



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Department of Human Services

Audit Report for the Year Ended June 30, 2019

Client Code 325





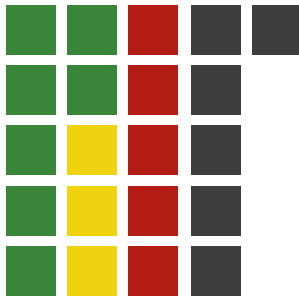
WHAT WE LOOKED AT

Our team reviewed the Department of Human Services including past recommendations our office made. These concerns relate to childcare, foster care, child protection services and others.



WHAT WE FOUND

Audit recommendations by status



- 7** Implemented
- 3** Partially Implemented
- 5** Not Implemented
- 6** Not Implemented - N/A

AUDIT REPORT HIGHLIGHTS



Confirmed Child Abusers Not Listed on Index

The Department of Human Services did not ensure individuals with confirmed child abuse or neglect within the last 10 years were properly listed in the Child Abuse and Neglect Index.

Read more page 15



Failure to Timely Contact Suspected Victims of Child Abuse and Neglect

The Department of Human Services was not ensuring timeliness of face-to-face contact with suspected victims of child abuse and neglect because of a delay in the assignment of county social service workers.

Read more page 12

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HAVE QUESTIONS? ASK US.

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Introduction

Department of Human Services

January 29, 2020

We are pleased to submit this audit of the Department of Human Services for the biennium ended June 30, 2019. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

The primary consideration in determining the contents of these audits is to produce informative audits to improve government. Statutory audit requirements are an important part of these audits and are addressed by our standard audit objective. Additionally, whenever

possible additional audit objectives are included to increase the responsiveness and effectiveness of state government.

Allison Bader was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 328-2241.

We wish to express our appreciation to Mr. Jones and his staff for the courtesy, cooperation and assistance they provided to us during this audit.

Respectfully submitted,

/S/

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR

TERMS USED IN REPORT

Appropriation: An amount authorized by the North Dakota Legislative Assembly to be spent for a specific purpose.

Blanket Bond Coverage: Insurance to state agencies for any default or wrongful act on the part of any public employee or public official.

Conflict of Interest: Situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.

ConnectND: The accounting system for North Dakota.

Default: Failures to do something required by duty or law.

Emergency Commission: Group of elected officials that have the authority to transfer or expend money appropriated by the North Dakota Legislative Assembly. Additional information can be found in N.D.C.C. Chapter 54-16.

Internal Control: Policies and procedures that ensure reliable financial reporting, safeguard assets, promote accountability and efficiency and prevent fraud.

MOU, Memorandum of Understanding: Agreement between the child care or foster care providers and the department. May be used to restrict licenses, note violations, or identify other issues.

North Dakota Administrative Code (N.D.A.C.): Codification of all rules of state administrative agencies.

North Dakota Century Code (N.D.C.C.): Collection of all the statutes passed by the North Dakota Legislative Assembly.

Performance Audit: Engagements that provide objective analysis, findings and conclusions to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making and contribute to public accountability.

Session Laws: Published after each regular and special legislative session and contain the laws enacted during that session.

Medicaid and SNAP

OBJECTIVES

Are Medicaid benefits being paid for medical services after recipient's date of death?

Are SNAP benefits being terminated upon recipient's date of death?

Federal regulations (42 CFR 433.304) state that an overpayment is the amount paid by a State Medicaid agency to a provider in excess of the allowable amount for services. Because medically necessary services cannot be provided after a beneficiary's death, no medical services are allowable after a beneficiary's death. Accordingly, payments for medical services claimed to have been provided after a Medicaid beneficiary's death are considered overpayments.

The Department's Medicaid Management Information System (MMIS) has an editing process that checks claim data to make sure there are no payments for services dated after the date of death. County social workers are responsible for updating MMIS with the correct date of death. Our review determined this process is working properly if the date of death is entered correctly.

In addition, the Department's Surveillance and Utilization Review Section (SURS) performs an annual review of MMIS claims based on data analytics from an outside contractor to ensure no claims have been paid after the date of death. This data is intended to identify data entry errors. When we sampled 54 of 537 medical claims with potential errors from the outside contractor, we found a 28% error rate with incorrect dates of death entered into the system.

FINDING 2019-01 Payments After Death

CONCLUSIONS

We found the Department of Human Services paid Medicaid claims for services dated after the individuals date of death.

We found the Department of Human Services did have adequate controls in place to ensure SNAP benefits are terminated upon the recipients' date of death.

BACKGROUND - MEDICAID

The Department of Human Services (Department) administers the Medicaid and SNAP programs for North Dakota. At a national level, there have been instances of benefits being paid out of these programs on the behalf of deceased individuals.

Due to the number of individuals enrolled in these programs, there is a heightened risk that when an individual passes away, the date of death may not be updated to stop benefits. Our team reviewed the internal controls the Department had in place for Medicaid and SNAP to prevent benefits from being paid on behalf of deceased individuals which is known as an overpayment.



After our audit work, the outside contractor revised the data analytics and identified **\$108,425** of potential incorrect payments over a five-year period.

Testing of the annual reviews determined the data analytics used by the contractor were not set up to correctly include all claim types, variances and uncorrected dates of death from prior years.

