

# DEPARTMENT OF HUMAN SERVICES

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Single Audit Management Letter  
For the Year Ended June 30, 2016

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Report No. 16-05



## OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

Jason Allen, CPA, CFE, Audit Supervisor  
Nancy Watson, CPA, Audit Supervisor



OFFICE OF THE  
UTAH STATE AUDITOR

**SINGLE AUDIT MANAGEMENT LETTER NO. 16-05**

October 6, 2016

Ann S. Williamson, Executive Director  
Department of Human Services  
195 North 1950 West  
SLC, Utah 84116

Dear Ms. Williamson:

This management letter is issued as a result of the Department of Human Services' (Human Services') portion of the statewide federal compliance audit for the year ended June 30, 2016. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is issued under separate cover.

In planning and performing our audit of compliance of IV-E AFDC Foster Care Program (CFDA #93.658), we considered Human Services' compliance with the applicable types of compliance requirements as described in the *OMB Compliance Supplement* for the year ended June 30, 2016. We also considered Human Services' internal control over compliance with the types of requirements described above that could have a direct and material effect on the major program tested in order to determine the auditing procedures that were appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Human Services' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. *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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purposes described in the second paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

We did not identify any deficiencies in Human Services' internal control that we consider to be material weaknesses. However, we consider the deficiency in internal control over compliance presented in the accompanying finding and recommendation to be a significant deficiency.

Human Services' written response to and Corrective Action Plan for the finding identified in our audit was not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on it.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the personnel of Human Services during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Jason Allen, CPA, CFE  
Audit Supervisor  
801-808-0716  
jasonallen@utah.gov

cc: Mark Brasher, Deputy Director  
Lana Stohl, Deputy Director  
R. Don Moss, Director, Bureau of Finance  
Jennifer Evans, Director of Fiscal Operations  
Brent Platt, Director, Division of Child and Family Services

**DEPARTMENT OF HUMAN SERVICES**

**Single Audit Management Letter**

FINDING AND RECOMMENDATION  
FOR THE YEAR ENDED JUNE 30, 2016

**FAILURE TO INCLUDE PERIODIC REVIEW OF FOSTER CARE RATES IN STATE PLAN** (Significant Deficiency and Reportable Noncompliance to Federal Program)

Federal Agency: **Department of Health and Human Services**

CFDA Number and Title: **93.658 Title IV-E Foster Care**

Federal Award Numbers: **1501UTFOST and 1601UTFOST**

Questioned Costs: N/A

Pass-through Entity: N/A

Prior Year Finding Number(s): N/A

The approved Department of Human Services' (Human Services) State plan for foster care and adoption assistance (State plan) does not provide for a periodic review of payment rates for Foster Care maintenance payments. 42 USC 671(a)(11) requires that the State Plan "provides for periodic review of . . . the amounts paid as foster care maintenance payments and adoption assistance to assure their continuing appropriateness." This error occurred because Human Services was unaware that its schedule for periodic review of the Foster Care maintenance payment rates is required to be included in the State Plan. Although Human Services' written State plan is not in compliance with this federal requirement for the Foster Care grant, we note that Human Services is performing the required periodic review to determine the continued appropriateness of amounts paid as Foster Care maintenance payments.

**Recommendation:**

**We recommend that Human Services include the periodic review of payment rates for Foster Care maintenance payments in their State Plan to ensure that it meets all federal requirements.**

**Department's Response:**

*We agree with the audit recommendation.*

**Corrective Action Plan:**

*The Title IV-E plan will be amended to include information regarding periodic review of foster care maintenance payment amounts.*

*Contact Person: Cosette Mills, Federal Revenue Manager, 801-538-4058*

*Anticipated Completion Date: March 31, 2017*