** PDA agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Department of Corrections**

#### **Finding 2023 – 006:**

#### **ALN 93.788 – Opioid STR**

#### **A Material Weakness and Material Noncompliance Exist at the Department of Corrections Related to the Review of Opioid Medication Costs**

**Federal Grant Number(s) and Year(s): H79TI083297 (9/30/2020 – 9/29/2023)**

**Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance**

#### **Compliance Requirement: Activities Allowed or Unallowed**

**Condition:** The Pennsylvania Department of Drug and Alcohol Programs (DDAP) administers and monitors funds to provide services for the State Opioid Response Grants (SOR) program. During the fiscal year ended June 30, 2023 the Commonwealth expended \$79,631,874 for the SOR program. An allowable use of SOR funds is to procure medications that provide treatment of opioid disorder and smoking cessation to individuals within the Department of Corrections (DOC) system. To provide these treatment services to DOC, DDAP executed interagency agreements to subgrant funds to the DOC.

The DOC has a contract with a sole pharmaceutical vendor to procure opioid treatment and smoking cessation medications. The DOC processes the invoices which are submitted by the pharmaceutical vendor to procure the medications.

To ensure accurate and cost-effective medication pricing is being billed, DOC relies on the Department of Aging (PDOA) personnel that complete quarterly audits of medication pricing as part of the Pharmaceutical Assistance for the Elderly program. The PDOA quarterly audit reports are PDOA's internal documents and are not typically provided to DOC unless significant anomalies are noted. The DOC does not perform any other independent review and approval of medication prices in which SOR funds are being expended.

During the fiscal year ending on June 30, 2023, we tested the three United States Food and Drug Administration approved medications allowable under the SOR Grants procured by the DOC from the pharmaceutical vendor. Sublocade was one of the allowable medications tested which amounted to purchases totaling over \$10 million for the fiscal year. However, this medication was not included in the PDOA quarterly audits during the fiscal year. The DOC was unable to provide any additional evidence of review or approval of Sublocade pricing.

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

*The non-Federal entity must:*

*(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

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### Finding 2023 – 006: (continued)

2 CFR Section 200.404, Reasonable costs, states:

*A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:*

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.*
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.*
- (c) Market prices for comparable goods or services for the geographic area.*
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.*
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.*

**Cause:** DOC did not implement policies and procedures to ensure billed medication prices are accurate and cost effective.

**Effect:** Without review and validation of the prices, DOC may procure medications at higher rates than necessary or correct which would result in overbilling and improper use of SOR funds.

**Recommendation:** We recommend that DOC implement formal policies and procedures to review and approve procured medications and services.

**Agency Response:** DOC agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Drug and Alcohol Programs

#### Finding 2023 – 007:

#### ALN 93.788 – Opioid STR

#### A Significant Deficiency and Noncompliance Exist at the Department of Drug and Alcohol Programs Related to Submission of Performance Progress Reports

Federal Grant Number(s) and Year(s): H79TI083297 (9/30/2020 – 9/29/2023), H79TI085783 (9/30/2022 – 9/29/2024)

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

#### Compliance Requirement: Reporting

**Condition:** The Pennsylvania Department of Drug and Alcohol Programs (DDAP) is required to submit biannual Performance Progress Reports (PPR) to the United States Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) for the components of State Opioid Response Grants (SOR) program. The PPR reports support the collection of data pertaining to the services provided by the 47 Single County Authorities (SCA) throughout the Commonwealth.

SAMHSA awards Opioid grants to DDAP for the purpose of administration of the SOR program. The SOR program provides SCAs critical funding and support needed to address the opioid epidemic within the Commonwealth. SCAs must provide a variety of services to recipients including but not limited to treatment of opioid disorder, treatment of stimulant disorder, and recovery support services under the Public Health Services Act (42 U.S.C. 300x-21 et seq).

During the fiscal year ended June 30, 2023, DDAP was required to submit year end PPRs for the SOR I and SOR II grants for the period September 30, 2021 through September 29, 2022. In addition, DDAP was required to submit mid-year PPRs for SOR II and SOR III grants for the period September 30, 2022 through March 31, 2023. As the direct recipient of SOR funds, DDAP is responsible for ensuring the timeliness and accuracy of the mid-year and final report submissions. DDAP obtained summary information from the SCAs to compile and submit the PPR reports which contained all required data elements. However, DDAP did not implement policies and procedures to ensure the accuracy of the information reported by the SCAs. Therefore, DDAP was unable to provide supporting documentation for amounts reported by SCAs on the PPR reports or to demonstrate that DDAP had reviewed and verified the accuracy of this information.

**Criteria:** The SOR Program guidance for PPR published by SAMSHA states:

- *Recipients are required to report on their progress addressing the goals and objectives identified in the FOA.*
- *Recipients are required to submit a Mid-Year and Annual Report on the progress achieved, barriers encountered and efforts to overcome these barriers.*

2 CFR Section 200.303, Internal controls, states:

*The non-Federal entity must:*

*(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).*



# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 007: (continued)**

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** DDAP did not implement policies and procedures to ensure the accuracy of information reported by SCAs which was included on the PPRs.

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

**Recommendation:** We recommend that DDAP implement formal policies and procedures to verify the information reported.

**Agency Response:** DDAP agrees with the concern indicated in this finding regarding lack of policies and procedures to ensure the accuracy of information reported by SCAs, which is included on the PPRs. The Department contracts with 47 SCAs through 5-year grant agreements for the provision of prevention, intervention, treatment/treatment-related, and recovery support services throughout the Commonwealth. Each year, DDAP’s Division of Program Monitoring staff monitors all SCAs to assess compliance as well as evaluate the SCA’s performance. Although the Department has developed and implemented an extensive monitoring process as it relates to the SCAs, the process does not include steps to validate the accuracy of information requested from the SCAs for the PPRs as required by SAMHSA for the SOR program. The Department understands the necessity to establish policies and procedures to ensure the accuracy of information reported by SCAs. Going forward, DDAP will develop and implement a plan to validate SCA information being reported and will incorporate this process into the SCA monitoring.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Department of Education**

#### **Finding 2023 – 008:**

#### **ALN 10.558 – Child and Adult Care Food Program**

#### **A Significant Deficiency and Noncompliance Exist in Pennsylvania Department of Education Monitoring of Child and Adult Care Food Program Subrecipients**

**Federal Grant Number(s) and Year(s):** 231PA305N1099 (10/01/2022 – 9/30/2023), 221PA305N1099 (10/01/2021 – 9/30/2022)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

#### **Compliance Requirement: Subrecipient Monitoring**

**Condition:** The Pennsylvania Department of Education (PDE), Division of Food and Nutrition, Bureau of Budget and Fiscal Management, administers the operations of the Child and Adult Care Food Program (CACFP). During the fiscal year ended June 30, 2023, subrecipient expenditures accounted for \$117.9 million or approximately 99 percent of total federal program expenditures of \$119 million. As part of our testing of subrecipient monitoring, we selected 40 subrecipients to test PDE’s monitoring procedures.

PDE performs on-site monitoring of subrecipients to ensure compliance with federal program regulations. The United States Department of Agriculture waived the CACFP monitoring requirement included in 7 CFR Section 226.6 (m) (6) to be conducted on-site through June 30, 2023. However, state agencies that elected to use the waiver were still required to continue monitoring activities of program operations off-site. Independent centers and sponsoring organizations (subrecipients) of one to 100 facilities must be reviewed once every three years, and sponsoring organizations with more than 100 facilities must be reviewed once every two years. PDE uses standardized monitoring reports to document its review of each subrecipient, noting deficiencies and areas for improvement. PDE communicates any deficiencies noted and recommendations to the subrecipient and requires the subrecipient to submit corrective action documents (CAD) to PDE. PDE then reviews and evaluates responses submitted on the CAD for adequacy. 7 CFR Section 226.6 (o) requires PDE to ensure the corrective actions are approved within a time period specified by PDE. Applicable to the current audit period, PDE’s internal procedures in Standard Operating Procedure (SOP) #FS-RS-CACFP-05, state that the review must be closed within 180 days of the exit date. To close an administrative review, PDE must either approve the subrecipient’s response to the CAD or issue a notice of serious deficiency to the subrecipient if acceptable responses to the CAD are not received.

PDE’s responsibility for financial management requires it to have a system in place for monitoring and reviewing subrecipients’ documentation of their nonprofit status. The resource management section of PDE’s monitoring instrument contains steps to ensure the subrecipients have a nonprofit status.

We sampled 40 of PDE’s reviews of subrecipients out of a population of 317 reviews scheduled during program year October 2021 to September 2022. We audited this period because PDE tracks their subrecipient monitoring based on a federal fiscal year basis. We noted the following deficiencies in our monitoring testing:

- For three reviews that were closed by PDE for the program year and had a final determination letter issued, PDE did not close the reviews within the required 180 days. These reviews did not include any complex findings that would have required more time to close. The number of days these reviews were closed beyond 180 days ranged from 28 to 33 days with an average of 30 days.
- For one review completed by PDE for the program year, PDE identified a deficiency, that the sponsor did not maintain a nonprofit status as required; however, the reviewer did not write or issue a CAD to the sponsor. Also, it did not appear that the regional supervisor identified it while processing the review.

# COMMONWEALTH OF PENNSYLVANIA

## *Federal Award Findings and Questioned Costs - June 30, 2023*

### **Finding 2023 – 008: (continued)**

**Criteria:** 7 CFR Section 226.6 (o) regarding child care standards for compliance states:

*The State agency shall, when conducting administrative reviews of child care centers, and day care homes approved by the State agency under paragraph (d)(3) of this section, determine compliance with the child care standards used to establish eligibility, and the institution shall ensure that all violations are corrected and the State shall ensure that the institution has corrected all violations. If violations are not corrected within the specified timeframe for corrective action, the State agency must issue a notice of serious deficiency...*

PDE's CACFP procedures regarding the performance of CACFP reviews of subrecipients, as specified in SOP #FS-RS-CACFP-05, state only that the "Review must be closed by 180 days after exit date." This 180 days includes the issuance of any necessary findings and follow-up on CADs.

7 CFR Section 226.7 (b) (1) (iii) regarding state agency responsibilities for financial management states:

*State agencies must also have a system in place for:*

*Monitoring and reviewing the institutions' documentation of their nonprofit status to ensure that all Program reimbursement funds are used solely for the conduct of the food service operation or to improve food service operations, principally for the benefit of children or adult participants.*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** PDE management does not believe that the agency has a regulatory requirement to specify a time period for closing a review. 7 CFR Section 226 (o) indicates that the state shall ensure the institution has corrected all violations within the specified timeframe. PDE's procedures in SOP #FS-RS-CACFP-05 states that an administrative review must close within 180 days after exit date, which requires PDE to either approve the subrecipient's CAD or issue a notice of serious deficiency, if necessary. However, PDE believes the 180-day requirement is an internal policy and allows for exceptions. PDE management further stated that the delays were due to staffing changes and shortages and failure to issue a CAD for sponsor noncompliance was due to reviewer oversight.

**Effect:** When findings and CADs are not reviewed, approved, and closed by PDE timely, subrecipients may continue to operate in noncompliance with program regulations. Permitting subrecipients to operate in violation of program requirements for extended periods of time increases the likelihood that funds may not be spent for intended purposes or in accordance with program requirements. Furthermore, untimely closure of findings and CADs by PDE increases the likelihood that individuals served by the program are not receiving the benefits that are paid for with CACFP funds.

PDE's failure to ensure sponsors are operating in a nonprofit status can result in subrecipients operating in noncompliance with program regulations where program reimbursement funds may be used for non-food service operations.

**Recommendation:** We recommend that PDE management increase its review and oversight efforts. PDE should implement procedures necessary to ensure subrecipients are timely monitored, and monitoring findings and CADs are prepared, presented, and timely followed up on in accordance with CACFP program regulations.

**Agency Response:** PDE disagrees with the portion of the finding as it pertains to timeliness of closing review and agrees with the portion of the finding that pertains to a sponsor who was not provided a CAD in response to an identified deficiency.

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 008: (continued)**

**Auditors' Conclusion:** As stated in the criteria above, we believe 7 CFR Section 226.6 (o) clearly states that the state agency must establish a specified timeframe for ensuring subrecipient corrective action has taken place. PDE's SOP #FS-RS-CACFP-05 states the period is 180 days to close a review. The finding remains as stated.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Education

#### Finding 2023 – 009:

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

**A Significant Deficiency and Noncompliance Exist in the Review and Approval of Subrecipient Education Leading to Employment and Career Training Expenditure Reports by the Pennsylvania Department of Education**

**Federal Grant Number(s) and Year(s):** 2301PATANF (10/01/2022 – 9/30/2023), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Compliance Requirement:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles

**Condition:** The Pennsylvania Department of Human Services (DHS) and the Pennsylvania Department of Education (PDE) have worked collaboratively to assist expectant and parenting youth through an initiative called Education Leading to Employment and Career Training (ELECT). ELECT works with expectant and parenting youth who qualify for assistance through Temporary Assistance for Needy Families (TANF), or are otherwise income-eligible, to support their continuation of or return to school to complete their secondary education. ELECT programs are operated by Local Education Agencies (LEA) that consist of school districts and Intermediate Units (IU). During the fiscal year ended June 30, 2023, PDE passed funding through to 27 LEAs for the operation of ELECT programs.

TANF ELECT program payments made by PDE to its 27 subrecipients during the fiscal year ended June 30, 2023 were \$14.1 million, or 3.1 percent of total TANF expenditures of \$455.7 million reported on the June 30, 2023 Schedule of Expenditures of Federal Awards.

As part of our testing of subrecipient expenditures, we selected three subrecipient expenditure reports to test PDE's procedures for processing subgrantee requests for reimbursement. Our testing found that for one of the three ELECT Expenditure Reports selected for testing, the expenditure report was not certified by an authorized subgrantee official.

**Criteria:** 2 CFR Section 200.415, Required certifications, states:

*Required certifications include:*

- (a) *To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."*

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 009: (continued)

2 CFR Section 200.303, Internal controls, states:

*The non-Federal entity must:*

- (a) *Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).*

45 CFR Section 75.352, applicable to TANF states:

*All pass-through entities must:*

- (d) *Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.*

Management Directive 325.12 Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

PDE’s *Education Leading to Employment and Career Training (ELECT) Operational Guidelines* states in part:

*Authorized Signature: An authorized signature is required on expenditure reports for grants with federal funds. The authorized signatory is taking responsibility for the federal funds; make sure that someone of authority is signing the report. It will not be processed without the signature.*

**Cause:** Although PDE requires subrecipients to utilize an ELECT Expenditure Report template that includes a box for an authorized subgrantee signatory to sign which states:

*By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).*

PDE’s review did not detect that the expenditure report was not certified by an authorized subgrantee official.

PDE did not follow their written operational guidelines which state that PDE should ensure that someone of authority is signing the report and that the expenditure report will not be processed without the signature.

PDE management indicated that they monitor subrecipients and request backup documentation for expenditures listed in the requests for reimbursement; however, without subrecipient certifications only limited assurance of the allowability of the activities and costs for which the subrecipient was requesting reimbursement can be obtained.

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 009: (continued)**

**Effect:** Without appropriate certifications, PDE cannot be assured that subrecipient expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets. Further, the subrecipient noted in the condition above may have received unallowable cost reimbursements from the TANF program. PDE is not in compliance with federal regulations relating to required certifications, and a significant deficiency exists. If not corrected, the processing of expenditure reports without certifications could result in the reimbursement of unallowable costs and result in future grant awards being reduced.

**Recommendation:** PDE should strengthen its procedures and controls to ensure that required certifications are obtained prior to passing funding through to subrecipients. Further, PDE should request that subgrantees resubmit any expenditure reports from which the required certifications were missing.

**Agency Response:** PDE agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Environmental Protection

#### Finding 2023 – 010:

##### ALN 15.252 – Abandoned Mine Land Reclamation

#### A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2022-005)

Federal Grant Number(s) and Year(s): S22AF00017 (1/01/2022 – 12/31/2024), S21AF10015 (1/01/2021 – 12/31/2023), S20AF20092 (10/01/2020 – 9/30/2023), S20AF20006 (1/01/2020 – 12/31/2022), S19AF20004 (12/01/2018 – 11/30/2023), S18AF20004 (11/01/2017 – 10/31/2023)

Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

#### Compliance Requirement: Subrecipient Monitoring

**Condition:** The Department of Environmental Protection (DEP) administers the Abandoned Mine Land Reclamation (AMLR) program funded by the United States Department of the Interior (DOI). During the fiscal year ended June 30, 2023, DEP expended \$60,055,889 within the AMLR program, of which \$6,478,271 was paid to 16 subrecipient entities to provide abandoned mine land reclamation repairs and services throughout Pennsylvania. Up until the fiscal year ended June 30, 2022 timeframe, DEP considered these entities to be contractors and not subrecipients. However, once the entities were determined to be subrecipients, DEP began implementing procedures to ensure federal monitoring requirements were met to include on-site monitoring of subrecipient projects with signed Grant Manager monitoring report forms evidencing visit results. DEP also implemented subrecipient requirements of minimum quarterly Work Progress Reports and annual subrecipient Financial and Performance Reports. Our testing found these procedures were not implemented fully nor timely to ensure compliance throughout the fiscal year ended June 30, 2023.

For a sample of six of the sixteen subrecipients, we reviewed relevant project correspondence and documentation to determine if DEP adequately monitored subrecipient projects and documented the results in accordance with procedures. Our testing found three of the six had sufficient documentation of on-site visits evidencing DEP oversight of the projects. However, only one included the subrecipient Work Progress Report and DEP manager signed monitoring report form; both required per DEP procedures. Due to the timing of procedure implementation, no subrecipient Financial and Performance Reports were submitted during the period. One of the six tested had project deficiencies. Sufficient evidence was available to show appropriate DEP follow-up and resolution.

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

**Criteria:** As part of administering the AMLR program, DEP must have policies, procedures, and controls in place to ensure compliance with federal requirements regarding pass-through entity monitoring of subrecipients.

2 CFR Section 200.332, Requirements for pass-through entities, states in part:

*All pass-through entities must:*

*(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*

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



# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 010: (continued)

- (2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.*
- (3) *Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 [Management decision].*

*(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:*

- (1) Providing subrecipients with training and technical assistance on program-related matters; and*
- (2) Performing on-site reviews of the subrecipient's program operations;*
- (3) Arranging for agreed-upon-procedures engagements as described in §200.425 [Audit services].*

The standard contract agreement between DEP and the local grantee states, in part:

*Audit/Compliance Review Requirements - The contractor must comply with all applicable federal and state grant requirements including the Single Audit Act Amendments of 1996; 2 CFR Part 200 as amended; and any other applicable law or regulation, and any amendment to such other applicable law or regulation that may be enacted or promulgated by the federal government.*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** Once the determination was made that the contracts with these entities represented subrecipient agreements, DEP began implementing control procedures to ensure federal requirements were met and adequately documented. However, due to the transition time needed for implementation, we found these procedures were not fully or consistently implemented during the audit period.