We found the inaccurate dates of death entered into MMIS and the missing data analytics from the outside contractor resulted in \$12,426 of incorrect payments during the audit period that had not been recouped as of the audit. After our audit work, the outside contractor revised the data analytics and identified \$108,425 of potential incorrect payments made between January 2014 and August 2019. While this is less than 1% of the total Medicaid benefits paid during the audit period, the potential exists for additional undetected incorrect payments. The federal portion of incorrect payments are unallowable under Medicaid and due back to the federal government.

According to *Standards for Internal Control in the Federal Government*, management should design control activities, including accurate recording of transactions, to achieve objectives and respond to risks. (GAO-14-704G para. 10.01, 10.03)

BACKGROUND - SNAP

Federal regulations (7 CFR 272.14) state that each SNAP agency shall establish a system to verify and ensure that benefits are not issued to individuals who are deceased. The Department's SNAP program performs a daily review of the death file from the Social Security Administration to detect current SNAP recipients who have passed away. During our audit, no errors were identified in the SNAP program.

This is a prior recommendation not implemented from the fiscal year 2014 – 2015 biennial agency audit.

DEPARTMENT OF HUMAN SERVICES RESPONSE

The Department of Human Services contracts with an outside company to audit our payments against Vital Records held at the Department of Health. Since these errors were identified our outside company has changed their audit procedure and expanded the claims reviewed to include a 5 year look back. We acknowledge that there are errors within our data, however, disagree with the dollar amount stated in error. The Department reviewed all cases identified as errors and found that several cases did not receive payment, some had the wrong social security number listed, others had the date of death entered incorrectly in MMIS making the claims correct to be paid, and one had the wrong social security number on the vital records site. Through our review we agree that \$14,244.56 were incorrectly paid for services after the date of death.

RECOMMENDATION

We recommend the Department of Human Services ensure payments are not made for the benefit of deceased individuals.

Child Care

OBJECTIVE

Were recommendations of the prior audit surrounding Child Care Licensing implemented?

- An additional 45 of 535 correction orders did not have re-inspection.
- The total error count is 131 or 24.5% of the correction orders issued during the audit period.

FINDING
2019-02

Child Care Correction Orders Not Resolved

North Dakota Century Code (N.D.C.C.) section 50-11.1-07.3 states the Department shall re-inspect an early childhood program issued a correction order under N.D.C.C. section 50-11.1-07.2, at the end of the period allowed for correction.

CONCLUSIONS

Child care providers are operating without proper re-inspection of correction orders, potentially jeopardizing the health and safety of children.

This is a prior recommendation not implemented from the fiscal year 2014 –2015 biennial audit.

OVERVIEW

We found recommendations for the matters referenced on the following two pages had not been implemented.

RECOMMENDATION

We recommend the Department of Human Services improve procedures to ensure child care correction orders are resolved at the end of each allowed correction period.

BACKGROUND

The Department of Human Services did not properly perform re-inspections of child care providers to ensure correction orders are resolved. Correction orders are issued when a child care program or facility is not in compliance with state law. The Department is required to re-inspect child care providers who were issued a correction order.

DEPARTMENT OF HUMAN SERVICES RESPONSE

The Department of Human Services recognizes its role in monitoring homes and facilities for the health and safety of children. Education, information and support for the Early Childhood Licensing Specialists, specifically for how and when to issue a correction order, including a way to properly track and ensure resolution, has been identified and a tracking spreadsheet was created. In addition, a policy will be created to document the process of using the tracking spreadsheet, as well as, a monthly review to be completed by the Early Childhood Statewide Manager and/or administrator, which will ensure timely completion of review and documentation.

The total error count is 131 or **24.5%** of the correction orders issued during the audit period.



The following issues were noted:

- 86 of 535 correction orders reported by the Department had re-inspection occur outside the appropriate time frame.

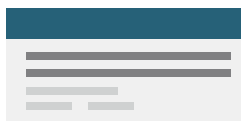
Not Monitoring Child Care Facilities with MOU's

CONCLUSION

The Department of Human Services is not properly monitoring providers operating under a Memorandum of Understanding (MOU) agreement resulting in increased risks to the health and safety of children when child care providers have not complied with licensing standards.

BACKGROUND

The Department of Human Services is not properly monitoring providers operating under a Memorandum of Understanding (MOU) agreement. When child care facilities receive written warnings from the Department about issues that have happened at the child care facility, they receive correction orders. If those issues are severe enough, the child care facility may receive a MOU agreement for restrictions or methods of correction of the identified issues.



The purpose of the **Memorandum of Understanding** agreements varied from restricting a person from the facility, improper supervision of children and **unsafe conditions.**

Department of Human Services Policy 620-80-10 states a MOU is an agreement between the child care provider and the Department. Prior to issuance or removal of a MOU, the county licensors must consult the Department. While under a MOU, child care facilities are still allowed

to operate. While state law identifies the use of correction orders and requires re-inspection, there are no state laws or administrative rules that govern practices of MOU agreements.

Department policy does indicate procedures that should be followed when a provider operates under a MOU which includes an additional monitoring visit as well as listing “Under an MOU” on the face of the license. This language on the providers license is the only notice to parents that the provider is operating under restrictions or that other severe issues have been identified. During our audit period, there were 25 providers reported by the Department as operating under MOU agreements. The purpose of the MOU agreements varied from restricting a person from the facility, improper supervision of children and unsafe conditions.

We reviewed nine providers and identified that only one provider received an additional monitoring visit. In addition, this visit did not include verification that the provider’s license stated, “Under an MOU.” Three of the nine providers had their MOU’s removed. Two of those did not have documentation supporting a change in circumstances to remove the MOU.

This is a prior recommendation not implemented from the fiscal year 2016 – 2017 biennial audit.

RECOMMENDATION

We recommend the Department of Human Services perform additional monitoring of child care providers to ensure compliance with memorandum of understanding agreements.

DEPARTMENT OF HUMAN SERVICES RESPONSE

Memorandum of Understandings are no longer being issued for child care facilities and will phase out as those previously issued expire. The Department currently has

DEPARTMENT OF HUMAN SERVICES RESPONSE

(CONTINUED)

one active MOU and will continue to follow our policy that states we may conduct additional monitoring. Additionally a step was added to our process to review the MOU tracking spreadsheet on a consistent bases to ensure it is up-to-date and that any additional monitoring that is required is completed. As of August 1, 2019 NDCC 50-11.1-04(4)4, states the Department may issue a Provisional License or Restricted License in accordance with the rules of the Department. The Department shall consider issuing a provisional or restricted license before revoking a license. The Department may require the owner or operator of an early childhood program to provide a compliance plan to address compliance issues with this chapter and rules of the Department. The Department shall review the compliance plan before issuing a provisional or restricted license. The Department shall approve the provisional license if the Department approves the compliance plan. The Department may revoke a license if the owner and operator fail to comply with the Department approved compliance plan or for any additional violations of this chapter or rules of the Department. Each Restricted License will come with its own criteria proposed by the child care provider and approved by the Department, which will include monitoring requirements.



Foster Care

▼ OBJECTIVE

Were recommendations of the prior audit surrounding Foster Care Licensing implemented?

CONCLUSION

The last findings in family foster care licensing were related to bettering background check procedures, tracking and monitoring MOU agreements and evaluating financial stability and family foster care providers.

The Department indicated that the finding to better background check procedures was not implemented. See the status of prior recommendations in Appendix C of this report. No recommendations were made in this audit.

Child Protection Services

OBJECTIVE

Were recommendations of the prior audit surrounding Child Protection Services implemented?

BACKGROUND

The Department of Human Services was not ensuring timeliness of face-to-face contact with suspected victims of child abuse and neglect because of a delay in the assignment of county social service workers.

Department of Human Services Policy 640-05-01-10-01 states that Category A reports must have face-to-face contact made within 24 hours, Category B reports must have face-to-face contact within three calendar days and Category C reports must have face-to-face contact within 14 calendar days. Face-to-face contact with suspected victims may be made by social services, law enforcement, medical personnel, juvenile court staff, or military family advocacy.

FINDING
2019-04

Failure to Timely Contact Suspected Victims of Child Abuse and Neglect

CONCLUSIONS

We found recommendations for the matters outlined on the following pages had not been implemented. A child may stay in an at-risk environment susceptible to abuse or neglect for an additional amount of time.

Child Protection Services Manual

Examples of types of suspected maltreatment - used as a guide to determining the category of every case

CATEGORY A 24 HOURS	CATEGORY B 3 DAYS	CATEGORY C 14 DAYS
Fatal	Burns, Scalding	Psychological maltreatment
Brain damage / skull fracture	Intentional poisoning	Inadequate shelter
Bone fracture	Minor fracture	Inadequate clothing
Bleeding outside the brain or under the skin	Excessive physical punishment	Educational neglect
Internal injuries	Minor cuts / bruises / welts / shaking	Inadequate nourishment / inadequate health care
Sexual fondling / sexual intercourse	Malnutrition	Other neglect
Sexual exploitation	Failure to thrive / Close confinement	
Stabbing	Prenatal exposure to chronic and severe use of alcohol	
Gunshot wounds		

http://www.nd.gov/dhs/policymanuals/640/Content/PD/Child_Protection_Services%2010-1-09.pdf

During the audit, we tested 40 assessments that appeared to have face-to-face contact that exceeded allowable time frames. Our test found that 21 of the 40 assessments did not have face-to-face contact within the allowable timeframes. The types of cases varied from inadequate shelter to physical injuries such as bruising, cuts or welts.

This is a prior recommendation not implemented from the 2016 – 2017 biennial audit.

RECOMMENDATION

We recommend the Department of Human Services ensure timely face-to-face contact with suspected victims of child abuse or neglect.

DEPARTMENT OF HUMAN SERVICES RESPONSE

After a review through Theory of Constraints, a redesign of Child Protective Services was deemed necessary and is underway. We have determined to re-structure the redesign implemented on September 17, 2019 in order to transition to a safety-based practice model that will reinforce continuity between child protection and other child welfare programs administered by the Human Service Zones. This safety-based model will provide guidance in identifying children who may actually be unsafe rather than dictating timelines based on a type of reported maltreatment. The anticipated effect of this will be that the number of cases requiring an immediate response will be more accurately identified and will most likely be fewer in number than what is currently in policy, allowing a timelier response to serious cases. With the new redesign there will be supervision guidance, supervision training and training for Zone workers to ensure timely face to face contact with suspected victims of child abuse or neglect.