**Effect:** Without sufficient subrecipient monitoring, DEP cannot ensure compliance with federal statutes, regulations, and the terms and conditions of the subrecipient agreements. In addition, DEP cannot confirm that subrecipients are performing satisfactory work, ensure the efficient use of program resources, and minimize the risk for fraud and abuse. Completing on-site monitoring activities consistently and as designed is essential for DEP to determine whether the subrecipients are complying with federal regulations and spending grant funds appropriately.

**Recommendation:** We recommend DEP continue to implement their written procedures for performing during-the-award subrecipient monitoring to ensure timely subrecipient compliance with federal regulations. On-site monitoring visits by DEP Grant Managers should be supported by documentation to show the monitoring performed, areas examined, conclusions reached, and that the monitoring was performed in compliance with applicable regulations.

**Agency Response:** DEP agrees with the facts presented in this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Department of Environmental Protection**

#### **Finding 2023 – 011:**

#### **ALN 15.252 – Abandoned Mine Land Reclamation**

#### **A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Cash Management of Federal Funds**

**Federal Grant Number(s) and Year(s): S21AF10050 (6/01/2021 – 5/31/2024)**

**Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance**

**Compliance Requirement: Cash Management**

**Condition:** The Department of Environmental Protection (DEP) administers the Abandoned Mine Land Reclamation (AMLR) program funded by the United States Department of the Interior (DOI). During the fiscal year ended June 30, 2023, DEP expended \$60,055,889 within the AMLR program, \$8,900,470 or 14.8% of which was transferred to the Commonwealth Department of General Services (DGS) on July 6, 2022. DEP signed a Letter of Commitment (LOC) with DGS agreeing to transfer the funds as partial funding of a Capital Budget project for a third-party contractor to construct a new Acid Mine Drainage treatment facility estimated to cost approximately \$26 million. Once transferred to DGS, these federal funds were combined with state Capital Budget funds and encumbered until project contractor payments began later in the fiscal year.

Our review of transaction dates disclosed that DEP drew down \$8,900,470 of AMLR federal funds on July 8, 2022; however, contractor payments did not begin until November 2022. A total of \$9.1 million in contract payments were expended by the Commonwealth between November 2022 and June 30, 2023 fiscal year end. Therefore, DEP did not adequately limit the time between the drawdown of federal funds and the Commonwealth's need for those funds, resulting in noncompliance with federal cash management regulations.

**Criteria:** As part of administering the AMLR program, DEP must have policies, procedures, and controls in place to ensure compliance with federal cash management requirements and regulations.

2 CFR Section 200.305 (a), Federal Payment for pass through entities, states in part:

*a) For states, payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205.*

31 CFR Section 205.33 (a) states in part:

*(a) A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees...*

Commonwealth Management Directive 325.12 Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 011: (continued)**

*Management should design control activities to achieve objectives and respond to risk. Management should implement control activities through policies.*

**Cause:** DGS has sole oversight of Capital Budget projects, one of which was partially funded by AMLR funds under the LOC between DEP and DGS. To have funds available for timely contract award, it is DGS practice to bill the agency for the entirety of the funds committed, including federal funds in this case, when a LOC is executed. Once transferred from the agency, funds are encumbered and held until project contractor payments are made. DEP did not have procedures in place to minimize the time between the drawdown of federal funds and their disbursement by DGS for project purposes.

**Effect:** DEP did not minimize the time elapsing between the drawdown of \$8,900,470 in AMLR funds and the actual need for the funds, resulting in noncompliance with federal cash management regulations.

**Recommendation:** We recommend DEP implement policies and procedures when a LOC is executed for any future Capital Budget projects to minimize the time federal funds are held by the Commonwealth.

**Agency Response:** DEP agrees with the facts presented in this finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Department of Human Services**

#### **Finding 2023 – 012:**

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

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

#### **A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2022-006)**

**Federal Grant Number(s) and Year(s):** 221PA405S2514 (10/01/2021 – 9/30/2022), 231PA405S2514 (10/01/2022 – 9/30/2023), 1701PATANF (10/01/2016 – 9/30/2017), 2101PATANF (10/01/2020 – 9/30/2021), 2101PATANFC6 (10/01/2020 – 9/30/2022), 2201PATANF (10/01/2021 – 9/30/2022), 2301PATANF (10/01/2022 – 9/30/2023)

**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Compliance Requirement:** Special Tests and Provisions related to EBT Card Security

**Condition:** During our audit of the Supplemental Nutrition Assistance Program (SNAP) administered by the Department of Human Services (DHS), we evaluated the security over Electronic Benefits Transfer (EBT) cards, which includes both the physical security of EBT cards during the issuance process at County Assistance Offices (CAO), as well as the handling of EBT cards returned from the United States Postal Service as undeliverable, or those that have been lost or stolen. EBT cards are the method by which SNAP benefit payments are made available to recipients. Also, EBT cards are the primary method by which cash and special allowance benefit payments are made available to Temporary Assistance for Needy Families (TANF) recipients. Total benefit expenditures for SNAP for the fiscal year ended June 30, 2023 totaled \$5.5 billion. Total benefit expenditures for TANF for the fiscal year ended June 30, 2023 totaled \$116.8 million.

Fourteen of the 87 CAO and district locations that issued EBT cards were selected for site testing in the current audit period. During our testing of the physical security over EBT cards, we noted exceptions at ten CAO and district locations selected for testing. These exceptions included the following:

- 1) The master list of cardmakers and pinners maintained by the EBT Project Office did not reconcile to the list provided by a CAO (1 location);
- 2) The Roles/Permissions Report from the EBT Card Tracking Database provided by the EBT Project Office and CAO/district offices did not reconcile (1 district office and 5 CAO locations);
- 3) EBT cards were created outside of the hours of operations (1 district office and 1 CAO location);
- 4) Failure to perform the following:
  - Completion of the witness fields on a Ribbon Log (1 CAO location);
  - Create adequate written internal procedures for EBT Security for over-the-counter card mailings (1 district office);
  - Ensure that coverage for card pinning is available until 5:00 PM each business day (2 locations);
  - Enter EBT cards into the EBT Card Tracking Database at the same time that the card Primary Account Number (PAN) is created in the Electronic Payment Processing and Information Control (EPPIC) system (1 CAO location);
  - Maintain adequate security of EBT cards (1 district office);
  - Maintain adequate security of pinning device (1 district office);
  - Maintain adequate security of EBT card printing device (1 district office);

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 012: (continued)

- Maintain operational efficiency due to only having one PIN Select Device (1 CAO location);
- Maintain Form HS 764 in the case record after the EBT card is created (1 CAO location);
- Maintain an EPPIC EBT Systems Application form (1 CAO location);
- Proper completion of the EPPIC EBT Systems Application form; the form requested the user be granted an EPPIC Admin role (inquiry-only access) as well as a PIN Select User role (1 CAO location);
- Timely enter a shipment received into the EBT Card Tracking Database (1 CAO location); and
- Timely completion and submission of the EPPIC EBT Systems Application forms to the Office of Income Maintenance (OIM) EBT Security (1 district office and 3 CAO locations).

Forty of the 261 business days in the current audit period were selected to test the handling and destruction of returned EBT cards. During our testing of the handling and destruction of returned EBT cards, we noted exceptions on one of the 40 business days selected for testing. These exceptions included the following:

- 1) Failure to properly complete the EBT Headquarters Card Destruction Log. The "Approved by the Project Officer" column of the EBT Headquarters Card Destruction Log was signed and dated by the supervisor one day after the "Cards Destroyed by" column was signed and dated by the clerk. The cards were destroyed prior to the review/approval by the supervisor.
- 2) Failure to properly complete the EBT Headquarters Card Destruction Log. The "Number of Cards Received by the Project Officer" column of the EBT Headquarters Card Destruction Log was not completed by the supervisor.

**Criteria:** The 2023 OMB Uniform Guidance Compliance Supplement, Part 4 – Agency Program Requirements for the SNAP Cluster, Special Tests and Provisions – N.3 EBT Card Security, states:

*The state is required to maintain adequate security over, and documentation/records for, EBT cards to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR Section 274.8(b)(3)).*

7 CFR Section 274.5, Record retention and forms security, states:

*(c) Accountable Documents.*

*(1) EBT cards shall be considered accountable documents. The State agency shall provide the following minimum security and control procedures for these documents:*

- i. Secure storage;*
- ii. Access limited to authorized personnel;*
- iii. Bulk inventory control records;*
- iv. Subsequent control records maintained through the point of issuance or use; and*
- v. Periodic review and validation of inventory controls and records by parties not otherwise involved in maintaining control records.*

45 CFR Section 75.302 applicable to TANF states:

*(b) The financial management system of each non-Federal entity must provide for the following (see also §75.361, 75.362, 75.363, 75.364, and 75.365):*

- (4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §75.303.*

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 012: (continued)**

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** Established policies and procedures were not followed consistently across CAO and district locations, which resulted in ineffective internal controls over EBT card security.

**Effect:** Without adequate security controls over EBT cards, there exists the possibility of misappropriation and/or abuse.

**Recommendation:** We recommend that DHS monitor EBT card security at CAO and district locations on a regular basis to improve consistency in the execution of documented policies and procedures.

**Agency Response:** DHS agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Human Services

#### Finding 2023 – 013:

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

#### A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the ACF-204 and ACF-196R Reports

**Federal Grant Number(s) and Year(s):** 2301PATANF (10/01/2022 – 9/30/2023), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 1801PATANF (10/01/2017 – 9/30/2018), 1701PATANF (10/01/2016 – 9/30/2017)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

#### Compliance Requirement: Reporting

**Condition:** The Pennsylvania Department of Human Services (DHS) is required to file the ACF-204, *Annual Report including the Annual Report on State Maintenance-of-Effort Programs* (ACF-204 Report) each federal fiscal year with the United States Department of Health and Human Services, Administration for Children and Families (ACF). The ACF-204 Report contains information on the Temporary Assistance for Needy Families (TANF) program and the State's Maintenance-of-Effort (MOE) programs for that year. DHS is also required to file the ACF-196R, *State TANF Financial Report* (ACF-196R Report) quarterly with ACF, 45 days after each quarter of the fiscal year. The quarterly ACF-196R Reports reflect expenditures cumulative through that quarter for the federal fiscal year for each open grant award and includes MOE expenditures. The sum of the MOE expenditure amounts claimed on the annual ACF-204 Report should equal the total MOE expenditure amounts claimed on the state's 4<sup>th</sup> quarter ACF-196R Report. However, when we reviewed the ACF-204 Report and the 196R-Report filed for September 30, 2022 the reported MOE expenditures did not agree.

We determined the ACF-204 Report was inaccurate because edits were made to the ACF-196R Report after submission to ACF and the edits were not updated on the ACF-204 Report. The ACF-204 Report is prepared by DHS program personnel and the ACF-196R Report is prepared by the Office of Comptroller's Operations (OCO). The ACF-196R Report originally submitted in November 2022 had been revised and resubmitted in March 2023. We noted the following differences between the total state MOE expenditure amounts reported on the two reports:

	Amount Reported on Original QE 9/30/22 (Annual) ACF-204 Report	Amount Reported on Revised QE 9/30/22 ACF-196R	Difference
Line 6a	\$ 2,847,183	\$ 2,845,709	\$ 1,474
Line 11	498,399,968	497,837,027	562,941
Line 15	173,264	172,064	1,200
Line 18 and Line 21	16,156,593	12,741,958	3,414,635
			<u>\$3,980,250</u>

The MOE expenditure amounts reported on the original ACF-204 Report were overstated by a total of \$3,980,250. Although the ACF-196R Report had been revised in March 2023, there was no subsequent revision to the ACF-204 Report to correct the MOE line items.

After our 2023 audit inquiry, DHS program personnel subsequently revised and resubmitted the report to ACF in September 2023 with the correct MOE expenditure amounts.

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 013: (continued)

In addition, our procedures disclosed that the ACF-196P Report (TANF Pandemic Emergency Assistance Fund Report) was submitted late. The ACF-196P Report was due December 29, 2022, but was not submitted until January 6, 2023.

**Criteria:** 45 CFR Section 265.9 (a) states:

*Each State must file an annual report containing information on the TANF program and the State's MOE programs for that year.*

TANF-ACF-PI-2001-06, *Clarification on Completing the Annual Reports on TANF Programs (Attachment A) and State Maintenance-of-Effort (MOE) Programs (Form ACF-204) (Attachment B)* issued by ACF, recommends that State program and fiscal staff coordinate their efforts to complete the ACF-204 information. The sum of the MOE amounts claimed in this report should equal the total MOE amounts claimed under all programs on the State's 4th quarter financial reporting form ACF-196 Report.

Management Directive 325.12, *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

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

*Management should externally communicate the necessary quality information to achieve the entity's objectives.*

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

Pursuant to section 403(c) of the Social Security Act, states must use the ACF-196P form to report TANF PEAFF (Pandemic Emergency Assistance Fund) expenditure data. TANF-ACF-PI-2021-08, *Program Instructions for the Completion of the TANF Financial Form ACF-196P for the Pandemic Emergency Assistance Fund*, states that each grantee must submit completed ACF-196P forms to ACF within 90 days of the end of each federal fiscal year, that is, the quarter ending (QE) September 30. Reports for the PEAFF awards for QE September 30, 2022 were due December 29, 2022.

**Cause:** The ACF-204 Report overstatement was discovered as a result of auditor inquiry. Although OCO personnel communicated that a revised ACF196R Report was filed, program personnel did not recognize the need to revise the ACF-204 Report.

Regarding the untimely filing of the ACF-196P Report, DHS asked OCO to request an extension as DHS was waiting for guidance from ACF to finalize accounting and close out the grant. The grant must be closed before OCO can prepare and file the final report. However, ACF did not grant the extension.

**Effect:** Inaccuracies on the ACF-204 Report, could lead to the federal government's inability to determine if the Commonwealth met its MOE requirements for the fiscal year. Furthermore, inaccurate reporting on the ACF-204 Report and untimely reporting of the ACF-196P Report could subject the Commonwealth to penalties.

**Recommendation:** We recommend that program personnel coordinate with OCO personnel to ensure the MOE amounts reported in the ACF-204 Report are correct and equal the form ACF-196R amounts, the ACF-196P is submitted timely, and that federal reports are in compliance with federal requirements.

**Agency Response:** DHS agrees with this finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**



# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Human Services

#### Finding 2023 – 014:

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

**Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2022-008)**

**Federal Grant Number(s) and Year(s):** 2301PATANF (10/01/2022 – 9/30/2023), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 1801PATANF (10/01/2017 – 9/30/2018), 1701PATANF (10/01/2016 – 9/30/2017)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Compliance Requirement:** Subrecipient Monitoring

**Condition:** During the fiscal year ended June 30, 2023, the Department of Human Services (DHS) paid \$82.4 million in Temporary Assistance for Needy Families (TANF) funding to subrecipients within the New Directions, Cash Grants, and Alternatives to Abortion appropriations (or 18.1 percent) out of total federal TANF expenditures of \$455.7 million reported on the June 30, 2023 Schedule of Expenditures of Federal Awards.

Our testing of DHS's during-the-award monitoring of subrecipients for the fiscal year ended June 30, 2023 disclosed that DHS performed on-site monitoring for 13 out of 14 subrecipients selected for testing. The on-site monitoring that was performed consisted of reviews of program operations including design, data entry accuracy and timeliness, case management analysis, and program payment performance goals. The on-site monitoring also included a review of a sample of TANF recipient case files to ensure that the recipients' TANF activities were documented and accurately entered in the Commonwealth's Workforce Development System. However, DHS's monitoring procedures for the 13 subrecipients were not adequate as they did not include a review or monitoring of subrecipient financial records, which would provide an assessment of a subrecipient's compliance with applicable federal regulations. Although DHS's monitoring procedures include reviewing subrecipient completed questionnaires for selected subrecipients that had questions related to financial matters, DHS's monitoring personnel did not review subrecipient financial records. For example, DHS did not perform procedures to ensure subrecipient invoices agreed to the books and records of the subrecipient and that the records were adequate to support the allowability of costs paid by DHS during the award period. In addition, DHS's monitoring procedures did not include an evaluation of the operating effectiveness of DHS subrecipients' procedures to monitor Single Audits and any related findings.

Our testing of the 14 subrecipients noted above included follow up on one subrecipient identified in the prior year finding as not being on-site monitored by DHS when the risk assessment warranted on-site monitoring. Our follow-up during the current audit period disclosed that DHS did not conduct on-site monitoring for this subrecipient during the fiscal year ended June 30, 2023. Since the on-site monitoring was not completed, internal control weaknesses, noncompliance, and questioned costs may have existed and remained undetected during the current audit period. This subrecipient received \$1 million of TANF funds during the fiscal year ended June 30, 2023.

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

*All pass-through entities must:*

*(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*

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

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 014: (continued)

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 75.521 [Management decision].

2 CFR Section 200.332, Requirements for pass-through entities, states in part:

All pass-through entities must:

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters;

(2) Performing on-site reviews of the subrecipient's program operations; and

(3) Arranging for agreed-upon-procedures engagements as described in §200.425 [Audit services].

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** DHS provided new during-the-award monitoring procedures to be used for the on-site monitoring of subrecipients, but these procedures were not in place for monitoring conducted during the fiscal year ended June 30, 2023. Therefore, DHS has not implemented adequate during-the-award monitoring procedures of subrecipients to include testing of the financial records and the subrecipients' monitoring of Single Audits sufficient to ensure compliance with federal regulations.

Regarding the one subrecipient for which on-site monitoring was not completed, DHS personnel stated that they worked to obtain the necessary documentation to complete the on-site monitoring. However, the subrecipient had not cooperated. The grant agreement with the subrecipient expired on December 31, 2023 and the subrecipient has stopped all contact with DHS.

**Effect:** TANF subrecipients could be operating in noncompliance with federal regulations without timely detection and correction by DHS management.

**Recommendation:** DHS should strengthen its controls to ensure during-the-award monitoring of TANF subrecipients includes procedures to ensure that subrecipients are in compliance with applicable federal regulations. This should include examining subrecipients' financial records and ensuring that all required Single Audits were obtained by DHS subrecipients.

**Agency Response:** DHS agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Human Services

#### Finding 2023 – 015:

#### ALN 93.667 – Social Services Block Grant

#### A Material Weakness and Material Noncompliance Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant Subrecipients

**Federal Grant Number(s) and Year(s):** 2301PASOSR (10/01/2022 – 9/30/2024), 2201PASOSR (10/01/2021 – 9/30/2023), 2101PASOSR (10/01/2020 – 9/30/2022)

**Type of Finding:** Material Weakness in Internal Control over Compliance, Material Noncompliance

**Compliance Requirements:** Cash Management, Subrecipient Monitoring

**Condition:** Our examination of the Department of Human Services' (DHS) procedures for monitoring Social Services Block Grant (SSBG) subrecipients revealed that DHS did not adequately monitor the SSBG Mental Health, Homeless Services, Child Welfare, Domestic Violence, Rape Crisis, Legal Services, and Family Planning subrecipients to ensure that SSBG awards are used in compliance with laws and regulations, which include allowable costs, period of performance, and other requirements. The inadequately monitored subrecipients received \$41.0 million (or approximately 44 percent) of total SSBG program expenditures of \$92.7 million reported on the Schedule of Expenditures of Federal Awards (SEFA). While we did note that DHS adequately monitored six of the 55 Mental Health County/County Joinder subrecipients which included Mental Health, Homeless Services and Child Welfare services, this coverage is not adequate. In addition, our review of the risk assessments completed for all of the aforementioned subrecipients identified several instances where subrecipient monitoring was warranted but was not conducted. No monitoring was performed on the Domestic Violence, Rape Crisis, Legal Services and Family Planning subrecipients.

In addition, for the compliance requirement related to cash management, we noted that DHS advanced funds to SSBG subrecipients in four of nine program areas, representing \$34.0 million (or approximately 37 percent) of SSBG program expenditures, without adequately monitoring the reasonableness of the subrecipient cash balances. In particular, for the program areas related to Mental Health, Intellectual Disabilities, Homeless Services, and Child Welfare, DHS advanced funds to subrecipients on a quarterly basis. Our inquiries with applicable DHS program administrators disclosed that DHS did not adequately monitor the four program areas' subrecipients for cash management compliance either at the time of payment or at any other time during the fiscal year ended June 30, 2023.

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

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

*(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*

- (1) Reviewing financial and performance reports required by the pass-through entity.*
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity...*

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 015: (continued)

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;
- (3) Arranging for agreed-upon-procedures engagements as described in §75.425 (Audit services).

45 CFR Section 75.305(b)(1), applicable to payments to subrecipients, states in part:

*...Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** DHS management indicated that risk assessment and monitoring documents were created for use during on-site monitoring of SSBG subrecipients. However, due to staffing issues, on-site monitoring was not performed for all SSBG subrecipients.

Consistent with prior year audits, DHS management noted that there have been no changes to the payment methodology for the Homeless Services, Mental Health, Intellectual Disabilities, and Child Welfare components of SSBG. These programs provide subrecipients with advances to comply with Commonwealth law and also to ensure that adequate funds are available to provide services to participants on a timely basis. DHS officials believe that their in-house payment review procedures for the SSBG program are as efficient as administratively feasible and that controls exist in each of the program areas. Without on-site program monitoring visits by funding agency officials, we consider DHS's limited in-house reviews of subrecipient status reports or other documents to be insufficient to detect potential subrecipient noncompliance, including excess cash violations. DHS does not adjust payments to the subrecipients based on in-house reviews.

**Effect:** Since DHS does not adequately perform during-the-award monitoring of subrecipients, including the monitoring of subrecipient cash on hand, subrecipients may not be complying with applicable grant requirements and federal regulations, including cash management standards.

**Recommendation:** DHS should perform risk based during-the-award monitoring procedures and risk assessments for all SSBG subrecipients to ensure timely compliance with all applicable federal regulations. On-site monitoring visits by state officials should be supported by documentation to show the monitoring performed, areas examined, conclusions reached, and that the monitoring was performed in compliance with applicable regulations.

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 015: (continued)**

As recommended in previous Single Audits and supported by the United States Department of Health and Human Services, DHS should either consider changing their current subrecipient payment procedures from advancement basis to reimbursement basis or establish procedures to adequately monitor subrecipient cash on hand to ensure it is limited to immediate needs, but no longer than one month. The implementation and strengthening of these controls should provide DHS with reasonable assurance as to compliance with cash management requirements at the subrecipient level.

**Agency Response:** DHS agrees with this finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Department of Human Services

#### Finding 2023 – 016:

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

A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative (A Similar Condition Was Noted in Prior Year Finding 2022-009)

Federal Grant Number(s) and Year(s): 2205PA5MAP (10/01/2022 – 9/30/2023), 2205PA5ADM (10/01/2022 – 9/30/2023), 2105PA5MAP (10/01/2021 – 9/30/2022), 2105PA5ADM (10/01/2021 – 9/30/2022)

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Compliance Requirement: Special Tests and Provisions related to the Medicaid National Correct Coding Initiative (NCCI)

**Condition:** The Pennsylvania Department of Human Services (DHS) is required by the United States Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), to implement six required Medicaid NCCI methodologies. These methodologies include procedure-to-procedure and medically unlikely edits of Medicaid fee-for-service claims submitted for processing through DHS's PROMISE system to ensure that only proper payments of Medicaid procedures are reimbursed. As part of this process, DHS is required to download quarterly NCCI edit tables from CMS which are subsequently uploaded into PROMISE by DHS's PROMISE vendor.

During the fiscal year ended June 30, 2023, DHS did not ensure that its contract and amendments with the PROMISE vendor included one of the seven elements of the NCCI Confidentiality Agreement required by the *HHS/CMS Medicaid NCCI Technical Guidance Manual*. The one element missing was:

- *Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the secure RISSNET portal.*

**Criteria:** Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

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

The *HHS/CMS Medicaid NCCI Technical Guidance Manual, Section 7.1.2, Sharing of State Medicaid NCCI Edit Files by States with Other Entities*, states in part:

*A state Medicaid agency may share these quarterly state Medicaid NCCI edit files which are posted on the secure RISSNET [Regional Information Sharing System Network] portal with the contracted fiscal agent that processes its FFS [fee-for-service] claims or with any of its contracted Medicaid managed-care entities that is using the Medicaid NCCI methodologies in its processing of claims or encounter data, if appropriate confidentiality agreements are in place.*

The *HHS/CMS Medicaid NCCI Technical Guidance Manual, Section 7.1.3, Confidentiality Agreements Requirements for Contracted Parties*, states:

*At a minimum, the following elements must be included in the confidentiality agreements for any contracted party using the Medicaid NCCI files posted on the secure RISSNET portal:*

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

# COMMONWEALTH OF PENNSYLVANIA

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## *Federal Award Findings and Questioned Costs - June 30, 2023*

### **Finding 2023 – 016: (continued)**

*After the start of the new calendar quarter, a contracted party may disclose only non-confidential information contained in the Medicaid NCCI edit files that is also available to the general public found on the NCCI Medicaid webpage.*

*The contracted party agrees to use any non-public information from the quarterly state Medicaid NCCI edit files only for any business purposes directly related to the implementation of the Medicaid NCCI methodologies in the particular state.*

*New, revised, or deleted Medicaid NCCI edits shall not be published or otherwise shared with individuals, medical societies, or any other entities unless it is a contracted party prior to the posting of the Medicaid NCCI edits on the NCCI Medicaid webpage.*

*Implementation of new, revised, or deleted Medicaid NCCI edits shall not occur prior to the first day of the calendar quarter.*

*Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the secure RISSNET portal.*

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

**Cause:** In amendments in 2022 and 2023, DHS personnel added six of the seven confidentiality agreement elements required by the *HHS/CMS Medicaid NCCI Technical Guidance Manual* to the PROMISE vendor contract amendment but did not add the remaining one element in the 2023 amendment. DHS believed the 2023 amendment along with the existing contract included all of the missing elements.

**Effect:** Since DHS did not ensure one of the seven elements of the required NCCI confidentiality agreement was included in its contract with the PROMISE vendor, DHS was not in compliance with federal regulations.

**Recommendation:** DHS should ensure the one missing element of the required NCCI confidentiality agreement is included in an amendment to its contract with the PROMISE vendor.

**Agency Response:** DHS agrees with this finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

**Department of Labor and Industry  
Office of Administration – Office for Information Technology – Employment, Banking and  
Revenue Delivery Center**

### **Finding 2023 – 017:**

#### **ALN 84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States**

##### **Inappropriate Privileged Access Granted to Program Personnel**

**Federal Grant Number(s) and Year(s): – H126A220056 (10/01/2020 – 9/30/2021), H126A230056 (10/01/2021 – 9/30/2022), H126A230056 (10/01/2022 – 9/30/2023)**

**Type of Finding: Significant Deficiency in Internal Control over Compliance**

**Compliance Requirement: Other**

**Condition:** As part of testing internal controls over the Vocational Rehabilitation Grants to States program, we performed certain tests of information technology (IT) general controls over a computer application used by the Department of Labor and Industry, Office of Vocational Rehabilitation (OVR) and supported by the Office of Administration – Office for Information Technology (OA-OIT) – Employment, Banking and Revenue (EBR) Delivery Center. During our testing we noted that an inappropriate application administrator role was assigned to 19 users who did not require the role to perform their job duties.

Details of this issue have been provided to OVR and the EBR Delivery Center for corrective action.

**Criteria:** Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*.

- Green Book Principle 11 – Design Activities for the Information System, states in part:
  - *11.12 Management designs control activities over access to protect an entity from inappropriate access and unauthorized use of the system. These control activities support appropriate segregation of duties. By preventing unauthorized use of and changes to the system, data and program integrity are protected from malicious intent (e.g., someone breaking into the technology to commit fraud, vandalism, or terrorism) or error.*
  - *11.14 Management designs control activities to limit user access to information technology through authorization control activities, such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity.*

Information Technology Policy – OPD SEC007a – *Configurations for IDs, Passwords, and Multi-Factor Authentication*, revised July 12, 2022, section 3.7 states, in part,

- *Least privileged. By default, all accounts should be assigned the lowest level of permissions. If elevated permissions are required a change request should be submitted and approved before elevated permissions are granted to any account.*

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



# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

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### **Finding 2023 – 017: (continued)**

**Cause:** OVR management requested the privileged role be added to the profiles of the 19 users to allow the users to resolve an access issue. Rather than creating a new role designed to narrowly accommodate the access needs of the users, the existing process followed by an EBR Delivery Center Systems administrator granted an existing privileged role to the users that also gave them the ability to add and delete users from the application as well as assign other powerful roles. Further, OVR’s periodic review of user access performed during the audit period failed to identify the additional permissions granted by the use of the privileged role assignments. The inappropriate role was removed from the users’ profiles after the audit period once the auditors pointed out the issue.

**Effect:** Assigning inappropriate access to users could result in unauthorized changes to the application and data, misuse of the application, or system actions outside management’s intent, which could result in noncompliance with federal laws and regulations. Further, without properly functioning IT general controls, the auditors are precluded from reliance on computer controls in the Rehabilitation Services program.

**Recommendation:** We recommend that OVR management and EBR Delivery Center management work together to:

- Update the user access request form to clarify the circumstances under which privileged roles may be assigned to application users;
- Provide training to personnel on the Commonwealth policy noted above requiring least privilege;
- Consider creating new privileged roles that allow administrators to assign the lowest level of permissions;
- Consider creating a process to grant temporary access to administrative roles in special situations; and
- Ensure the periodic access reviews of users include an assessment of the appropriateness of role assignments.

**Agency Response:** Department of Labor and Industry – Office of Vocational Rehabilitation and the Office of Administration – Office for Information Technology – Employment, Banking and Revenue Delivery Center agree with the finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Department of Labor and Industry**

#### **Finding 2023 – 018:**

#### **ALN 84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States**

#### **A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures Related to Period of Performance Requirements**

**Federal Grant Number(s) and Year(s):** H126A210056 (10/01/2020 – 9/30/2022)

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

**Compliance Requirement:** Period of Performance

**Condition:** During our audit of the Rehabilitation Services – Vocational Rehabilitation Grants to States (RS-VR) program, we tested internal control over and compliance with period of performance requirements for the grant awarded by the United States Department of Education that had a period of performance date ending during the fiscal year ended June 30, 2023 audit period.

- Two of 55 expenditures tested that were charged to the federal fiscal year 2021 RS-VR grant that closed during the audit period, were incurred after the allowable period of performance. These expenditures included two rental payments totaling \$8,763. Both payments were for November 2022 rental charges but were charged to the grant which had a period end date of September 30, 2022. Expenditures posted in the last month of the allowable period of performance and after (including the two rental payments) totaled \$36,651,862.

Management was unable to provide authorization from the federal awarding agency for allowance of the expenditures occurring outside of the period of performance.

**Criteria:** 2 CFR Section 200.303(a), Internal controls, states:

*The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).*

2 CFR Section 200.309, Period of performance, states:

*A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in §200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the award that were authorized by the Federal awarding agency or pass-through entity.*

Management Directive 325.12, Amended, *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 018: (continued)**

**Cause:** Office of Vocational Rehabilitation (OVR), Pennsylvania Department of Labor and Industry personnel did not check service dates prior to submitting invoices for payment which were charged to the federal fiscal year 2021 grant. OVR personnel did not have adequate procedures in place to ensure that only costs incurred during the allowable period of performance were charged to the grant.

**Effect:** Expenditures outside of the allowable period of performance were incorrectly charged to the grant without authorization by the federal awarding agency, resulting in noncompliance and questioned costs.

**Recommendation:** We recommend that OVR personnel implement procedures to ensure that costs and adjustments being charged to a federal grant are incurred within the allowable period of performance of the grant to which they are being charged, or when necessary, obtain authorization from the federal awarding agency prior to charging costs that are outside the allowable period of performance.

**Agency Response:** OVR agrees with this finding.

**Questioned Costs:** Known questioned costs of \$8,763 were determined, which represents the amount of transactions incurred and charged to the federal grant outside the allowable period of performance.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

Department of Labor and Industry  
Office of the Budget – Office of Comptroller Operations

### Finding 2023 – 019:

#### ALN 84.126 – Rehabilitation Services – Vocational Rehabilitation Grants to States

A Significant Deficiency and Noncompliance Exist Related to the Preparation and Submission of the Quarterly RSA-17 Report

Federal Grant Number(s) and Year(s): H126A230056 (10/01/2022 – 9/30/2023)

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Compliance Requirement: Reporting

**Condition:** The Office of Vocational Rehabilitation (OVR), Pennsylvania Department of Labor and Industry, is required to submit an RSA-17, *Vocational Rehabilitation Financial Report*, for the Rehabilitation Services – Vocational Rehabilitation Grants to States (RS-VR) program to the United States Department of Education (USDE) on a quarterly basis. The RSA-17 report includes data related to the federal share of expenditures to date, the federal share of unliquidated obligations, the federal program income earned, the program income expended and unexpended, indirect charges to the grant, as well as other general information that is necessary to ensure compliance with program requirements.

During the fiscal year ended June 30, 2023, we selected all RSA-17 reports submitted for two of the four quarters and the final report submitted for the grant that closed during the audit period for testing. As part of the report testing, we obtained supporting general ledger documentation to determine if the agency appropriately reported the data in the Rehabilitation Services Administration (RSA) system where the RSA-17 reports are submitted. Our testing disclosed that the Business Enterprise Program expenditures reported on the June 30, 2023 filing for Federal Grant H126A230056 were not correctly input into the RSA system. The amount reported was \$26,409,010, when actual expenditures were \$264,090 based on supporting documentation. Although the RSA-17 report was subjected to a documented supervisory review and approval, the incorrect reported amount remained undetected by Commonwealth management until notification by the auditor.

**Criteria:** 2 CFR Section 200.303(a), Internal controls, states:

*The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the committee of the Sponsoring Organizations of the Treadway Commission (COSO).*

34 CFR Section 361.40, Reports; Evaluation standards and performance indicators, states:

(a) Reports. (1) The vocational rehabilitation services portion of the Unified or Combined State Plan must assure that the designated State agency will submit reports, including reports required under sections 13, 14, and 101(a)(10) of the Act –

(i) In the form and level of detail and at the time required by the Secretary regarding applicants for and eligible individuals receiving services, including students receiving pre-employment transition services in accordance with section 361.48(a); and

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

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### Finding 2023 – 019: (continued)

(ii) *In a manner that provides a complete count (other than the information obtained through sampling consistent with section 101(a)(10)(E) of the Act) of the applicants and eligible individuals to –*

(A) *Permit the greatest possible cross-classification of data; and*

(B) *Protect the confidentiality of the identity of each individual.*

(2) *The designated State agency must comply with any requirements necessary to ensure the accuracy and verification of those reports.*

Management Directive 325.12, Amended, *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** Bureau of Accounting and Financial Management personnel did not review the data input into the RSA system for errors prior to submission of the report. OVR did not have adequate procedures in place to ensure accurate report submissions as prepared by Bureau of Accounting and Financial Management.

**Effect:** Since the report preparation and the supervisory review and approval process were not adequate, the Business Enterprise Program expenditures were incorrectly reported on the RSA-17 report submitted to USDE. OVR was not in compliance with federal regulations.

**Recommendation:** OVR should ensure their written procedures for the review, approval, and submission of the RSA-17 reports are improved and fully implemented. The procedures should have sufficient detail to ensure the RSA-17 reports are prepared accurately and in accordance with federal regulations. In addition, OVR should correct the error and submit a revised RSA-17 report to USDE.

**OVR Response:** OVR agrees with this finding.

**OCO Response:** OCO agrees with this finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# ***COMMONWEALTH OF PENNSYLVANIA***

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Office of the Budget – Governor’s Budget Office**

#### **Finding 2023 – 020:**

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

#### **A Significant Deficiency and Noncompliance Exist at the Governor’s Budget Office Related to the Quarterly Project and Expenditure Report**

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

**Type of Finding:** Significant Deficiency in Internal Control over Compliance, Other Matters

#### **Compliance Requirement: Reporting**

**Condition:** Two of 4 quarterly Project and Expenditure Reports were selected for testing. The Office of the Budget, Governor’s Budget Office (GBO) reported incomplete capital project information in these quarterly reports. Specifically, the following exceptions were noted:

- A project’s description allows capital expenditures by beneficiaries, but GBO has reported it as a non-capital project on both quarterly Project and Expenditure reports. In addition, the Pennsylvania Emergency Management Agency (PEMA) does not require the beneficiaries receiving funding under this project to report their capital expenditures to PEMA. Therefore, GBO is unable to determine the amount of capital expenditures obligated and expended for this project.
- A capital project in excess of \$10 million was reported as a non-capital project on the March 31, 2023 quarterly report. GBO believes they correctly reported the project as a capital project, but the reporting portal incorrectly recorded their submission. However, GBO was unable to provide documentation that the project was identified as a capital project in their submission to the U.S. Treasury.
- On the June 30, 2023 quarterly report, the project was correctly reported as a capital project and the required written justification was included, however, the justification did not include all required elements.