Not Performing Quality Assurance for Child Protection Services

CONCLUSION

Without sufficient monitoring procedures, the Department is unable to ensure that services will protect the health and welfare of children.

BACKGROUND

The Department of Human Services was not completing quality assurance reviews of child abuse and neglect assessments, which includes reports, investigations and decisions. Department of Human Services Policy 640-20-35 states that the regional child protection supervisor shall review on an annual basis, a total of five completed cases from each county in the region and prepare a written summary of the case reviews. The state administrator will examine the summary and the correction plan and provide any appropriate feedback to the regional supervisor.

The Department is completing a program redesign of Child Protection Services. As a part of this redesign, they are developing a process that builds quality at the source rather than performing quality assurance reviews of completed work. These changes were not implemented during our audit period.

Standards for Internal Control in the Federal Government requires that management periodically review policies, procedures and related control activities for continued relevance and effectiveness in achieving the entity's objectives of addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. In addition, ongoing monitoring is required to be built into the entity's operations, performed continually and responsive to change.

(GAO-14-704G para 12.05, 16.04)

This is a prior recommendation not implemented from the 2016 –2017 biennial audit.

RECOMMENDATION

We recommend the Department of Human Services ensure consistent and complete quality assurance procedures surrounding reports of child abuse and neglect, investigations and decisions.

DEPARTMENT OF HUMAN SERVICES RESPONSE

After a review through Theory of Constraints, a redesign of Child Protective Services was deemed necessary and is underway. This theory highlights the necessity of assuring 'quality at the source' rather than a retrospective review for quality after services have been delivered. A series of checklists for QA reviews at each level; worker, supervisor and state, will be a part of the Safety Based Practice Model. A supervision training and training for Zone workers will also be provided to ensure consistency across the state. Additionally, as the result of legislation passed in the 2019 Legislative Session, a Quality Assurance Unit was formed in order to meet Federal Child Welfare Requirements. This unit reviews child welfare cases using a federally approved process and data collection instrument. These reviews include the timeliness of the CPS response to contact with suspected child victim as well as the initial assessment of child safety in CPS response to report of child maltreatment. As the capacity of this newly formed unit builds over time, it is planned that more in depth quality assurance reviews for CPS assessments will be assigned to the Q/A Unit.

Confirmed Child Abusers Not Listed on Index

CONCLUSION

Background check search results of the Index may be inaccurate.

BACKGROUND

The Department of Human Services did not ensure individuals were properly listed in the Child Abuse and Neglect Index (Index) following decisions that confirmed child abuse or neglect within the last 10 years. North Dakota Century Code 50-25.1-05.5 requires the Department to maintain a Child Abuse Information Index of all reports of decisions that “services are required” for child abuse, neglect, or death resulting from abuse or neglect. The Department of Human Services policy 640 defines “Services Required” as a decision that reflects the belief that a child is abused or neglected as defined in N.D.C.C. 50-25.1.



We compared all individuals with confirmed child abuse or neglect. The comparison identified **55 individuals** with **confirmed child abuse** or neglect that were not listed on the Index.

This Index is used for background checks related to employment and licensing of individuals in positions that work with children. Inaccurately listing

individuals on the Index affects the results of background searches. In our review, we compared all individuals with confirmed child abuse or neglect determinations in the Department’s case management system to the Index. The comparison identified 55 individuals with confirmed child abuse or neglect that were not listed on the Index.

According to *Standards for Internal Control in the Federal Government*, management should design control activities, including accurate recording of transactions, to achieve objectives and respond to risks. (GAO-14-704G para. 10.01, 10.03)

This is a prior recommendation not implemented from the 2016 –2017 biennial audit. According to the Department, there are unidentified glitches within the case management system. Additionally, manual adjustments can be made to the Index which can result in human error.

RECOMMENDATION

We recommend the Department of Human Services ensure individuals with confirmed child abuse or neglect are properly listed on the Child Abuse and Neglect Index.

DEPARTMENT OF HUMAN SERVICES RESPONSE

As of March 14, 2019 the Department of Human Services’ FRAME system automatically posts individuals subject to the Index to the Index 36 days after the notification date. Prior to this time entries were made manually. Additionally, work orders have been issued to fix system errors such as initial dates being written over, blank notification dates, etc.

Other Results

OBJECTIVE

Are there any exceptions to report relating to statutorily required audit testing?

Statutorily required audit testing includes: performing the post-audit of financial transactions, detecting and reporting any defaults, determining that expenditures have been made in accordance with law, appropriation acts, and emergency commission action, and evaluating blanket bond coverage.

FINDING
2019-08

Financial Errors

CONCLUSION

The Department reported incorrect financial information for the State's CAFR.

BACKGROUND

The Department of Human Services reported incorrect financial information to the Office of Management and Budget for preparation of the Comprehensive Annual Financial Report (CAFR).

Fiscal year 2019 reporting errors totaled approximately \$66.9 million for account balances including accounts receivable, accounts payable and fixed assets. Fiscal year 2018 reporting errors totaled approximately \$16.8 million for accounts receivable and approximately \$110 million for note disclosures to the financial statements. All of the errors were corrected in the final CAFR.

Generally Accepted Accounting Principles (GAAP) requires that each government produce a CAFR. GAAP prescribes the format and content of the CAFR in detail.