**Criteria:** Per the Compliance and Reporting Guidance issued by the United States Department of the Treasury, recipients must report if a project includes capital expenditures, the type of capital expenditure, and the amount of capital expenditures obligated and expended.

Per 31 CFR Section 35.6(b)(4), a recipient, other than a Tribal government, must prepare written justifications for capital projects with capital expenditures enumerated by Treasury in the final rule and with total capital expenditures greater than \$10 million.

*Such written justifications must include the following elements:*

- Describe the harm or need to be addressed;*
- Explain why a capital expenditure is appropriate; and*
- Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 020: (continued)**

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** PEMA issued awards to 666 local Emergency Management Services (EMS) companies and the companies were allowed to expend the funds on a variety of uses, including capital expenditures. PEMA did not obtain detail of capital expenditures incurred from the companies and was therefore unable to provide the information to GBO for inclusion on the Project and Expenditure Reports.

The required elements for capital project justifications are summarized on page 4390 of the Final Rule, but they are not mentioned in the Project and Expenditure Report User Guide nor in the Compliance and Reporting Guidance. Therefore, GBO was unaware that it was necessary to include specific elements in the justification.

**Effect:** GBO did not properly identify and report capital projects. Errors included omitting capital project obligations and expenditures and incomplete justifications for a capital project greater than \$10 million.

**Recommendation:** We recommend that GBO ensures that all capital projects are properly reported and that justifications for capital projects greater than \$10 million include all required elements. We further recommend that PEMA beneficiaries be required to submit expenditure detail to allow GBO to correctly report capital expenditures obligated and expended.

**Agency Response:** GBO agrees with this finding. Limitations in the federal reporting portal, changing federal guidance, and the nature of programs being implemented which may be used for capital expenditures and a myriad of other non-capital uses complicates reporting compliance.

Questioned Costs: None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Office of the Budget – Office of Comptroller Operations

#### Finding 2023 – 021:

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

**A Material Weakness and Material Noncompliance Exist Over the Preparation and Submission of the Quarterly ACF-196R Reports**

**Federal Grant Number(s) and Year(s):** 2301PATANF (10/01/2022 – 9/30/2023), 2201PATANF (10/01/2021 – 9/30/2022), 2101PATANF (10/01/2020 – 9/30/2021), 2001PATANF (10/01/2019 – 9/30/2020), 1901PATANF (10/01/2018 – 9/30/2019), 1801PATANF (10/01/2017 – 9/30/2018), 1701PATANF (10/01/2016 – 9/30/2017)

**Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance**

#### Compliance Requirement: Reporting

**Condition:** The Pennsylvania Department of Human Services (DHS) is required to submit the ACF-196R, *State TANF Financial Report* (ACF-196R Report), on a quarterly basis, for each grant year, to the United States Department of Health and Human Services (HHS) Administration for Children and Families (ACF). The ACF-196R Report includes data related to the cumulative transfers, expenditures, and unliquidated obligations through the end of the federal fiscal year. A state must submit a quarterly ACF-196R Report for each open grant year award. During the fiscal year ended June 30, 2023, we selected 10 out of 20 quarterly ACF-196R Reports for testing. The ACF-196R Reports submitted for the quarters ended September 30, 2022 and June 30, 2023 for grant award years 2020 and 2023, respectively, included federal unliquidated obligation amounts reported on Part 1 Expenditure Data, Line 27, which did not agree to the Commonwealth’s general ledger (SAP) as follows:

	Grant Year 2023 Federal Fiscal Year 2023 Report Quarter Ending 6/30/2023	Grant Year 2020 Federal Fiscal Year 2022 Report Quarter Ending 9/30/2022
Federal Unliquidated Obligations per the ACF-196R Report	\$188,644,365	\$ 238,669
Federal Unliquidated Obligations per SAP	\$179,338,078	\$ 470,292
ACF-196R Report Overstatement (Understatement)	\$ 9,306,287	\$ (231,623)

We also analytically compared expenditures incurred during the fiscal year ended June 30, 2023 per the ACF-196R Reports to total Temporary Assistance for Needy Families (TANF) expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) noting a difference of \$53,256,607. We requested that management provide a listing of reconciling items between the ACF-196R Reports and the SEFA which resulted in the identification of an understatement of aggregate expenditures reported in the ACF-196R Reports for the report quarter ending June 30, 2023 of \$45,603,714.

Although the ACF-196R Reports were subjected to a documented supervisory review and approval, the existence of the misstated federal unliquidated obligation and expenditure amounts indicates that the preparation and the supervisory review and approval processes were not adequate, and a material weakness exists over the preparation and submission of the ACF-196R Report.



# COMMONWEALTH OF PENNSYLVANIA

## *Federal Award Findings and Questioned Costs - June 30, 2023*

### **Finding 2023 – 021: (continued)**

**Criteria:** 45 CFR Section 75.302, Financial management and standards for financial management system, states:

*(b) The financial management system of each non-Federal entity must provide for the following:*

*(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §75.341 and §75.342.*

45 CFR Section 265.3, What reports must the State file on a quarterly basis?, states:

*(a) Quarterly reports.*

*(1) Each State must collect on a monthly basis, and file on a quarterly basis, the data specified in the TANF Data Report and the TANF Financial Report*

*(c) The TANF Financial Report.*

*(1) Each State must file quarterly expenditure data on the State's use of Federal TANF funds, State TANF expenditures, and State expenditures of MOE funds in separate State programs.*

*(2) If a State is expending Federal TANF funds received in prior fiscal years, it must file a separate quarterly TANF Financial Report for each fiscal year that provides information on the expenditures of that year's TANF funds.*

2 CFR Section 200.303, Internal controls, states:

*The non-Federal entity must:*

*(b) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).*

Management Directive 325.12 Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

Further, adequate internal controls over report preparation would include detailed written report preparation procedures, a segregation of duties between the preparation and the review and approval of the report, and an adequate review and approval process which would detect errors in the report preparation and ensure that such errors are corrected.

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

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### **Finding 2023 – 021: (continued)**

**Cause:** The Commonwealth’s Office of Comptroller Operations (OCO) personnel indicated that three internal orders were set up with incorrect order group attribute codes. These errors resulted in expenditures of \$45,603,714 being improperly excluded from the order group reports that were used during the compilation of the expenditure data reported in the ACF-196R Reports for the quarter ending June 30, 2023. The \$9,306,287 overstatement and \$231,623 understatement noted above were the result of formula errors within OCO’s workbooks used to compile the reports that were not identified prior to the submission of the corresponding reports. OCO personnel stated there is a supervisory review and approval process in place but staff turnover and additional grant responsibilities has created internal time constraints for reporting which inherently has increased the potential risk of errors not being identified during the supervisory review.

**Effect:** Since the preparation and the supervisory review and approval processes were not adequate to ensure the accuracy of expenditures and federal unliquidated obligations, various ACF-196R Reports were misstated for the quarters ended June 30, 2023 and September 30, 2022. DHS is not in compliance with federal regulations, and a material weakness exists. If not corrected, inaccurate reporting could result in future grant awards being reduced.

**Recommendation:** OCO should ensure that the preparation and supervisory review and approval processes for the ACF-196R Report are improved and include all required information including cumulative transfers, expenditures, and unliquidated obligations. OCO should ensure their written procedures for the preparation, review, approval, and submission of the ACF-196R Report are sufficiently detailed to ensure the ACF-196R Report is prepared accurately in accordance with federal regulations. Finally, OCO should ensure the misstated ACF-196R expenditure amounts are corrected and the revised information is submitted to ACF, in accordance with ACF guidelines.

**OCO Response:** OCO agrees with this finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Office of the Budget – Office of Comptroller Operations

#### Finding 2023 – 022:

#### ALN 93.558 – Temporary Assistance for Needy Families (including COVID-19) ALN 93.788 – Opioid STR

**A Significant Deficiency and Noncompliance Exist in the Commonwealth’s FFATA Reporting Process (A Similar Condition Was Noted in Prior Year Finding 2022-012)**

**Federal Grant Number(s) and Year(s): 2201PATANF (10/01/2021 – 9/30/2022), H79T1083297 (9/30/2020 – 9/29/2023)**

**Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters**

**Compliance Requirement: Reporting**

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

Our testing of the FFATA reporting requirements for 40 subaward transactions totaling \$112.9 million from thirteen major programs disclosed that two transactions totaling approximately \$11.9 million, or 11 percent of transactions tested, were not reported to FSRS. Specifically, the two transactions for which the FFATA information was not reported occurred within two of the 13 programs tested as follows:

<u>Program/Cluster</u>	<u>Number of Subawards Not Reported</u>	<u>Amount of Subawards Not Reported (in Thousands)</u>	<u>Total Subrecipient Expenditures for the Program/Cluster (1) (in Thousands)</u>
Temporary Assistance for Needy Families	1	\$ 11,571	\$ 281,971
Opioid STR	1	\$ 300	\$ 37,818
Total	2	\$ 11,871	\$ 319,789

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

# COMMONWEALTH OF PENNSYLVANIA

## *Federal Award Findings and Questioned Costs - June 30, 2023*

### **Finding 2023 – 022: (continued)**

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

#### *I. Reporting Subawards and Executive Compensation*

##### *a. Reporting of first tier subawards.*

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

##### *2. Where and when to report.*

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

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

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

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

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

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

*ii. in the preceding fiscal year, you received -*

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

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

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

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's, *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

# ***COMMONWEALTH OF PENNSYLVANIA***

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 022: (continued)**

**Cause:** Regarding the two transactions identified during our testing that were not reported in the FFATA database, OB-BAFM personnel indicated the awards were overlooked during the FFATA review. As a result of our inquiry, OB-BAFM Personnel indicated that these awards were subsequently uploaded to the FFATA database and FSRS as required.

**Effect:** Since the subaward information for two transactions tested were not included in the FFATA database, the required subaward information was not reported to FSRS as required. Further, noncompliance with FFATA reporting requirements in FSRS may recur in future periods if control deficiencies are not corrected to ensure completeness of the FFATA database.

**Recommendation:** We recommend that OB-BAFM follow their established procedures to ensure all subrecipient contract information is included in the FFATA database to ensure that FSRS is accurate and complete.

**Agency Response:** OB-BAFM agrees with the finding.

**Questioned Costs:** None

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Various Agencies**

#### **Finding 2023 – 023:**

**ALN 10.565, 10.568, and 10.569 – Food Distribution Cluster**

**ALN 93.044, 93.045, and 93.053 – Aging Cluster (including COVID-19)**

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

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

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

**ALN 93.667 – Social Services Block Grant**

**State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient’s Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2022-013)**

**Federal Grant Number(s) and Year(s): 221PA825Y8005 (10/01/2021 – 9/30/2022), 221PA825Y8105 (10/01/2021 – 9/30/2022), 231PA825Y8005 (10/01/2022 – 9/30/2023) 231PA825Y8105 (10/01/2022 – 9/30/2023), 2101PACMC6 (4/01/2021 – 9/30/2024), 2101PAHDC5 (12/27/2020 – 9/30/2023), 2101PAHDC6 (4/01/2021 – 9/30/2024), 2101PAOACM (10/01/2020 – 9/30/2023), 2101PAOAHDC (10/01/2020 – 9/30/2023), 2101PAOANS (10/01/2020 – 9/30/2023), 2101PAOASS (10/01/2020 – 9/30/2023), 2101PAPHC6 (4/01/2021 – 9/30/2024), 2101PASSC6 (4/01/2021 – 9/30/2024), 2101PAVAC5 (4/01/2021 – 9/30/2023), 2201PAOACM (10/01/2021 – 9/30/2023), 2201PAOAHDC (10/01/2021 – 9/30/2023), 2201PAOANS (10/01/2021 – 9/30/2023), 2201PAOASS (10/01/2021 – 9/30/2023), 2201PASTPH (1/01/2022 – 9/30/2024), 2301PAOACM (10/01/2022 – 9/30/2024), 2301PAOAHDC (10/01/2022 – 9/30/2024), 2301PAOANS (10/01/2022 – 9/30/2024), 2301PAOASS (10/01/2022 – 9/30/2024), NU50CK000527 (8/01/2019 – 7/31/2024), 2301PATANF (10/01/2022 – 9/30/2023), 2201PATANF (10/01/2021 – 9/30/2022), 2201PAFOST (10/01/2021 – 9/30/2022), 2301PAFOST (10/01/2022 – 9/30/2023), 2201PASOSR (10/01/2021 – 9/30/2023), 2301PASOSR (10/01/2022 – 9/30/2024)**

**Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters**

**Compliance Requirement: Subrecipient Monitoring**

**Condition:** The Uniform Guidance in 2 CFR Section 200 applies to the major programs listed above for the fiscal year ended June 30, 2023. Our testing disclosed that the Pennsylvania Department of Human Services (DHS) and the Pennsylvania Department of Agriculture (PDA) did not identify the federal award information and applicable requirements in subrecipient award documents. Additionally, DHS, PDA, the Pennsylvania Department of Health (DOH), and the Pennsylvania Department of Aging (PDOA) did not adequately evaluate each subrecipient’s risk of noncompliance for the purpose of determining the appropriate subrecipient monitoring related to the subaward. This represents an internal control weakness which could cause subrecipients to be improperly informed of federal award information and may result in inadequate monitoring by the state agencies. Also, it could cause the omission or improper identification of program expenditures on subrecipients’ Schedules of Expenditures of Federal Awards (SEFAs). The following chart shows which federal award information required by 2 CFR Section 200 was omitted (as indicated by “No”) from the subrecipient award documents at the time of the subaward and which major programs did not have a state agency evaluation of each subrecipient’s risk of noncompliance.

**COMMONWEALTH OF PENNSYLVANIA**

**Federal Award Findings and Questioned Costs - June 30, 2023**

**Finding 2023 – 023: (continued)**

Program	Agency	Amount Passed to Subrecipients (in thousands)	Federal Award Date	Subaward Period of Performance Start and End Dates	Contact Information for Awarding Official	Evaluation of Subrecipient Risk
Food Distribution Cluster	PDA	\$78,897	-	-	-	No
Aging Cluster (including COVID-19)	PDOA	\$80,997	-	-	-	No
Epidemiology and Laboratory Capacity (including COVID-19)	DOH	\$67,552	-	-	-	No
TANF – Other	DHS	\$82,398	-	-	-	No
Foster Care – Non-Profit Contract	DHS	\$15,459	No	No	No	No
Social Services Block Grant – Non Profit Subrecipients	DHS	\$14,429	-	-	-	No

Program	Federal Award Identification Number	Name of Federal Awarding Agency	Assistance Listing Number	Assistance Listing Title
Food Distribution Cluster	No	-	-	-
Aging Cluster (including COVID-19)	-	-	-	-
Epidemiology and Laboratory Capacity (including COVID-19)	-	-	-	-
TANF - Other	-	-	-	-
Foster Care – Non-Profit Contract	No	No	No	No
Social Services Block Grant – Non Profit Subrecipients	-	-	-	-

(The cells with a hyphen in the table indicate that the federal award information was included in the subrecipient award documents or was not applicable for the respective major program.)

**Criteria:** 2 CFR Section 200.332, Requirements for pass-through entities, states in part:

*All pass-through entities must:*

*(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:*

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 023: (continued)

#### (1) Federal Award Identification.

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see the definition of Federal Award date in section 200.1) of award to the recipient by the Federal agency;

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

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

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

#### (6) Appropriate terms and conditions concerning closeout of the subaward.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;

(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F [Audit Requirements] of this part, and the extent to which the same or similar subaward has been audited as a major program;

(3) Whether the subrecipient has new personnel or new or substantially changed systems; and

(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should identify, analyze, and respond to risks related to achieving the defined objectives. Management should identify, analyze, and respond to significant changes that could impact the internal control system.*

**Cause:** In general, DHS's and PDA's processes for subrecipient award monitoring did not identify the omission of required elements from the grant awards. In addition, the risk assessments performed by DHS, PDA, PDOA, and DOH were not properly documented or not performed.

**Effect:** Excluding the federal grant award information at the time of the subaward may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete SEFAs in their Single Audit reports submitted to the Commonwealth, and federal funds may not be properly audited at the subrecipient level in accordance with the Single Audit Act and Uniform Guidance.

Not evaluating each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward may result in subrecipients using the subaward for unauthorized purposes or in violation of the terms and conditions of the subaward, and state agency monitoring would not detect this noncompliance and ensure it is corrected in a timely manner.



# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 023: (continued)**

**Recommendation:** DHS and PDA should develop policies and reporting mechanisms to ensure all required federal award information is disseminated to all subrecipients at the time of the subaward to ensure subrecipient compliance with the Uniform Guidance in 2 CFR Section 200 and other applicable federal regulations. In addition, DHS and PDA should correspond with applicable subrecipients to ensure they are aware of the correct federal award information and review applicable subaward documents prior to issuance to ensure federal information is complete and accurate. DHS, PDA, PDOA, and DOH should implement procedures to adequately document their evaluation of each subrecipient’s risk of noncompliance as cited in 2 CFR Section 200.332 for purposes of determining the appropriate subrecipient monitoring related to the subaward.

**DHS Response:** DHS agrees with the finding.

**DOH Response:** DOH agrees with the finding.

**PDA Response:** PDA agrees with the finding.

**PDOA Response:** PDOA agrees with the finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Various Agencies**

#### **Finding 2023 – 024:**

**ALN 10.553, 10.555, 10.556, 10.559, and 10.582 – Child Nutrition Cluster (including COVID-19)**  
**ALN 10.565, 10.568, and 10.569 – Food Distribution Cluster**  
**ALN 10.557 – WIC Special Supplemental Nutrition Program for Women, Infants, and Children**  
**ALN 10.558 – Child and Adult Care Food Program**  
**ALN 84.010 – Title I Grants to Local Educational Agencies**  
**ALN 84.027 and 84.173 – Special Education Cluster (IDEA) (including COVID-19)**  
**ALN 84.367 – Supporting Effective Instruction State Grants**  
**ALN 84.425C – COVID-19 – Education Stabilization Fund - GEER Fund**  
**ALN 84.425D – COVID-19 – Education Stabilization Fund - ESSER Fund**  
**ALN 84.425R – COVID-19 – Education Stabilization Fund - CRRSA EANS**  
**ALN 84.425U – COVID-19 – Education Stabilization Fund - ARP ESSER**  
**ALN 84.425V – COVID-19 – Education Stabilization Fund - ARP EANS**  
**ALN 93.044, 93.045, and 93.053 – Aging Cluster (including COVID-19)**  
**ALN 93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases (including COVID-19)**

**A Material Weakness and Material Noncompliance Exist in the Commonwealth’s Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2022-014)**

**Federal Grant Number(s) and Year(s): 2101PACMC6 (4/01/2021 – 9/30/2024), 2101PAHDC5 (12/27/2020 – 9/30/2023), 2101PAHDC6 (4/01/2021 – 9/30/2024), 2101PAOACM (10/01/2020 – 9/30/2023), 2101PAOAH (10/01/2020 – 9/30/2023), 2101PAOANS (10/01/2020 – 9/30/2023), 2101PAOASS (10/01/2020 – 9/30/2023), 2101PAPHC6 (4/01/2021 – 9/30/2024), 2101PASSC6 (4/01/2021 – 9/30/2024), 2101PAVAC5 (4/01/2021 – 9/30/2023), 2201PAOACM (10/01/2021 – 9/30/2023), 2201PAOAH (10/01/2021 – 9/30/2023), 2201PAOANS (10/01/2021 – 9/30/2023), 2201PAOASS (10/01/2021 – 9/30/2023), 2201PASTPH (1/01/2022 – 9/30/2024), 2301PAOACM (10/01/2022 – 9/30/2024), 2301PAOAH (10/01/2022 – 9/30/2024), 2301PAOANS (10/01/2022 – 9/30/2024), 2301PAOASS (10/01/2022 – 9/30/2024), 221PA305N1099 (10/01/2021 – 9/30/2022), 231PA305N1099 (10/01/2022 – 9/30/2023), 221PA365N8903 (1/01/2022 – 9/30/2023), 231PA365N8903 (10/01/2022 – 9/30/2024), 231PA305L1603 (10/01/2022 – 9/30/2023), 221PA305L1603 (10/01/2021 – 9/30/2022), 221PA825Y8005 (10/01/2021 – 9/30/2022), 231PA825Y8005 (10/01/2022 – 9/30/2023), 221PA825Y8105 (10/01/2021 – 9/30/2022), 231PA825Y8105 (10/01/2022 – 9/30/2023), 201PA715W5003 (10/01/2019 – 9/30/2023), 211PA715W5003 (10/01/2020 – 9/30/2024), 221PA705W1003 (10/01/2021 – 9/30/2022), 221PA705W1006 (10/01/2021 – 9/30/2022), 221PA715W5003 (10/01/2021 – 9/30/2024), 231PA705W1003 (10/01/2022 – 9/30/2023), 231PA705W1006 (10/01/2022 – 9/30/2023), 231PA715W5003 (10/01/2022 – 9/30/2025), 221PA305N1099 (10/01/2021 – 9/30/2022), 231PA305N1099 (10/01/2022 – 9/30/2023), 221PA315N1050 (10/01/2021 – 9/30/2023), 231PA315N1050 (10/01/2022 – 9/30/2024), 221PA305N2020 (10/01/2021 – 9/30/2022), 231PA305N2020 (10/01/2022 – 9/30/2023), S010A190038 (7/01/2019 – 9/30/2022), S010A200038 (7/01/2020 – 9/30/2022), S010A210038 (7/01/2021 – 9/30/2022), S010A220038 (7/01/2022 – 9/30/2024), S367A150051 (7/01/2015 – 9/30/2017), S367A190051 (7/01/2019 – 9/30/2021), S367A200051 (7/01/2020 – 9/30/2022), S367A210051 (7/01/2021 – 9/30/2023), S367A220051 (7/01/2022 – 9/30/2024), H027A200093 (7/01/2020 – 9/30/2022), H027A210093 (7/01/2021 – 9/30/2023), H027A220093 (7/01/2022 – 9/30/2024), H027X210093 (7/01/2021 – 9/30/2023), H173A200090 (7/01/2020 – 9/30/2022), H173A210090 (7/01/2021 – 9/30/2023), H173A220090 (7/01/2022 – 9/30/2024), H173X210090 (7/01/2021 – 9/30/2023), S425W210039 (4/23/2021 – 9/30/2024), S425U210028 (3/24/2021 – 9/30/2023), S425D210028 (1/05/2021 – 9/30/2023), S425C200013 (5/18/2020 – 4/01/2024), S425R210037 (3/13/2020 – 9/30/2023), S425V210037 (11/16/2021 – 9/30/2023), S425C210013 (3/13/2020 – 9/30/2023), S425D200028 (3/13/2020 – 9/30/2022), NU50CK000527 (8/01/2019 – 7/31/2024)**

# ***COMMONWEALTH OF PENNSYLVANIA***

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

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### **Finding 2023 – 024: (continued)**

**Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance**

**Compliance Requirement: Subrecipient Monitoring**

**Condition:** Under the Commonwealth of Pennsylvania's (Commonwealth) implementation of the Single Audit Act, review and resolution of subrecipient Single Audit reports is split into two stages. The Office of the Budget's Bureau of Accounting and Financial Management (OB-BAFM) ensures the reports meet technical standards through a centralized desk review process. The various funding agencies in the Commonwealth are responsible for making a management decision on each finding within six months of the Federal Audit Clearinghouse's (FAC) Management Decision Letter (MDL) start date for audits subject to Uniform Guidance and to ensure appropriate corrective action is taken by the subrecipient (except for Uniform Guidance audits under U.S. Department of Labor programs which are permitted 12 months for management decisions in accordance with 2 CFR Section 2900.21). Each Commonwealth agency is also responsible for reviewing financial information in each audit report to determine whether the audit included all pass-through funding provided by the agency in order to ensure pass-through funds were subject to audit. Most agencies meet this requirement by performing Schedule of Expenditures of Federal Awards (SEFA) reconciliations. The agency is also required to adjust Commonwealth records, if necessary.

Our fiscal year ended June 30, 2023 audit of the Commonwealth's process for review and resolution of subrecipient Single Audits included an evaluation of the Commonwealth's fiscal year ended June 30, 2022 subrecipient audit universe for audits due for submission to the FAC during the fiscal year ended June 30, 2023. We also evaluated the Commonwealth's review of 44 subrecipient audit reports with findings in major programs/clusters which were identified on the Commonwealth agencies' tracking lists during the fiscal year ended June 30, 2023 and required management decisions by Commonwealth agencies.

Our testing disclosed the following audit exceptions regarding the Commonwealth agencies' review of subrecipient audit reports:

- Pennsylvania Department of Aging (PDOA): Our testing disclosed that PDOA did not have procedures in place to track audit reports including having an audit tracking list. The time period for making a management decision on findings was approximately 10.5 months after the FAC MDL start date for the one audit report with findings.
- Department of Agriculture (PDA): Our testing disclosed that PDA did not have procedures in place to track audit reports including having an audit tracking list. The time period for making a management decision on findings was approximately 12 months to over 18 months after the FAC MDL start date for three out of three audit reports with findings. There was also a delay in PDA's procedures to ensure the subrecipient SEFAs were accurate so that major programs were properly determined and subjected to audit. Our testing disclosed one audit report submitted to the FAC over nine months late that included \$19.4 million in subrecipient expenditures passed through PDA. In addition, our testing disclosed that PDA subgranted federal funds totaling approximately \$4.8 million to five subrecipients during the fiscal year ended June 30, 2022, for which Single Audits were not submitted to the FAC as of our January 2024 testing date. This was over 16 or 10 months after the respective, September 30, 2022 or March 31, 2023 due dates.
- Department of Education (PDE): The time period for making a management decision on findings was approximately 9.3 to over 16.9 months after the FAC MDL start date for 14 out of 22 audit reports with findings. One of the 14 audit reports was improperly classified on PDE's audit tracking list as not having federal award findings. There were additional audit reports with findings listed on PDE's audit tracking list where management decisions were not made timely.
- Department of Health (DOH): The time period for making a management decision on findings was over 11 months after the FAC MDL start date for two out of two audit reports with findings. One audit report with the late management decision on findings was excluded from DOH's tracking list.

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Federal Award Findings and Questioned Costs - June 30, 2023***

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### **Finding 2023 – 024: (continued)**

**Criteria:** 2 CFR Section 200.332, Requirements for pass-through entities, states in part:

*All pass-through entities must:*

*(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*

*(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.*

*(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 [Management decision].*

*(f) Verify that every subrecipient is audited as required by Subpart F [Audit Requirements] of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 [Audit requirements].*

*(g) Consider whether the results of the subrecipient's audit, on-site review, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.*

*(h) Consider taking enforcement action against noncompliant subrecipients as described in §200.339 [Remedies for noncompliance] of this part and in program regulations.*

In order to carry out these responsibilities properly, good internal control dictates that state pass-through agencies ensure subrecipient Single Audit SEFAs are representative of state payment records each year, and that the related federal programs have been properly subjected to Single Audit procedures.

2 CFR Section 200.512, Report submission, states in part:

*(a) General. (1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.*

2 CFR Section 200.521, Management decision, states in part:

*(a) General. The management decision must clearly state whether or not the finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action.*

*(d) Time requirements. The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.*

2 CFR Section 200.505, Sanctions, states:

*In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities must take appropriate action as provided in §200.339 [Remedies for noncompliance].*

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 024: (continued)

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

*If a non-Federal entity fails to comply with the U.S. Constitution, Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions, as described in §200.208 [Specific conditions]. If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances.*

*(a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.*

*(b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.*

*(c) Wholly or partly suspend or terminate the Federal award.*

*(d) Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).*

*(e) Withhold further Federal awards for the project or program.*

*(f) Take other remedies that may be legally available.*

To ensure Commonwealth enforcement of federal regulations for subrecipient noncompliance with audit requirements, Commonwealth Management Directive 325.08, Amended – *Remedies for Recipient Noncompliance with Audit Requirements*, Section 5 related to policy, states in part:

*(a) Agencies must develop and implement remedial action that reflects the unique requirements of each program...*

*(b) The remedial action should be implemented within six months from the date the first remedial action is initiated. At the end of the six-month period, the recipient should take the appropriate corrective action or the final stage of remedial action should be imposed on the recipient. Examples of remedial action include, but are not limited to:*

*(1) Meeting or calling the recipient to explain the importance and benefits of the audit and audit resolution processes, emphasizing the value of the audit as an administrative tool and the Commonwealth's reliance on an acceptable audit and prompt resolution as evidence of the recipient's ability to properly administer the program.*

*(2) Encouraging the entity to establish an audit committee or designate an individual as the single point of contact to:*

*(a) Communicate regarding the audit.*

*(b) Arrange for and oversee the audit.*

*(c) Direct and monitor audit resolution.*

*(3) Providing technical assistance to the recipient in devising and implementing an appropriate plan to remedy the noncompliance.*

*(4) Withholding a portion of assistance payments until the noncompliance is resolved.*

*(5) Withholding or disallowing overhead costs until the noncompliance is resolved.*

*(6) Suspending the assistance agreement until the noncompliance is resolved.*

# COMMONWEALTH OF PENNSYLVANIA

## Federal Award Findings and Questioned Costs - June 30, 2023

### Finding 2023 – 024: (continued)

- (7) *Terminating the assistance agreement with the recipient and, if necessary, seeking alternative entities to administer the program.*

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

#### *c. Agencies.*

- (2) *Evaluate single audit report submissions received from BAFM to determine program purpose acceptability by verifying, at a minimum, that all agency-funded programs are properly included on the applicable financial schedules; that findings affecting the agency contain sufficient information to facilitate a management decision; and that the subrecipient has submitted an adequate corrective action plan.*
- (5) *Issue management decisions relative to audit findings and crosscutting findings assigned to the agency for resolution, as required by 2 CFR §200.521. If responsible for the resolution of crosscutting findings, notify the affected agency or agencies upon resolution of such findings.*
- (7) *Impose or coordinate the imposition of remedial action in accordance with 2 CFR Part 200.339 and Management Directive 325.08 Amended, Remedies for Recipient Noncompliance with Audit Requirements, when subrecipients fail to comply with the provisions of Subpart F.*

Management Directive 325.12, Amended – *Standards for Enterprise Risk Management in Commonwealth Agencies*, adopted the internal control framework outlined in the United States Government Accountability Office's, *Standards for Internal Control in the Federal Government (Green Book)*. The Green Book states in part:

*Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies on a timely basis.*

**Cause:** One reason provided by Commonwealth management for untimely audit resolution in the various agencies, including making management decisions, approving corrective action, and performing procedures to ensure the accuracy of subrecipient SEFAs, was either a change in staff or a lack of staff to follow up and process subrecipient audit reports more timely.

Regarding late and outstanding audit report submissions, the Commonwealth agencies did not appear to be timely implementing remedial action steps in accordance with 2 CFR Section 200.339 and Commonwealth Management Directive 325.08 in order to ensure compliance with federal audit submission requirements.

**Effect:** Since required management decisions were not made within six months to ensure appropriate corrective action was taken on audits received from subrecipients, the Commonwealth did not comply with federal regulations, and subrecipients were not made aware of acceptance or rejection of corrective action plans in a timely manner. Further, noncompliance may recur in future periods if control deficiencies are not corrected on a timely basis, and there is an increased risk of unallowable charges being made to federal programs if corrective action and recovery of questioned costs is not timely.

Regarding the SEFA reviews or alternate procedures which are not being performed timely and the late Single Audit report submissions, there is an increased risk that subrecipients could be mispending and/or inappropriately tracking and reporting federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, and corrected by agency personnel on a timely basis as required.

Finally, additional federal pass-through funds may be unaudited in the future without timely and effective remedial action from Commonwealth agencies to enforce compliance.

# **COMMONWEALTH OF PENNSYLVANIA**

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## ***Federal Award Findings and Questioned Costs - June 30, 2023***

### **Finding 2023 – 024: (continued)**

**Recommendation:** We recommend that the above weaknesses that cause untimely subrecipient Single Audit resolution, including untimely management decisions on findings, untimely review of the SEFA or alternate procedures, and late audit report submissions be corrected to ensure compliance with federal requirements and Commonwealth Management Directives, and to better ensure timelier subrecipient compliance with program requirements.

Commonwealth agencies should promptly pursue outstanding audits and implement remedial action steps on a timely basis in accordance with 2 CFR Section 200.339 and Commonwealth Management Directive 325.08.

**DOH Response:** DOH agrees with the finding.

**PDOA Response:** PDOA agrees with the finding.

**PDA Response:** PDA agrees with the finding and will be hiring a complement position to ensure compliance in the future.

**PDE Response:** PDE agrees with the finding.

**Questioned Costs:** The amount of questioned costs cannot be determined.

**The corrective action plan for this finding, if any, has not been reviewed by the auditors. See Corrective Action Plans located elsewhere in this Report.**

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# Management's Summary Schedule of Prior Audit Findings



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR

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

***Summary Schedule of Prior Audit Findings - June 30, 2023***

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**Finding      State Agency/Finding Title/Comments**

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**FINDINGS FOR THE YEAR ENDED JUNE 30, 2022:**

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

**FINANCIAL STATEMENT FINDINGS**

**STATEWIDE (SW)**

2022-001    Information Technology General Controls Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2021-001)

OA-OIT is working on soliciting vendor bids to perform regulatory processes. The approval process workflow was created and is being evaluated. CAP completion is still slated for June 2025.

2022-002    Material Weakness Over Financial Reporting in the Unemployment Compensation Fund

Corrective action was taken.

2022-003    Information Technology Control Weaknesses in the Unemployment Compensation and Pandemic Unemployment Assistance Systems (A Similar Condition Was Noted in Prior Year Finding 2021-002)

OA-OIT has removed admins from the system. A POC for SOC reporting has been assigned, and the recent SOC report is being reviewed. Anticipated CAP completion is September 2023.

**FEDERAL PROGRAM FINDINGS**

**DEPARTMENT OF EDUCATION (PDE)**

2022-004    A Significant Deficiency and Noncompliance Exist at the Department of Education Related to Submission of GEER, ESSER, and CRRSA EANS Annual Reporting (A Similar Condition Was Noted in Prior Year Finding 2021-003)

Corrective action was taken.

**DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)**

2022-005    A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2021-004)

DEP has developed written policies and procedures for subrecipient monitoring and has notified grantees to implement the policies and procedures immediately to ensure timely subrecipient compliance with federal regulations. The finding was repeated due to the timing of the CAP.

# COMMONWEALTH OF PENNSYLVANIA

## Summary Schedule of Prior Audit Findings - June 30, 2023

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### Finding State Agency/Finding Title/Comments

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#### DEPARTMENT OF HUMAN SERVICES (DHS)

2022-006 A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2021-005)

CAOs and district offices were reminded of the EBT coordinators', alternates', pinners', and card makers' responsibilities. Reminders are sent to review the OIM EBT Procedural Manual periodically and when updates occur. CAOs and district offices were reminded to maintain adequate security of the EBT cards, card inventory, pinning devices, and ribbons. The EBT office will ensure all offices have two pinning devices and that they are in working order. OIM mandates annual training for EBT personnel to be completed at the beginning of each year. The training includes reviewing the procedures that safeguard access to the EBT systems. Training was completed in January 2023. The EBT Project Office makes updates to the EBT Procedures Manual (Manual) and OIM EPPIC EBT Systems Application Form (application) as needed. Notifications of updates are sent to CAO staff via email. The EBT Program office provides guidelines for the CAOs to follow when reviewing/updating their written internal procedures for EBT security of card mailings. BPE, DCA conducts EBT Card Security reviews at every CAO and District Office that issues EBT cards. The finding was repeated due to the timing of CAP.

2022-007 A Significant Deficiency and noncompliance exist at the Department of Human Services related to Submission of Emergency Rental Assistance Monthly and Quarterly Reporting and Special Tests and Provisions Related to ERA Funds Reallocation (A Similar Condition Was Noted in Prior Year Finding 2021-006)

Corrective action was taken.

2022-008 The Department of Human Services did not validate financial information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2021-007)

OIM is currently exploring different monitoring options. OPD-Alternatives to Abortion (AA) - DHS OGC is still in the process of responding to the grantee's attorney. The next steps are dependent on the grantee's response to the DHS OGC. Anticipated completion date is March 2024.

2022-009 A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative (A Similar Condition Was Noted in Prior Year Finding 2021-009)

OMAP's Bureau of Data and Claims Management (BDCM) executed an amendment to the PROMISE contract, but another amendment is necessary. Anticipated CAP completion is June 2024.