According to *Standards for Internal Control in the Federal Government*, management should design control activities, including accurate recording of transactions, to achieve objectives and respond to risks. (GAO-14-704G para. 10.01, 10.03) The Department of Human Services CAFR reporting process did not identify errors prior to submission to the Office of Management and Budget. This could cause inaccurate financial amounts to be included in the CAFR.

RECOMMENDATION

We recommend the Department of Human Services strengthen procedures surrounding the CAFR reporting process to ensure accurate amounts are reported to the Office of Management and Budget.

DEPARTMENT OF HUMAN SERVICES RESPONSE

The Department is working through new processes to ensure we report accurate information on our closing packages. Prior to the audit period, DHS had experienced turnover in several positions within our CAFR team. For the 2019 CAFR our Department became concerned with how the totals within the closing packages were affecting our Federal Fund Balance. The reported amounts were reexamined by DHS, OMB & SAO and determined \$31,231,107 was on one closing package and did not get subtracted on another, causing an increased Federal Fund Balance.

Medicaid Drug Rebate System Errors

CONCLUSION

There is increased potential for fraud and errors to occur and be undetected within the Medicaid drug rebate program.

BACKGROUND

Internal controls surrounding the Drug Rebate and Analysis Management System (DRAMS) are inadequate. The DRAMS system is used to calculate drug rebates and interest due from drug manufacturers for the Medicaid drug rebate program. The Department was not able to provide a detailed list of accounts that made up the receivables balances. As a result, the auditors were not able to test the account balances. In addition, we noted instances where DRAMS was calculating interest on accounts with credit balances. Due to these issues, the following conditions were identified.

- Incorrect receivables balances are calculated on the DRAMS reports.
- Interest was not properly calculated on overdue drug rebate balances.

Standards for Internal Control in the Federal Government requires that management design control activities over the information technology infrastructure to support the completeness, accuracy and validity of information processing by information technology. (GAO-14-704G para 11.09).

This is a prior recommendation not implemented from the 2016 – 2017 biennial audit.

RECOMMENDATION

We recommend the Department of Human Services strengthen controls surrounding the Drug Rebate and Analysis Management System (DRAMS) to ensure:

- Receivables balances are properly calculated.
- Interest is properly calculated for overdue drug rebate balances.

DEPARTMENT OF HUMAN SERVICES RESPONSE

The Department has several work orders into the DRAMS developer to ensure reports are showing properly calculated receivable balances and that interest is being properly calculated. The Department will continue to work diligently with the developer to ensure these changes are made.

Financial Statements

Statement of Revenues and Expenditures

REVENUES AND OTHER SOURCES	JUNE 30, 2019	JUNE 30, 2018
Revenue from Federal Government	\$ 1,018,808,369	\$ 1,077,254,277
Patient Care and Treatment Fees	25,835,176	23,496,743
Revenue from Local Governments	5,005,639	4,228,955
Child Support Retained and Incentives	3,996,656	4,303,344
Loan Revenue	639,565	1,145,457
Concessions and Miscellaneous Sales	442,421	381,033
Lease and Rental for Rooms, Buildings, Land	299,023	325,053
Other Revenue	1,605,346	1,137,221
Transfers In	60,589,093	118,249,167
Total Revenues and Other Sources	\$ 1,117,221,288	\$ 1,230,521,250

The Department of Human Services processed \$261,358,338 in child support payments as an agent for child support payors and recipients. These child support collections and payments are not included in the above Statement of Revenues and Expenditures.

Source: ConnectND Financials

Financial Statements

Statement of Revenues and Expenditures

EXPENDITURES AND OTHER USES	JUNE 30, 2019	JUNE 30, 2018
Grants	\$ 1,465,858,184	\$ 1,486,288,062
Salaries and Benefits	169,926,105	165,413,494
IT Contractual Services	68,198,563	57,427,326
Operating Fees and Services	47,037,451	38,630,707
IT Data Processing, Communications, Equip.	27,796,742	27,912,355
Medical, Dental, and Optical	18,987,005	19,948,566
Utilities	11,567,692	1,216,693
Lease/Rental of Buildings, Land, Equip.	5,539,835	5,267,692
Professional Fees and Services	3,679,209	2,350,335
Repairs	3,536,696	1,516,979
Travel	2,514,176	2,167,439
Postage and Printing	1,741,060	1,609,080
Food and Clothing	1,356,681	1,054,000
Other Expenditures	3,753,623	2,075,044
Transfers Out	7,198,211	6,624,884
Total Expenditures and Other Uses	\$ 1,838,691,233	\$ 1,819,502,656

The Department of Human Services processed \$261,358,338 in child support payments as an agent for child support payors and recipients. These child support collections and payments are not included in the above Statement of Revenues and Expenditures.