#### OFFICE OF ADMINISTRATION, OFFICE FOR INFORMATION TECHNOLOGY (OA-OIT) & DEPARTMENT OF AGRICULTURE

2022-010 Controls Over Information Technology System Migration and Controls Over the Accountability of Donated Foods Need Improvement

MPRs are now being completed in a timely manner and routinely filed in accordance with the USDA's prescribed schedule. Upon receipt of monthly data imports from the Commodity Distributors, BFA works with both the Commodity Distributors and the USDA to mutually resolve any discrepancies and achieve reconciliation with all USDA receipts. It is dependent on BFA first completing the annual on-site physical inventory of the Commodity Distributors on the final two days of June. OA-OIT is working on incorporating INF000 into the development framework and developing a testing strategy. The CAP target completion is on track.

# COMMONWEALTH OF PENNSYLVANIA

## Summary Schedule of Prior Audit Findings - June 30, 2023

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### Finding State Agency/Finding Title/Comments

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#### OFFICE OF THE BUDGET (OB)

2022-011 A Significant Deficiency and Noncompliance Exist Related to Preparation of the Interim Report  
Corrective action was taken.

2022-012 A Material Weakness and Material Noncompliance Exist in the Commonwealth's FFATA Reporting Process  
OB-BAFM has updated the FFATA process to ensure subrecipient contract information is properly recorded in SAP and uploaded to the FFATA database. We continue to work with the Federal Service Desk (FSD) to resolve issues with the submission of subrecipient information loaded to the FFATA Subaward Reporting System (FSRS) and we are currently uploading templates in FSRS for missing subawards. The anticipated completion date for corrective action is June 30, 2024.

#### STATEWIDE (SW)

2022-013 State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient's Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2021-014)

DHS-OCYF is sending out a Restrictions and Requirements document with each tentative and final allocation letter. This document lists all OCYF's grants, the federal agency granting the funds and where to find the rules and regulations guiding the usage of the funds. Final Allocation Letters were sent out with the Amount, FAIN and Name. OCYF has a risk assessment process in place for Title IV-E and TANF awards.

DOH's portion of the CAP dealing with staff education is currently awaiting legal and leadership review and approval. Anticipated CAP completion is still June 2024.

2022-014 A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2021-015)

DEP and DHS took corrective action.

DOH obtained NORTH Inc.'s audit and it was processed. DOH instituted procedures to help ensure subrecipient audits are submitted timely and follow up if they are not. The finding repeated due to the timing of the CAP.

PDE is reviewing audits after entry into PDE's tracking website and working with program areas to assist in timely responses. PDE is finalizing the CAP implementation, which should be completed by December 2023.

# **COMMONWEALTH OF PENNSYLVANIA**

## **Summary Schedule of Prior Audit Findings - June 30, 2023**

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### **Finding State Agency/Finding Title/Comments**

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#### **FINDINGS FOR THE YEAR ENDED JUNE 30, 2021:**

#### **FINANCIAL STATEMENT FINDINGS**

##### **STATEWIDE (SW)**

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

Refer to Finding 2022-001 for the status of this issue.

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

Refer to Finding 2022-003 for the status of this issue.

#### **FEDERAL PROGRAM FINDINGS**

##### **DEPARTMENT OF EDUCATION (PDE)**

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

Refer to Finding 2022-004 for the status of this issue.

##### **DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP)**

2021-004 A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2020-004)

Refer to Finding 2022-005 for the status of this issue.

##### **DEPARTMENT OF HUMAN SERVICES (DHS)**

2021-005 A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2020-005)

Refer to Finding 2022-006 for the status of this issue.

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

Refer to Finding 2022-007 for the status of this issue.

2021-007 Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2020-006)

Refer to Finding 2022-008 for the status of this issue.

# **COMMONWEALTH OF PENNSYLVANIA**

## ***Summary Schedule of Prior Audit Findings - June 30, 2023***

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### **Finding State Agency/Finding Title/Comments**

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#### **DEPARTMENT OF HUMAN SERVICES (DHS) (continued)**

2021-009 A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative (A Similar Condition Was Noted in Prior Year Finding 2020-010)

Refer to Finding 2022-009 for the status of this issue.

#### **STATEWIDE (SW)**

2021-014 State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient's Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2020-020)

Refer to Finding 2022-013 for the status of this issue.

2021-015 A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2020-021)

Refer to Finding 2022-014 for the status of this issue.

# Management's Corrective Action Plans



Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR

URI MONSON  
SECRETARY  
GOVERNOR'S OFFICE OF THE BUDGET

**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-001	OA-OIT	Kenneth R. Kitch, IT Director, Insurance Department	<p><b>Information Technology General Controls Need Improvement (Similar Conditions Were Noted in Prior Year Findings 2022-001 and 2022-003)</b></p> <p>A RFP was issued October 2023 to solicit competitive bids to perform regulatory and claims processes. Once a vendor is selected and the contract is awarded, the segregation of duties issue will be eliminated.</p> <p>Developed workflow so that there will be an approval process for the code to be promoted to the production environment. This was done in September 2023.</p>	<p><b>08/31/2024</b></p> <p><b>Completed</b></p>
		Sherry Hartman, Acting Div. Chief, Bur. Of Constr. & Mat.	The PennDOT system management personnel backups have been put in place to fully cover the absence of the ECMS Administrator (within the System Management Section).	<b>Completed</b>
		Nicole Ryan, Cross Agency Director for Application Delivery	Review of UC Ben Mod system accounts to ensure the removal of any separated users.	<b>Completed</b>
		Chris Dressler, CISO, EBRDC	GSI and ETSO Computer services review p-accounts quarterly so separated staff have their privileged accounts removed.	<b>Completed</b>
		Participate in the OA enterprise roll out of CyberArk privileged user management.	<b>06/30/2024</b>	
Migrate to have GSI fully host the environment in their data center.	<b>09/30/2024</b>			



**COMMONWEALTH OF PENNSYLVANIA**

**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-002	PDOA	Jennifer Cave, Fiscal Management Specialist, PDOA Audit Liaison	<p><b>A Material Weakness and Material Noncompliance Exist in the Department of Aging’s Maintenance of Effort Certification Reporting Process</b></p> <p>As pointed out in the conditions of the finding, audit testing confirmed that PDOA met the state spending requirement for the FFY ended September 30, 2022, for Title III, Parts B and C applicable to Aging Cluster. However, PDOA did not file the MOE Certification for the FFY ended September 30, 2022, as required.</p> <p>An extension was necessary due to the Area Agencies on Aging’s noncompliance with quarterly reporting into AccuFund. The certification includes other Title III Parts applicable to other, non-Aging Cluster, federal programs which are reported by the subrecipients. Once the records are reconciled by virtue of program income being confirmed as reported, totals ending through September 30, 2023, can be submitted.</p> <p>Accordingly, the extension was requested for FFY 2022 final Federal Financial Reports (FFRs/SF-425s) and HHS granted a new deadline of March 31, 2024, to include reported figures instead of predominately estimations.</p> <p>As a result, PDOA has developed and implemented the following remedial actions necessary to address the deficiency in the Maintenance of Effort Certification Reporting Process:</p> <ul style="list-style-type: none"> <li>- Increased communication between the Bureau of Finance and the Bureau of Accounting and Financial Management (BAFM) to collaboratively work toward producing accurate reports and meet annual requirements.</li> <li>- Standard Operating Procedures to be established in concert with BAFM projected for completion by June of 2024.</li> <li>- Transparency of calculations is one of the considerations being taken on the procedural documents being drafted to ensure the amount of state funds expended is appropriately reported on the MOE.</li> <li>- PDOA is working with HR to hire a vacant position responsible for standardizing the cycles of reporting and to closely monitor compliance.</li> <li>- Additional internal control framework initiated; BAFM has agreed to assist in the certification of state resources expended set forth by Title III of the Older Americans Act, under the approved state plan.</li> </ul>	06/30/2024

**COMMONWEALTH OF PENNSYLVANIA**

**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-002 (cont'd)			<ul style="list-style-type: none"> <li>- PDOA resolves to follow the recommendation to remit the Certification of MOE as required annually to HHS at the end of each FFY.</li> <li>- Follow-up procedures resulting from this finding will be reviewed and adjusted as needed to deliver optimal outcomes. Preliminary procedures will be directed to the agency’s audit review committee for resolution of completeness.</li> <li>- In the event the audit review committee determines additional steps beyond the monitoring efforts outlined above are insufficient, additional efforts will be communicated to the AAA network.</li> </ul>	
2023-003	PDOA	Jennifer Cave, Fiscal Management Specialist, PDOA Audit Liaison	<p><b>A Material Weakness and Material Noncompliance Exist in the Department of Aging Related to Subrecipient Monitoring</b></p> <p>Compliance of the 52 Area Agencies on Aging (AAA) subrecipients is currently being monitored by three Fiscal Representatives using a Phase VIII monitoring tool. As the period of performance of evaluation comes to a close, a new tool will be drafted, taking into consideration the additional need for risk assessments.</p> <ol style="list-style-type: none"> <li>1. With the use of a Monitoring log, PDOA plans to perform risk assessments systemically statewide for all Aging Cluster subrecipients.</li> <li>2. A risk assessment is being developed to evaluate each subrecipient’s risk of noncompliance to proactively address any weaknesses in internal controls over federal programs.               <ul style="list-style-type: none"> <li>- Pointed questions regarding the Organization will be included to gauge management’s ability to follow all terms and conditions of the contract.</li> <li>- General Policies will be reviewed for adherence to all federal and state regulations and competence of personnel administering the programs.</li> <li>- Since multiple federal funding streams are involved, a fiscal component will also be administered to review internal controls for financial issues.</li> </ul> </li> <li>3. As a starting point, PDOA plans to prioritize the larger organizations which typically require more monitoring on an annual basis.</li> <li>4. Subrecipient monitoring is projected to occur during the fiscal year ended June 30, 2024, for the Aging Cluster subrecipients to ensure timely compliance with all applicable federal regulations.</li> <li>5. Performance check-ins are launching in April of 2024 as part of a statewide comprehensive</li> </ol>	06/30/2024

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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-003 (cont'd)			<p>monitoring as a new form of regulatory measure.</p> <p>6. PDOA recognizes time and insufficient staffing as a barrier to achieving the goal of performing a risk assessment for every AAA, but has set an expectation of reaching half at a minimum.</p> <p>7. Follow-Up procedures resulting from this finding will be reviewed and adjusted as needed to deliver optimal outcomes. Preliminary procedures will be directed to the agency’s audit review committee for resolution of completeness.</p> <p>8. In the event the audit review committee determines additional steps beyond the monitoring efforts outlined above are insufficient, additional efforts will be communicated to the AAA network.</p>	
2023-004	PDA	Caryn Long Earl, Director, Bureau of Food Assistance	<p><b>Controls Over the Accountability of Donated Foods Need Improvement (A Similar Condition Was Noted in Prior Year Finding 2022-010)</b></p> <p>PDA strives to maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA donated foods, including end products processed from donated food. To that end, PDA has already or will put the following steps in place to strengthen procedures for future periods to ensure any errors are identified and corrected when reconciling the Bureau of Food Assistance’s (BFA’s) Commodity Inventory Report:</p> <p>1. The finding noted in the audit with regards to the Commodity Inventory Report has been corrected and no known issues remain.</p> <p>2. BFA will cross-train an additional staff member (the NSLP Specialist) on the process of completing the monthly Commodity Inventory Report. This staff member will then serve as a back-up to the Processing Specialist and will be able to complete a monthly review of the completed Commodity Inventory Report to ensure accuracy.</p> <p>3. In the event that the numbers in BFA’s Monthly Commodity Inventory Report don’t balance, the Processing Specialist will consult with the Technical Specialist managing PA Meals, who can assist with a technical review of the raw numbers.</p> <p>4. Sent an email communication to select commodity processors and brokers reiterating the process for submitting Monthly Processing Reports (MPRs) to BFA and reminding them of their responsibility to provide prompt responses should questions arise.</p>	<p><b>Completed</b></p> <p><b>06/30/2024</b></p> <p><b>Completed</b></p> <p><b>Completed</b></p>

**COMMONWEALTH OF PENNSYLVANIA**

**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-005	PDA	Caryn Long Earl, Director, Bureau of Food Assistance	<p><b>A Significant Deficiency and Noncompliance Exist in Pennsylvania Department of Agriculture Monitoring of Food Distribution Cluster Subrecipients</b></p> <p>PDA, Bureau of Food Assistance (BFA) has already or will put the following steps in place to address this deficiency and noncompliance finding.</p> <ol style="list-style-type: none"> <li>1. BFA, in coordination with our contractor, Hunger-Free Pennsylvania, has developed a mechanism to track the reviews of all 16 lead subrecipient agencies for the Commodity Supplemental Food Program (CSFP). This tracking mechanism will help to ensure that CSFP monitoring reviews are scheduled and completed in a timely manner, in accordance with federal regulations pertaining to CSFP.</li> <li>2. BFA has scheduled a comprehensive monitoring review of Food Helpers (formerly known as Greater Washington County Food Bank). The review is scheduled to begin March 2024, and should be completed no later than April 30, 2024.</li> </ol>	<p><b>Completed</b></p> <p><b>04/30/2024</b></p>
2023-006	DOC	<p>Erica Benning, Director, Healthcare Services</p> <p>Jodilynn Jacob-Byrd, Fiscal Management Specialist</p>	<p><b>A Material Weakness and Material Noncompliance Exist at the Department of Corrections Related to the Review of Opioid Medication Costs</b></p> <p>DOC will institute internal controls to review and monitor, on a quarterly basis, medical costs billed from the pharmaceutical vendor to ensure the billing is consistent with contract language. The review will be done by a Fiscal Management Specialist (FMS). The internal control will consist of the following:</p> <ul style="list-style-type: none"> <li>- Beginning with the December 2023 invoice, DOC will request fully executed procurement documents from the pharmaceutical contractor to verify acquisition costs.</li> <li>- The current contract language states that pharmaceuticals are billed at actual acquisition costs plus a dispensing fee. Therefore, the FMS will match the acquisition cost for the vendor for a sample of transactions to the invoices received from the vendor.</li> <li>- DOC will conduct this review on the pharmaceutical invoices for March, June, September, and December in each year continually.</li> <li>- DOC will document the review using an excel spreadsheet that has the universe of pharmacy orders by patient – matching the records and recording the date the review was done. All documents will be saved in an internal medical invoice folder.</li> <li>- Reviews will be completed by the last day of the month after the invoice is submitted.</li> <li>- Training on the new process will be done by March 31, 2024. Findings (or lack thereof) will be reported to DDP by April 30th, July 31st, October 31st, and January 31st of each year via email.</li> <li>- If there are discrepancies, the vendor will be contacted immediately and a true-up will be requested in</li> </ul>	<p><b>03/31/2024</b></p>

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-006 (cont'd)			<p>the next month's invoices (either a credit or a debit depending on the discrepancy).</p> <p>DOC will continue to utilize PACE to complete full audits on reasonability of drug prices. DOC acknowledges, due to purchasing and distribution practices for the pharmaceutical vendor, Sublocade was not on prior reports. However, in the third and fourth quarter of 2023, Sublocade was added to the quarterly PACE audits for reasonability of drug prices. DOC has spoken with PACE and will now receive all quarterly audits and will be invited to all meetings between PACE and the contracted pharmaceutical vendor to discuss any findings.</p>	
2023-007	DDAP	<p>Susan Duff, Chief, Program Monitoring Division</p> <p>Autumn Croasmun, Project Director for State Opioid Response III Grant</p> <p>Tia Roebuck, Director, Division of Budget and Procurement</p>	<p><b>A Significant Deficiency and Noncompliance Exist at the Department of Drug and Alcohol Programs Related to Submission of Performance Progress Reports</b></p> <p>Beginning January 31, 2024, DDAP started having internal discussions to determine the most effective and efficient methodology to evaluate the internal controls of the SCAs' data being reported to DDAP during the federal grant period and in the PPRs. Steps currently being taken by DDAP include updating the SCAs' monitoring process for the next annual monitoring cycle for FY 2023-24. The goal is to have a sound methodology with formalized policies and procedures in place by April 2024 to ensure the data collected is sampled for accuracy going forward.</p> <p>To ensure accuracy of the information reported by the SCAs, which is included on the PPRs, DDAP will add verification of this data to the current SCA monitoring process. Specifically, the Project Officers who conduct SCA monitoring will:</p> <ul style="list-style-type: none"> <li>- Add a question to the SCA Pre-Submission packet: 'How does your SCA track SOR-funded clients in order to accurately report them on the SOR Report?' The SCA must specifically state how they are accounting for these clients and how they arrive at the data reported to DDAP. If DDAP determines the process is not acceptable, the SCA will be required to revise and resubmit.</li> <li>- During the virtual monitoring call, Project Officers will review the SCA's written answer to the question, and ensure they have a full understanding of where the SCA keeps data on SOR-funded clients, and how they access this data to complete the SOR reports.</li> <li>- During the onsite monitoring visit, the Project Officers will take the most recently submitted SOR report and ask the SCA staff to duplicate the steps they used to arrive at the reported numbers.</li> </ul> <p>* If the SCA is able to demonstrate how clients are tracked and the steps used to determine the reported numbers produce results consistent with what was submitted in the report, the SCA's</p>	09/30/2024

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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-007 (cont'd)			<p>submitted data will be considered verified.</p> <p>* If the SCA is unable to demonstrate how clients are tracked, and the steps used to determine the reported numbers do not produce results consistent with what was submitted in the report, the SCA will be required to implement a process by which they can accurately track this data and report client numbers. Any SCA required to implement a new client-tracking system will be required to submit backup documentation with their SOR reports, until such time as they are able to demonstrate to DDAP that they are accurately tracking clients and can demonstrate the steps used to determine their reported numbers.</p> <p>- This review process and results will be added to the Monitoring Report sent to the SCA at the end of the monitoring cycle, to reflect the SCA's compliance status.</p>	
2023-008	PDE	<p>Vonda Ramp, Chief, Div. of Food &amp; Nutr., Bur. of Bdgt. &amp; Fiscal Management</p> <p>Clayton Carroll, Audit Coord., Bur. of Bdgt. &amp; Fiscal Management</p>	<p><b>A Significant Deficiency and Noncompliance Exist in Pennsylvania Department of Education Monitoring of Child and Adult Care Food Program Subrecipients</b></p> <p>PDE agrees with the portion of the finding pertaining to the lack of required signature on an expenditure report. To address this error, PDE will retrain staff and update "Tool Tips" in PEARS so that it is clearer for field advisers.</p> <p>PDE disagrees with two of the conditions of the finding, as stated by the auditors. First, regulation 7 CFR 226.6 (o), cited and summarized by the auditors as requiring PDE to resolve and close reviews within a specific timeline, does not include this requirement in the text. The regulation requires that subrecipients resolve any issues with a timeframe specified in their corrective action. Second, the first bulleted condition, states that "these reviews did not include any complex findings that would have required more time to close." PDE procedure for closing reviews states that "any exception must be communicated and approved by the Supervisor..." The procedure does not qualify or limit these exceptions to "complex findings." Accordingly, PDE will continue to follow its procedures as written.</p>	06/30/2024
2023-009	PDE	<p>Carmen Medina, Chief, Student Svcs., Bur. of School</p>	<p><b>A Significant Deficiency and Noncompliance Exist in the Review and Approval of Subrecipient Education Leading to Employment and Career Training Expenditure Reports by the Pennsylvania Department of Education</b></p> <p>PDE will continue to follow regulations requiring expenditure report certifications. Internal controls will be strengthened where necessary, to ensure that staff perform reviews of expenditure reports to verify all necessary certification signatures have been obtained.</p>	06/30/2024