Source: ConnectND Financials

Statement of Appropriations

For the Biennium Ended June 30, 2019

EXPENDITURES BY LINE ITEM	FINAL APPROPRIATION	EXPENDITURES	UNEXPENDED APPROPRIATION
Salaries and Wages	\$ 93,529,502	\$ 87,536,076	\$ 5,993,426
Operating Expenses	290,681,445	234,693,507	55,987,938
Capital Assets	87,500	77,237	10,263
Tech/Construction Carryover	101,719,077	73,178,207	28,540,870
Grants	408,525,383	387,097,651	21,427,732
HSC/Institutions	353,191,654	331,325,449	21,866,205
Grants-Medical Assistance	2,564,678,247	2,390,190,051	174,488,196
County Social Service Finance	160,700,000	154,012,317	6,687,683
Totals	\$ 3,973,112,808	\$ 3,658,110,495	\$ 315,002,313

EXPENDITURES BY SOURCE	FINAL APPROPRIATION	EXPENDITURES	TOTAL
General	\$ 1,350,892,951	\$ 1,325,416,970	\$ 25,475,981
Other	2,622,219,857	2,332,693,525	289,526,332
Totals	\$ 3,973,112,808	\$ 3,658,110,495	\$ 315,002,313

Source: ConnectND Financials

Status of Prior Recommendations

Definition of Terms

Implemented

The department provided sufficient and appropriate evidence to support all elements of the recommendation.

Partially Implemented

Some evidence was provided, but not all elements of the recommendation were addressed.

Not Implemented

Evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

Not Implemented - N/A

Circumstances changed to make a recommendation not applicable.



Status of Prior Recommendations: Child Care

Child Care Providers Licensed After Confirmed Child Abuse and Neglect (Finding 17-3)

Implemented

Recommendation: We recommend the Department of Human Services perform an assessment of whether a child care provider has confirmed child abuse or neglect has the ability to provide care free of abuse and neglect when issuing a license or allowing a provider to operate.

Status: Implemented. The Department performed assessments for confirmed child abuse and neglect cases to determine any necessary action to be taken on a license.

Lack of Online Child Care Provider Records (Finding 17-11)

Implemented

Recommendation: We recommend the Department of Human Services improve child care provider information available on the Internet to include provider-specific inspection results and complaint reports.

Status: Implemented. The Department made provider information available on the internet via the North Dakota Child Care Aware website. The Department began including inspection reports and complaints to the provider case as of October 1, 2018. This is a manual process that is not integrated into the state's system

Improper Procedures for Memorandum of Understanding Agreements (Finding 17-4)

Not Implemented

Recommendation: We recommend the Department of Human Services develop a central tracking process and perform additional monitoring of child care providers to ensure compliance with a memorandum of understanding agreements.

Status: Not implemented. The current practices used by the Department do not follow established state policy. See finding 2019-03.



Status of Prior Recommendations: Child Care

Lack of Issuance, Tracking and Resolution of Correction Orders (Finding 17-7)

Not Implemented

Recommendation: We recommend the Department improve procedures to ensure child care correction orders are issued, tracked and resolved.

Status: Not implemented. The Department is not ensuring that all correction orders are resolved at the end of the allowed correction period. See finding 2019-02.

Improper Background Checks for Child Care Licensing (Finding 17-5)

Not Implemented - N/A

Recommendation: We recommend the Department of Human Services completes the criminal background check by the Criminal Background Check Unit or annual background checks by the regional supervisors before licensing child care providers.

Status: Not implemented – N/A. The Department is currently working on re-designing the child care licensing program. This includes implementing a new zone structure identified in Senate Bill 2124 of the 2019 Legislative Assembly. Due to these factors, this area was not reviewed again during this audit and a new recommendation was not issued.

Child Care Providers Not Meeting Licensing Requirements (Finding 17-6)

Not Implemented - N/A

Recommendation: We recommend the Department of Human Services properly license child care providers only upon evidence that the Department has verified compliance with requirements as defined in state laws, rules and policies.

Status: Not implemented – N/A. The Department is currently working on re-designing the child care licensing program. This includes implementing a new zone structure identified in Senate Bill 2124 of the 2019 Legislative Assembly. Due to these factors, this area was not reviewed again during this audit and a new recommendation was not issued.



Status of Prior Recommendations: Child Care

Inadequate Verification of Child Records (Finding 17-8)

Not Implemented - N/A

Recommendation: We recommend the Department of Human Services develop procedures to verify required child care records are maintained by the child care provider.

Status: Not implemented - N/A. The Department is currently working on re-designing the child care licensing program. This includes implementing a new zone structure identified in Senate Bill 2124 of the 2019 Legislative Assembly. Due to these factors, this area was not reviewed again during this audit and a new recommendation was not issued.

Lack of Unannounced Child Care Program Inspections (Finding 17-9)

Not Implemented - N/A

Recommendation: We recommend the Department of Human Services ensure unannounced inspections of child care provider operations and facilities are performed in accordance with the Child Care and Development Block Grant.

Status: Not implemented – N/A. The Department is currently working on re-designing the child care licensing program. This includes implementing a new county zone structure identified in Senate Bill 2124 of the 2019 Legislative Assembly. Due to these factors, this area was not reviewed again during this audit and a new recommendation was not issued.

Ineffective Monitoring Procedures for Child Care Licensing (Finding 17-10)

Not Implemented - N/A

Recommendation: We recommend the Department of Human Services develop monitoring procedures to ensure compliance with child care licensing requirements.

Status: Not implemented – N/A. The Department is currently working on re-designing the child care licensing program. This includes implementing a new zone structure identified in Senate Bill 2124 of the 2019 Legislative Assembly. Due to these factors, this area was not reviewed again during this audit and a new recommendation was not issued.