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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-009 (cont'd)		Supp.  Clayton Carroll, Audit Coord., Bur. of Budget & Fiscal Mgmt.		
2023-010	DEP	Patrick Webb, Director, Bureau of Abandoned Mine Reclamation  Tim Golding, Exec. Assist., Office of Admin. and Management	<p><b>A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Subrecipient Monitoring (A Similar Condition Was Noted in Prior Year Finding 2022-005)</b></p> <p>On March 2, 2021, AMLR program representatives attended a Department of Interior, Office of Surface Mining Reclamation and Enforcement online training covering 2 CFR 200 and contractor or subrecipient determinations.</p> <p>DEP ceased issuing AMLR grants under Management Directive 305.20, Grant Administration.</p> <p>DEP management has determined the recipients with existing agreements are subrecipients and DEP will follow this determination consistently with future agreements and accounting.</p> <p>DEP has developed written policies and procedures for subrecipient monitoring and has notified grantees to implement the policies and procedures immediately to ensure timely subrecipient compliance with federal regulations.</p> <p>On July 28, 2023, an audit resolution letter was issued by the Department of Interior, Office of Surface Mining Reclamation and Enforcement.</p> <p>To further address deficiencies, training for DEP Grant Managers was held on January 24, 2024, and January 31, 2024, to provide details and instruction on reporting requirements and proper documentation to ensure subrecipient compliance with federal regulations and DEP's role in this compliance.</p>	Completed
2023-011	DEP	Patrick Webb, Director, Bur.	<p><b>A Material Weakness and Material Noncompliance Exist at the Department of Environmental Protection Related to Cash Management of Federal Funds</b></p> <p>DEP will ensure appropriate language as per 31 CFR Section 205.33 (a) of the Treasury-State Cash Management Improvement Act (CMIA) to be included in all Delegation Memorandum of</p>	Completed



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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-011 (cont'd)		of Abandoned Mine Reclamation  Tim Golding, Exec. Assist., Office of Admin. and Management	Understandings (DMOU) and Letter of Commitments (LOC) for all future Capital Budget Projects to ensure the expenditure of federal monies is consistent with the progress of the project.	
2023-012	DHS	Jeanette Coulston, Staff Assistant to Director, Bureau of Operations	<p><b>A Material Weakness and Material Noncompliance Exist at the Department of Human Services Related to Electronic Benefits Transfer Card Security (A Similar Condition Was Noted in Prior Year Finding 2022-006)</b></p> <p><u>Office of Income Maintenance (OIM) Bureau of Operations (BOO)</u></p> <p>BOO will take the following actions to address the finding:</p> <ol style="list-style-type: none"> <li>1. All CAOs and district offices will be reminded of the EBT Coordinators', alternates', pinners', and card makers' responsibilities. The BOO will ensure users in the EBT Card Tracking Database know their responsibilities and segregation of duties and will ensure there is coverage for card pinning until 5:00 pm each business day. Also, reminders to be sent to review the OIM EBT Procedural Manual periodically and when updates occur. This will occur by April 1, 2024.</li> <li>2. All CAOs and district offices will be reminded to maintain adequate security of the EBT cards, card inventory, pinning devices, and ribbons. The EBT office will ensure all offices have two pinning devices and that they are in working order. This will occur by April 1, 2024.</li> <li>3. OIM mandates annual training for EBT personnel to be completed at the beginning of each year. The training includes reviewing the procedures that safeguard access to the EBT systems. Area managers and staff assistants monitor completion of the training. Also included are the following:                         <ol style="list-style-type: none"> <li>a. Review of roles and responsibilities and who may hold a role</li> <li>b. Card maker and pinner coverage for all business hours</li> <li>c. Proper security for EBT cards and associated items</li> <li>d. Timeframes for submitting changes</li> <li>e. Retention timeframes</li> </ol> </li> </ol>	<p><b>04/01/2024</b></p> <p><b>04/01/2024</b></p> <p><b>Completed</b></p>



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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-012 (cont'd)		<p>Tonya Holloway, Division Director</p> <p>Amira S. Milikin, Division Director</p>	<p><u>OIM Bureau of Program Support (BPS)/EBT Project Office</u></p> <p>BPS will take the following actions to address the finding:</p> <ol style="list-style-type: none"> <li>1. The EBT Project Office will make updates to the EBT Procedures Manual (Manual) and OIM EPPIC EBT Systems Application form (application) as needed. Notification of updates will be sent to CAO staff via email. This is expected to occur by April 1, 2024.</li> <li>2. The EBT Program office will provide guidelines for the CAOs to follow when reviewing/updating their written internal procedures for EBT security of card mailings. This is expected to occur by April 1, 2024.</li> <li>3. The EBT Project Officer will start retraining parties that are responsible for the completion of the EBT Headquarters Card Destruction log. This is expected to occur by April 1, 2024.</li> </ol> <p><u>OIM Bureau of Program Evaluation (BPE)/Division of Corrective Action (DCA)</u></p> <p>BPE will take the following actions to address the finding:</p> <p>The Bureau of Program Evaluation, Division of Corrective Action conducts EBT Card Security reviews at every CAO and District Office that issues EBT cards. These reviews are completed on a 3-year rotation to ensure compliance in the execution of documented policies and procedures. BPE/DCA will adjust the review criteria to incorporate any procedural changes implemented in the Electronic Benefit Transfer Procedures Manual. The current rotation schedule spans FFY 2022- FFY 2024. The new 3-year schedule will begin October 2024.</p>	<p>04/01/2024</p> <p>04/01/2024</p> <p>04/01/2024</p> <p>October 2024</p>
2023-013	DHS	Adam Riggs, Director, Division of Family Assistance, OIM, BOP	<p><b>A Significant Deficiency and Noncompliance Exist Over the Preparation and Submission of the ACF-204 and ACF-196P Reports</b></p> <ol style="list-style-type: none"> <li>1. Upon receiving the annual 4th quarter ACF-196R from the Bureau of Financial Management, the Office of Income Maintenance (OIM) Bureau of Policy (BOP) replies with a confirmation receipt and a reminder to send any future revisions of the report with an email priority of important.</li> <li>2. OIM, BOP updated the roles in the On-line Data Collections (OLDC) Grant Solutions portal.</li> <li>3. OIM, BOP set up OLDC Grant Solutions to generate an email notification for any new submissions,</li> </ol>	<p>11/30/2024</p> <p>Completed</p> <p>Completed</p>

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-013 (cont'd)			<p>revised submissions, or any previous submissions that are withdrawn.</p> <p>4. OLDC Grant Solutions notifications received between the months of January and March will receive priority to ensure any necessary amendments to the TANF Annual report (ACF-204) are properly submitted by the March 31 deadline.</p>	<p><b>March 2024</b></p>
2023-014	<p><b>DHS</b></p>	<p>Joel O'Donnell, Dir., Bureau of Program Support, OIM</p> <p>Jessica Schneider, Executive Policy Specialist I, Grants, OPD</p>	<p><b>Department of Human Services Did Not Validate Financial Information as Part of Its On-Site Monitoring of Temporary Assistance for Needy Families Subrecipients (A Similar Condition Was Noted in Prior Year Finding 2022-008)</b></p> <p><u>New Directions, Cash Grants</u> The Office of Income Maintenance (OIM) is determining how it can incorporate onsite financial monitoring into the monitoring that is currently being conducted. This includes consideration of the specific areas the financial monitoring should cover and the scope of the monitoring. After OIM develops the monitoring procedures, OIM will start the onsite monitoring.</p> <p><u>Real Alternatives</u> Despite repeated attempts and efforts by the Office of Policy Development (OPD) to engage Real Alternatives in ongoing monitoring activities, as well as monitoring after the end of the grant for previous years, the grantee was uncooperative and unresponsive to our requests and therefore regular monitoring was not completed. Effective December 31, 2023, the Department of Human Services' grant agreement with Real Alternatives ended and was not renewed.</p>	<p><b>12/31/2024</b></p> <p><b>Completed</b></p>
2023-015	<p><b>DHS</b></p>	<p>Kelly Graham, Director, Div. of Financial Policy and Operations</p> <p>Jessica Schneider, Exec. Policy Specialist I, Grants</p>	<p><b>A Material Weakness and Material Noncompliance Exist in the Department of Human Services' Program Monitoring of the Social Services Block Grant Subrecipients</b></p> <p>Office of Admin.--SSBG: The Bureau of Financial Operations (BFO) will continue conducting during-the-award subrecipient monitoring for the SSBG based on the results of the documented risk assessment. As it relates to the cash management portion of the finding, given the relatively small amount of funds involved and the number of counties affected, DHS has determined that it is not economically feasible to change the payment methodology at this time.</p> <p>OPD-SSBG: Due to the COVID-19 global pandemic as well as staff turnover and vacancies in OPD, regular monitoring of SSBG grant recipients was not performed on schedule. However, with the hiring of a full complement of staff for the DHS Policy Office, including a Grant Administrator, we are in the process of creating and implementing a robust monitoring plan for all 19 of our grantees for calendar year 2024, including in-person monitoring, desk monitoring, data collection, and analysis.</p>	<p><b>06/30/2024</b></p> <p><b>12/31/2024</b></p>

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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-016	DHS	Toni Hoffecker, Dir., Div. of Systems, Monitoring and Oversight, BDCM	<p><b>A Significant Deficiency and Noncompliance Exist at the Department of Human Services Related to the Medicaid National Correct Coding Initiative (A Similar Condition Was Noted in Prior Year Finding 2022-009)</b></p> <p>Office of Medical Assistance Programs’ Bureau of Data and Claims Management (BDCM) is currently negotiating an amendment to the PROMISe contract with Gainwell Technologies. The amendment will modify the NCCI performance requirement to include a statement equivalent to “Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the secure RISSNET portal.”</p>	06/30/2024
2023-017	OA-OIT L&I	William McLean Jr. Chief, Workforce Development and Information Division, OA-OIT	<p><b>Inappropriate Privileged Access Granted to Program Personnel</b></p> <ol style="list-style-type: none"> <li>1. The role was removed from the users’ profiles after the audit period, once the auditors pointed out the issue.</li> <li>2. Update the user access request form to clarify the circumstances under which privileged roles may be assigned to application users.</li> <li>3. Evaluate if there is a need for a new role; and if there is not an existing role to accomplish existing job duties, then we can look to create new privileged roles that allow administrators to assign the lowest level of permission required.</li> <li>4. The program area will perform quarterly periodic access reviews of privileged (admin) role users to include an assessment of the appropriateness of role assignments.</li> <li>5. The program area will conduct a review of all OVR staff user roles to include an assessment of the appropriateness of role assignments on an annual basis.</li> </ol>	<p><b>Completed</b></p> <p>06/30/2024</p> <p><b>Ongoing</b></p> <p><b>Ongoing</b></p> <p><b>Ongoing</b></p>
2023-018	L&I	Zulqarnain Nasir, Chief Financial Officer, OVR	<p><b>A Significant Deficiency and Noncompliance Exist in the Department of Labor and Industry’s Procedures Related to Period of Performance Requirements</b></p> <p>The final report for the grant H126A210056 has already been submitted to the RSA. No changes can be made to the RSA report at this point.</p> <p>A reconciliation process has been introduced which will eliminate period of performance (POP)</p>	04/15/2024

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-018 (cont'd)			violations for the current/future grants. Currently, OVR is using this method to ensure correction of POP violations for the current VR grants (if any). Adjusting entries to correct the POP violation in SAP will be posted by 04/15/2024 subject to the approval of OB-OCO to open the closed internal orders of the grant.	
2023-019	L&I	Zulqarnain Nasir, Chief Financial Officer, OVR	<p><b>A Significant Deficiency and Noncompliance Exist Related to the Preparation and Submission of the Quarterly RSA-17 Report</b></p> <p>A request has been made to RSA for the correction of the report. A correction will be made by OB-OCO once the report is open.</p> <p>To avoid typographical errors in the future, the CFO and the Division Chief of Budget and Admin will review the report after submission by OB-OCO to ensure the submission is correct.</p>	04/15/2024
	OB-OCO	Carson Buck, Commw. Accountant Manager  Kathleen Bolick, Accountant 3	<ul style="list-style-type: none"> <li>• General Accounting revised our procedures to include having both the reviewer and preparer match the PDF output to the final Excel spreadsheet.</li> <li>• General Accounting discussed this finding and procedure change with the applicable staff on February 28, 2024 and February 29, 2024.</li> <li>• OVR has requested that the USDE unlock the RSA-17 Report for editing. General Accounting will submit a revised RSA-17 report to USDE once the report is unlocked.</li> </ul>	04/15/2024
2023-020	OB-GBO	Michael Wood, Bureau Director, Bureau of Performance, Revenue, and Program Analysis, OB-GBO  Colleen Kling,	<p><b>A Significant Deficiency and Noncompliance Exist at the Governor’s Budget Office Related to the Quarterly Project and Expenditure Report</b></p> <p><u>PEMA Capital Project Reporting:</u> The PEMA Emergency Medical Services Recovery SLFRF Project (87374A) was reported to the federal government with \$0 for capital expenditures because all recipients were beneficiaries. The SLFRF federal guidance states the following:</p> <p>11. Subrecipient Monitoring. SLFRF recipients that are pass-through entities as described under 2 CFR 200.1 are required to manage and monitor their subrecipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.</p> <p>First, your organization must clearly identify to the subrecipient: (1) that the award is a subaward of SLFRF funds; (2) any and all compliance requirements for use of SLFRF funds; and (3) any and all</p>	07/31/2024

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-020 (cont'd)		<p>Division Manager, Division of Programs and Performance, OB-GBO</p> <p>Samantha Lockhart, Executive Budget Specialist, OB-GBO</p> <p>Evelyn Madenford, Volunteer Loan Program Administrator, Office of State Fire Commissioner, PEMA</p> <p>Mark Hansford, Division Manager, Division of Community and Conservation, DCNR</p>	<p>reporting requirements for expenditures of SLFRF funds.</p> <p>Recipients should also note that subrecipients do not include individuals and organizations that received SLFRF funds as end users. Such individuals and organizations are beneficiaries and not subject to audit pursuant to the Single Audit Act and 2 C.F.R. Part 200, Subpart F. U.S. Treasury, Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds, Version 5.14, December 14, 2023, Pages 12-13. (This is the current version)</p> <p>Additionally, the U.S. Treasury states in their Quarterly Reporting User Guide Frequently Asked Questions (page 165 of the current edition):</p> <p>1.20. Who are beneficiaries and are recipients required to report for them?</p> <p>The terms and conditions of federal awards flow down to subawards to subrecipients, requiring subrecipients to comply with all requirements of recipients such as the treatment of eligible uses of funds, procurement, and reporting requirements. Beneficiaries are not subject to the requirements placed on subrecipients in the Uniform Guidance, including audit pursuant to the Single Audit Act and 2 CFR Part 200, Subpart F or subrecipient reporting requirements.</p> <p>OB-GBO interpreted this to mean that reporting was not necessary, but we are seeking clarification from U.S. Treasury. Meanwhile, we will collaborate with PEMA to review grant materials and address capital expenditure questions by July 31, 2024.</p> <p><u>Capital Project In Excess Of \$10M:</u> The Quarter 1 2023 Project and Expenditure Report submitted by the Commonwealth of Pennsylvania did not capture the DCNR State Parks and Outdoor Recreation Grants Program (87360B) as a capital project in excess of \$10M. The federal reporting portal inaccurately recorded the submission, and unfortunately, we cannot verify if this was due to a technical issue (there have been several instances we found where information we entered into the portal was reported differently in the U.S. Treasury generated report summary and had to be corrected by the U.S. Treasury after submission) or human error since access to older reports is blocked, nor does the abridged PDF version of the submission from the U.S. Treasury portal contain that specific information. While the error was noted in the Quarter 1 2023 report, it had been corrected in the Quarter 2 report. Currently, there is no further action we can take regarding the Quarter 1 2023 report. We consider this issue resolved.</p> <p><u>Capital Project Justification Did Not Include All Required Elements:</u> The DCNR State Parks and Outdoor Recreation Grants Program (87360B) has been reported as a capital project. OB-GBO acknowledges that the capital project justification did not include all the required</p>	

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-020 (cont'd)			elements below: (i) Describe the harm or need to be addressed; (ii) Explain why a capital expenditure is appropriate; and (iii) Compare the proposed capital expenditure to at least two alternative capital expenditures and demonstrate why the proposed capital expenditure is superior.  OB-GBO plans to collaborate with DCNR to ensure future reports include all necessary elements by July 31, 2024.	
2023-021	OB-OCO	Emily College, Special Assistant	<p><b>A Material Weakness and Material Noncompliance Exist Over the Preparation and Submission of the Quarterly ACF-196R Reports</b></p> <p>The Office of Comptroller Operations unit responsible for DHS grant reporting strives for accurate and complete records in respective to all grant reporting responsibilities, and to that end has implemented or is in the process of implementing the follow reporting improvements:</p> <ul style="list-style-type: none"> <li>- Report submissions:                             <ul style="list-style-type: none"> <li>• Submitted corrected federal unliquidated obligations in the next cumulative quarterly ACF-196R report following the reporting error(s), in accordance with ACF guidance.</li> <li>• Revised the cumulative quarterly ACF-196R for the quarter-ending September 30, 2023, to accurately report the expenditures, in accordance with ACF guidance.</li> </ul> </li> <li>- Reporting Preparation Control Improvements:                             <ul style="list-style-type: none"> <li>• Improve spreadsheet controls by updating single cell references to “lookups” based on account code, wherever possible.</li> <li>• Include a reconciliation from the grant reports used for the ACF-196R to the reports used for the Commonwealth’s SEFA and/or other similar total federal expenditure reports. As the SEFA reports are designed to include all federal expenditures by ALN, it would assist in identifying if any internal orders were excluded from the grant reporting due to group order attribute system errors.</li> <li>• Update internal procedures for the above changes.</li> </ul> </li> <li>- System Controls                             <ul style="list-style-type: none"> <li>• As the three internal orders with group attributes system errors were all due to a missing digit in the group number attribute upon setup within the Commonwealth’s enterprise resource planning (ERP) software, work with the Commonwealth’s IT department overseeing the ERP system to determine if a system control can be added to warn and/or require the correct number of characters.</li> </ul> </li> </ul>	06/30/2024