Status of Prior Recommendations: Foster Care

Lack of Policy for Foster Care Memorandum of Understanding Agreements (Finding 17-13)

Implemented

Recommendation: We recommend the Department of Human Services develops a central tracking process and perform additional monitoring of foster care providers to ensure compliance with a memorandum of understanding agreements.

Status: Implemented. The Department of Human Services implemented a new MOU policy and procedures to ensure MOUs are properly monitored.

Incomplete Background Checks (Finding 17-12)

Not Implemented

Recommendation: We recommend the Department of Human Services perform additional annual background check searches of the sex offender registry and state court records for all adults in the foster care home.

We recommend the Department of Human Services develop a policy to require renewal of the fingerprint background check consistent with programs in which adults perform child welfare-related duties.

Status: Not Implemented. The Department reported this recommendation continued to be a "work-in-progress". The Department's policies were in compliance with Federal regulations during the prior audit. This area was not reviewed again during this audit and a new recommendation was not issued.

Lack of Evaluation of Financial Stability for Family Foster Care Providers (Finding 17-14)

Not Implemented - N/A

Recommendation: We recommend the Department of Human Services develop procedures to verify and evaluate family foster care providers' financial stability prior to licensure.

Status: Not Implemented - N/A. New federal regulations with included modifications to determinations of financial stability were issued in February 2019. The Department received a delayed implementation date of October 1, 2019. Due to these factors, this area was not reviewed again during this audit and a new recommendation was not issued.



Status of Prior Recommendations: Child Protection Services

Inconsistent Analysis of Child Abuse or Neglect (Finding 17-17)

Implemented

Recommendation: We recommend the Department of Human Services further define a person responsible for a child's welfare to ensure assessments are consistently completed for reports of child abuse or neglect by individuals responsible for a child's welfare.

Status: Implemented. The Department developed a new policy that provides a more detailed definition of a person responsible for a child's welfare.

Lack of Identification of Non-Subject Parents (Finding 17-18)

Implemented

Recommendation: We recommend that the Department of Human Services further develop policies and procedures to ensure all non-subject parents are being identified and notified of confirmed child abuse or neglect decisions.

Status: Implemented. The Department developed additional policies related to the notification of non-subject parents. In addition, notification to all subject parents, risks preventing notification, or inability to locate a parent or guardian are documented in each case.

Improper Retention and Use of Child Abuse and Neglect Records (Finding 17-19)

Implemented

Recommendation: We recommend the Department of Human Services purge child abuse and neglect assessment files in accordance with the Department's policy or revise the policy based on retention needs in accordance with the State's Records Management Act.

Status: Implemented. The Department revised policy to better address their retention needs.



Status of Prior Recommendations: Child Protection Services

Lack of Data Integrity of Child Abuse and Neglect Information (Finding 17-20)

Implemented

Recommendation: We recommend the Department of Human Services perform data monitoring procedures within the child abuse and neglect case management system to ensure child abuse and neglect records are not destroyed and are maintained as complete, accurate and valid.

Status: Implemented. The Department provided additional training for users of child abuse and neglect case management.

Untimely Response to Reports of Child Abuse or Neglect (Finding 17-15)

Partially Implemented

Recommendation: We recommend the Department of Human Services ensure reports of child abuse and neglect are properly categorized for severity. We also recommend the Department ensure timely face-to-face contact with suspected victims of child abuse or neglect and completion of assessments. We recommend the Department of Human Services document face-to-face contact dates for reports that involve law enforcement within the case management system to allow consistent electronic monitoring of applicable dates within the system.

Status: Partially implemented. The Department properly categorized the severity of reports and completed assessments timely. However, face-to-face contact with suspected victims of child abuse or neglect did not occur within allowable timeframes. See finding 19-04.



Status of Prior Recommendations: Child Protection Services

Inaccurate Child Abuse and Neglect Index (Finding 17-16)

Not Implemented

Recommendation: We recommend the Department of Human Services develop procedures to ensure individuals with confirmed child abuse or neglect are properly listed in the Child Abuse and Neglect Index.

Status: Not Implemented. See finding 2019-06.

Inconsistently Monitoring Child Protection Services (Finding 17-21)

Not Implemented

Recommendation: We recommend the Department of Human Services ensure consistent and complete quality assurance procedures surrounding reports of child abuse and neglect, investigations and decisions.

Status: Not Implemented. See finding 2019-05.



Status of Prior Recommendations: Other

Inadequate Controls for the Drug Rebate System (Finding 17-1)

Partially Implemented

Recommendation: We recommend the Department of Human Services strengthen controls surrounding the Drug Rebate and Analysis System (DRAMS) to include:

- Completeness of claims data electronically loaded into DRAMS was not verified.
- Adjustments to DRAMS data were not reviewed or approved.
- Interest was not properly calculated on overdue drug rebate balances.
- Access privileges were granted beyond the demonstrated need to add, view or modify data.
- Incorrect receivables balances were calculated on the DRAMS reports.

Status: Partially implemented. See finding 2019-09.



Status of Prior Recommendations: Other

Improvements to Restricted Payments for Deceased or Incarcerated Individuals (Finding 17-2)

Partially Implemented

Recommendation: We recommend the Department of Human Services ensure payments are not made to or for the benefit of deceased or incarcerated individuals to include:

- Verify individuals receiving and applying for benefits to the Social Security Administration Prisoner Verification files for all programs.
- Implement an automated process to verify eligibility using NDVerify. Until an automated process is implemented, we recommend the Department establish documented procedures to ensure the manual search of NDVerify is performed and eligibility restricted.