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-022	OB-OCO	Sandra Bruno, Integrated Financial Service Manager  Jamie Jerosky, Assistant Director	<p><b>A Significant Deficiency and Noncompliance Exist in the Commonwealth’s FFATA Reporting Process (A Similar Condition Was Noted in Prior Year Finding 2022-012)</b></p> <p>The following steps were taken to address this material weakness:</p> <ul style="list-style-type: none"> <li>- Finalize FFATA procedures to ensure a consistent FFATA review is being conducted in General Accounting.</li> <li>- Managers will review FFATA preparer’s reports for completeness.</li> <li>- Review fiscal year end FFATA errors and make corrections needed so the FFATA reports are in FSRS and USAspending.gov.</li> </ul>	11/01/2024
2023-023	PDA	Caryn Long Earl, Director, Bureau of Food Assistance	<p><b>State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward and Did Not Evaluate Each Subrecipient’s Risk of Noncompliance as Required by the Uniform Grant Guidance (A Similar Condition Was Noted in Prior Year Finding 2022-013)</b></p> <p>For federal programs within the Food Distribution Cluster (ALNs 10.565, 10.568, and 10.569), PDA will put the following steps in place for (1) identifying the federal award information and applicable requirements and (2) evaluating each subrecipient’s risk of noncompliance as Required by the Uniform Grant Guidance.</p> <ol style="list-style-type: none"> <li>1) PDA will ensure that FAIN numbers are now included in all new subaward agreements. (For currently existing agreements, PDA will send letters by June 30 to provide the FAIN and reiterate Single Audit requirements.)</li> <li>2) For those subaward agreements that are permanent and/or cover multiple funding years, PDA will develop procedures to ensure that annual notices are sent to each subrecipient notifying them of the updated FAIN for their agreement and reminding them of the Single Audit requirements that are laid out in the terms of their initial signed agreement.</li> <li>3) PDA will develop a process to evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The evaluation will be based on Key Performance Indicators, such as leadership tenure; prior incidents of food spoilage; or qualitative feedback from clients served. If the evaluation determines that additional monitoring tools beyond the routine performance of on-site</li> </ol>	06/30/2024

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-023 (cont'd)	PDOA	Jennifer Cave, Fiscal Management Specialist, PDOA Audit Liaison	<p>reviews of the subrecipient's program operations are necessary, such conditions will be laid out in a separate letter communication to the sub-awardee.</p> <p>PDOA will implement the following steps to evaluate each subrecipient’s risk of noncompliance as required by the uniform grant guidance.</p> <ol style="list-style-type: none"> <li>1. Evaluation is ongoing for the impacted Aging Cluster programs.</li> <li>2. A risk assessment is being developed to evaluate each subrecipient’s risk of noncompliance to proactively address any weaknesses in internal controls over federal programs.                             <ul style="list-style-type: none"> <li>- Pointed questions regarding the Organization included to gauge management’s ability to follow all terms and conditions of the contract.</li> <li>- General Policies will be reviewed for adherence to all federal and state regulations and competence of personnel administering the programs.</li> <li>- Since multiple federal funding streams are involved, a fiscal component will also be administered to review internal controls for financial issues.</li> </ul> </li> <li>3. Performance check-ins are launching in April of 2024 as part of a statewide comprehensive monitoring as a new form of regulatory measure.</li> <li>4. Follow-Up procedures resulting from this finding will be reviewed and adjusted as needed to deliver optimal outcomes. Preliminary procedures will be directed to the agency’s audit review committee for resolution of completeness.</li> <li>5. In the event the audit review committee determines additional steps beyond the monitoring efforts outlined above are insufficient, additional efforts will be communicated to the AAA network.</li> </ol>	06/30/2024
	DOH	Andrea Race, CFO	<p>DOH plans to develop and implement a robust subrecipient monitoring program which includes establishing a new section within the Budget Office pending enacted budget funds and complement to support the creation of the section.</p> <p>Initiative goals/milestones include:</p> <ol style="list-style-type: none"> <li>1. Educate Department: Budget Office is developing a bulletin that will outline the subrecipient monitoring requirements with links to state and federal sources. The bulletin will be shared with all program office staff. The Budget Office will develop the following templates and provide to all program offices:</li> </ol>	03/31/2024



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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-023 (cont'd)			<ul style="list-style-type: none"> <li>- Determination of vendor status: Subrecipient or Contractor</li> <li>- Risk Assessment Form</li> <li>- Internal Control Self-Assessment for Subrecipient Template</li> <li>- Subrecipient Monitoring Template</li> </ul> <p>2. Implementation of full compliance initiative: Recommendations provided in the assessment will be used to develop and implement comprehensive policies and procedures lead by a new section in the Budget Office.</p>	03/31/2025
	DHS	<p>Melissa Erazo Director, Bureau of Budget and Fiscal Support</p> <p>Jessica Schneider, Executive Policy Specialist I, Grants</p>	<p><u>Foster Care</u> For the portion of the audit finding that indicates State Agencies Did Not Identify the Federal Award Information and Applicable Requirements at the Time of the Subaward. Beginning state fiscal year 2024-2025, OCYF will begin sending out the required information to the Foster Care non-profit contractor.</p> <p>Separately, OCYF will be developing a risk assessment process for the Foster Care non-profit contractor in state fiscal year 2024-2025.</p> <p><u>TANF and SSBG</u> Effective December 31, 2023, DHS' grant contract with Real Alternatives ended. We have no contract for services with them going forward. Despite repeated attempts and efforts to engage this grantee in ongoing monitoring activities, as well as monitoring after the end of the grant for previous years, they were uncooperative and unresponsive to our requests and therefore regular monitoring was not completed.</p> <p>Due to the Covid-19 global pandemic as well as staff turnover and vacancies in the Office of Policy Development, regular monitoring of SSBG grant recipients was not performed on schedule. However, with the hiring of a full complement of staff for the DHS Policy Office, including a Grant Administrator, we are in the process of creating and implementing a robust monitoring plan for all 19 of our grantees for calendar year 2024, including risk assessments, in person monitoring, desk monitoring, data collection and analysis.</p>	<p>06/30/2024</p> <p>06/30/2025</p> <p>12/31/2024</p>
2023-024	PDA	Tracee Gotwalt, Audit	<p><b>A Material Weakness and Material Noncompliance Exist in the Commonwealth's Subrecipient Audit Resolution Process (A Similar Condition Was Noted in Prior Year Finding 2022-014)</b></p> <p>PDA will be hiring a complement position to develop and maintain an audit tracking report to ensure that all single audits are properly logged and processed. In addition, this position will review the</p>	06/30/2024

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Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-024 (cont'd)		Coordinator	financial information in each audit report to determine if all pass-through funding is properly included and subject to audit. This position will coordinate with the bureaus within PDA to ensure all required follow-up is completed in a timely manner.	
	PDOA	Jennifer Cave, Fiscal Management Specialist, PDOA Audit Liaison	<p>The PDOA is looking to improve management decision communications in addition to more thorough evaluations as a new Comprehensive Monitoring Process pilot is starting in April 2024 to address the noncompliance of subrecipient monitoring.</p> <p>This has resulted in management designing control activities to achieve timely submissions in the future by initiating the following:</p> <ol style="list-style-type: none"> <li>1. An audit tracking log has been established to track report submissions, document when they were received, initiated, findings requiring follow-up, and subsequent steps to finalize the audit.</li> <li>2. A separate tracking mechanism is in place to ensure the monitoring of subrecipient activities for compliance with federal statutes, regulations, and the terms and conditions of the Agreement for the 52 Area Agency on Aging subrecipients.</li> <li>3. PDOA is looking to fill a vacant position with a focus of tracking subrecipient expenditures in the aggregate and tracks Single Audit submissions on a Commonwealth wide basis since the Aging Cluster is material and has material sub-granted expenditures.</li> <li>4. Since receiving the finding, PDOA has reached out to the resource account where Subrecipient Single Audit reports are received by the Federal Audit Clearinghouse (FAC) to verify all outstanding audit items for PDOA, as action is required within six months of receipt.</li> <li>5. It is PDOAs impression that having increased oversight of the Schedule of Expenditures of Federal Awards (SEFA) will allow for timely dissemination of Management Decision Letters (MDL) in the six-month timeframe for making a management decision for federal award findings.</li> <li>6. Additionally, PDOA will confirm a closure letter was sent to the Philadelphia Corporation for Aging documenting PDOA’s management decision regarding federal award findings, as included in their FYE 06/30/2021 Single Audit report.</li> <li>7. Follow-Up procedures resulting from this finding will be reviewed and adjusted as needed to deliver optimal outcomes. Preliminary procedures will be directed to the agency’s audit review committee for resolution of completeness.</li> </ol>	06/30/2024

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**Corrective Action Plans - June 30, 2023**

Finding	Agency	Contact Person & Title	Finding Title/Corrective Action	Anticipated Completion Date
2023-024 (cont'd)			8. In the event the audit review committee determines additional steps beyond the monitoring efforts outlined above are insufficient, additional efforts will be communicated to the AAA network.	
	<b>DOH</b>	Steven Marsden, Chief, Audit Resolution Section	DOH's subrecipient single audit tracking report now includes a mechanism to monitor management decision deadlines related to each entity's FAC submission date. The process for tracking subrecipient audit reports with findings has been updated to include and highlight subrecipients' audit reports where DOH is the lead agency for finding resolution or the report contains findings that relate to the Department.	<b>03/31/2024</b>
	<b>PDE</b>	Clayton Carroll, Audit Coordinator, Bureau of Budget & Fiscal Management  Jessica Sites, Director, Bureau of Budget & Fiscal Management	PDE has implemented weekly, monthly and quarterly checks to ensure that all single audits are properly logged and processed. The clerk typist will conduct a weekly review and provide confirmation to the audit coordinator by signature. Bi-weekly, the clerk typist will follow up on any single audits that remain open.	<b>Completed</b>

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# Appendix



Commonwealth of Pennsylvania

# ***COMMONWEALTH OF PENNSYLVANIA***

## ***APPENDIX - Legend of Abbreviations - June 30, 2023***

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

<b><u>ABBREVIATION</u></b>	<b><u>DESCRIPTION</u></b>
AA	Adoption Assistance
AMLR	Abandoned Mine Land Reclamation
ACA	Affordable Care Act
ACF	Administration for Children and Families
ACFR	Annual Comprehensive Financial Report
ACH	Automated Clearing House
AG	Department of the Auditor General
AGRI	Department of Agriculture
AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number
ARC	Appalachian Regional Commission
ARP	American Rescue Plan
ARP ESSER	American Rescue Plan – Elementary and Secondary School Emergency Relief
ARP ESSER HCY	American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth
BAFM	Bureau of Accounting and Financial Management
BAMR	Bureau of Abandoned Mine Reclamation
BCSE	Bureau of Child Support Enforcement
BFA	Bureau of Food Assistance
BFD	Bureau of Food Distribution
BFO	Bureau of Financial Operations
BFS	Basic Financial Statements
BOA	Bureau of Audits
BPS	Bureau of Payable Services
BQA	Bureau of Quality Assurance
BUCD	Bureau of Unemployment Compensation Disbursements
BWDA	Bureau of Workforce Development Administration
CACFP	Child and Adult Care Food Program
C&E	Conservation and Environment
CAO	County Assistance Office
CAP	Corrective Action Plan
CARES	Coronavirus Aid, Relief, and Economic Security Act
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CCIS	Child Care Information Service
CCYA	County Children and Youth Agency
CDBG	Community Development Block Grants
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CHIP	Children’s Health Insurance Program
CIS	Client Information System
CMIA	Cash Management Improvement Act of 1990
CMS	Centers for Medicare and Medicaid Services
CNC	Child Nutrition Cluster
CN-PEARS	Child Nutrition Program Electronic Application and Reimbursement System
COPPAR	Commonwealth of Pennsylvania Policy and Procurement Action Request
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	Coronavirus Disease 2019
CRRSA EANS	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools Program

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## ***Legend of Abbreviations (Continued) - June 30, 2023***

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<b><u>ABBREVIATION</u></b>	<b><u>DESCRIPTION</u></b>
CSE	Child Support Enforcement
CUEC	Complementary User Entity Controls
CVA	Crime Victim Assistance
CWDS	Commonwealth Workforce Development System
CWSRF	Capitalization Grants for Clean Water State Revolving Funds
DCED	Department of Community and Economic Development
DDAP	Department of Drug and Alcohol Programs
DEP	Department of Environmental Protection
DFN	Division of Food and Nutrition
DFP	Division of Federal Programs
DGS	Department of General Services
DHS	Department of Human Services
DMVA	Department of Military and Veterans Affairs
DOC	Department of Corrections
DOD	United States Department of Defense
DOE	United States Department of Energy
DOH	Department of Health
DOI	United States Department of Interior
DOJ	United States Department of Justice
DOL	United States Department of Labor
DOR	Department of Revenue
DOT	United States Department of Transportation
EBT	Electronic Benefits Transfer
EBR	Employment, Banking, and Revenue
eCIS	Electronic Client Information System
ED	United States Department of Education
ELC	Epidemiology and Laboratory Capacity for Infectious Disease
EPA	United States Environmental Protection Agency
EPPIC	Electronic Payment Processing and Information Control
ERA	COVID - 19 – Emergency Rental Assistance Program
ESEA	Elementary and Secondary Education Act
ESF	Education Stabilization Fund
ESSER	Elementary and Secondary School Emergency Relief Fund
FAC	Federal Audit Clearinghouse
FAIN	Federal Award Identification Number
FC	Foster Care – Title IV-E
FDC	Food Distribution Cluster
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
FNS	Food and Nutrition Service
FSRS	FFATA Subaward Reporting System
FYE	Fiscal Year Ended
GAAP	Generally Accepted Accounting Principles
GAO	United States Government Accountability Office
GBO	Governor’s Budget Office
GEER	Governor’s Emergency Education Relief Fund
HEERF	Higher Education Emergency Relief Fund
HEERF FIPSE	Higher Education Emergency Relief Fund – Fund for the Improvement of Postsecondary Education Formula Grant
HHS	United States Department of Health and Human Services
HIV	Human Immunodeficiency Virus
HPC	Highway Planning and Construction

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## ***Legend of Abbreviations (Continued) - June 30, 2023***

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<b><u>ABBREVIATION</u></b>	<b><u>DESCRIPTION</u></b>
HSGP	Homeland Security Grant Program
HRSA	Health Resources and Services Administration
HUD	United States Department of Housing and Urban Development
ID	Identification
IDEA	Individuals with Disabilities Education Act
IES	Integrated Enterprise System
IESO	Integrated Enterprise Systems Office
IRS	Internal Revenue Service
IT	Information Technology
ITP	Information Technology Policy
ITS	Integrated Tax System
L&I	Department of Labor and Industry
LCB	Liquor Control Board
LEA	Local Educational Agency
LIHEAP	Low-Income Home Energy Assistance Program
LWIB	Local Workforce Investment Board
MA	Medical Assistance Program
MD	Management Directive
MDL	Management Decision Letter
MLF	Motor License Fund
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MPR	Monthly Performance Report
NCCI	Medicaid National Correct Coding Initiative
NCLB	No Child Left Behind
NEU	Non-Entitlement Units
NGMO	National Guard Military Operations and Maintenance Projects
NIST	National Institute of Standards and Technology
NSLP	National School Lunch Program
NSP	Neighborhood Stabilization Program
OA	Office of Administration
OB	Office of the Budget
OCDEL	Office of Child Development and Early Learning
OCO	Office of Comptroller Operations
OCYF	Office of Children, Youth, and Families
ODP	Office of Developmental Programs
OGC	Office of General Counsel
OIG	Office of Inspector General
OIM	Office of Income Maintenance
OIT	Office for Information Technology
OMB	Office of Management and Budget
OPD	Operational Documents
OPD-AA	Office of Policy Development Alternatives to Abortion
OVR	Office of Vocational Rehabilitation
PCCD	Pennsylvania Commission on Crime and Delinquency
PDA	Pennsylvania Department of Agriculture
PDE	Pennsylvania Department of Education
PDOA	Pennsylvania Department of Aging
PDOT	Pennsylvania Department of Transportation
PEMA	Pennsylvania Emergency Management Agency
PennDOT	Pennsylvania Department of Transportation
PENNVEST	Pennsylvania Infrastructure Investment Authority
PID	Pennsylvania Insurance Department
PIMS	Pennsylvania Information Management System



# **COMMONWEALTH OF PENNSYLVANIA**

## ***Legend of Abbreviations (Continued) - June 30, 2023***

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<b><u>ABBREVIATION</u></b>	<b><u>DESCRIPTION</u></b>
PLCB	Pennsylvania Liquor Control Board
PTE	Pass-through entity
PUA	Pandemic Unemployment Assistance
RESEA	Reemployment Services and Eligibility Assessments
RFP	Request for Proposal
RS-VR	Rehabilitation Services – Vocational Rehabilitation Grants to States
SABG	Block Grants for Prevention and Treatment of Substance Abuse
SAS	Statement on Auditing Standards
SDLC	Systems Development Life Cycle
SEA	State Educational Agency
SEFA	Schedule of Expenditures of Federal Awards
SFSP	Summer Food Service Program for Children
SLFRF	Coronavirus State and Local Fiscal Recovery Funds
SNAP	Supplemental Nutrition Assistance Program
SOC	System and Organization Controls
SSA	United States Social Security Administration
SSAE	Statements on Standards for Attestation Engagements
SSBG	Social Services Block Grant
SW	Statewide Finding
SWIF	State Workers’ Insurance Fund
TANF	Temporary Assistance for Needy Families
TRE	United States Department of the Treasury
UC	Unemployment Compensation
UCMS	Unemployment Compensation Modernization System
UG	Uniform Guidance
UI	Unemployment Insurance
USDA	United States Department of Agriculture
USDE	United States Department of Education
USDHS	United States Department of Homeland Security
USDOJ	United States Department of Justice
USDOL	United States Department of Labor
WIA	Workforce Investment Act
WIC	Women, Infants, and Children
WIOA	Workforce Innovation and Opportunity Act
WPRS	Worker Profiling and Reemployment Services