Status: Partially Implemented. The Department of Human Services implemented release 2 of the SPACES eligibility program in March of 2018. Prisoner and death matches were implemented for the programs in SPACES. Systems outside of SPACES continue to have the control weaknesses identified in the prior audit. The current audit identified control weaknesses that still permitted payments of Medicaid claims on behalf of deceased individuals. See finding 2019-01.



Appendix A

Payments After Death

INTERNAL CONTROL

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. 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 (1) misstatements in financial or performance information, (2) violations of laws and regulations, or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we identified a deficiency in internal control that was significant within the context of our audit objectives. This deficiency is identified in finding 2019-01.

SCOPE

The scope of the objective included all benefit payments made for the Medicaid program during our audit period. For SNAP, the testing included all benefit payments made in fiscal year 2018.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate personnel.
- Inspected documentary evidence of the Surveillance and Utilization Review Section (SURS) Unit annual death reviews and SNAP daily death reviews.
- Reviewed claims data from Medicaid and SNAP.
- Obtained State death file from the North Dakota Department of Health that included 10 years of death records for North Dakota citizens.
- Compared State death file to Medicaid and SNAP claims payments made in the audit period.
- Tested samples of claims paid after the recipients' date of death.
- Tested Medicaid Management Information System (MMIS) edits.
- Evaluated procedures to implement the prior audit recommendation.
- Researched criteria significant to the objective:
 - The Medicaid and SNAP programs do not allow benefit payments to or on behalf of deceased individuals per (42 CFR 433.04) and (7 CFR 272.14), respectively.



Appendix B

Child Care Licensing

INTERNAL CONTROL

The audit did not identify any significant internal controls related to this audit objective.

SCOPE

Our review was limited to reviewing and reporting on the Department of Human Services procedures to implement prior recommendations for the Early Childhood Services Licensing Program from the 2016 – 2017 biennial audit.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate personnel.
- Completed comparisons between licensed providers and individuals on the Child Abuse and Neglect Index, Sex Offender Registry and Offenders Against Children Registry. The data was reviewed for the period of July 2017 – April 2019.
- Observed agency processes and procedures.
- Inspected early childhood provider licensing records and internal controls to check if prior audit recommendations were implemented.
- Reviewed *Child Care Aware* website for availability of early childhood provider inspection results.
- Evaluated procedures the Department of Human Services had in place to implement prior audit recommendations.
- Researched criteria significant to the objective:
 - The Department of Human Services is authorized by North Dakota Century Code (NDCC) chapter 50-11.1 to license the operation of early childhood programs. Detailed procedures are further defined in North Dakota Administrative Code and Department policies.



Appendix C

Foster Care Licensing

INTERNAL CONTROL

We gained an understanding of internal control surrounding implementation of the prior recommendations and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. 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 (1) misstatements in financial or performance information, (2) violations of laws and regulations, or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we did not identify any deficiencies in internal control that were significant within the context of our audit objectives.

SCOPE

Our review was limited to reviewing and reporting on the Department of Human Services procedures to implement prior recommendations for the Foster Care Licensing Program from the 2016-17 biennial audit.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate personnel.
- Observed agency processes and procedures.
- Performed inspection of foster care provider records and internal controls to determine implementation of prior audit recommendations.
- Evaluated procedures to implement prior recommendations.
- Researched criteria significant to the objective:
 - The Department of Human Services is authorized by North Dakota Century Code (NDCC) chapter 50-11 to license family foster care homes. Detailed procedures are further defined in North Dakota Administrative Code and Department policies.



Appendix D

Child Protective Services

INTERNAL CONTROL

We gained an understanding of internal control surrounding implementation of the prior recommendations and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. 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 (1) misstatements in financial or performance information, (2) violations of laws and regulations, or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we identified deficiencies in internal control that were significant within the context of our audit objectives and based upon the audit work performed. The deficiencies are identified in finding 2019-05 and 2019-06.

SCOPE

Our review was limited to reviewing and reporting on the Department of Human Services procedures to implement prior recommendations for the Child Protective Services Program from the 2016-17 biennial audit.

METHODOLOGY

To meet this objective, we:

- Interviewed appropriate personnel.
- Observed agency processes and procedures.
- Performed inspection of child protective services records and internal controls to determine implementation of prior audit recommendations.
- Inspected records of the Frame system and the Child Abuse and Neglect Index.
- Evaluated procedures to implement prior recommendations.
- Researched criteria significant to the objective:
 - North Dakota Century Code (NDCC) chapter 50-25.1 designates the Department to protect the health and welfare of children by encouraging the reporting of children who are known to be or suspected of being abused or neglected. Detailed procedures are further defined in North Dakota Administrative Code and Department policies.
 - North Dakota Century Code 50-25.1-05.5 requires the Department to maintain a child abuse information index of all reports of decisions that services are required for child abuse, neglect, or death resulting from abuse or neglect.



Appendix E

Statutory Objective

INTERNAL CONTROL

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. 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 (1) misstatements in financial or performance information, (2) violations of laws and regulations, or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we identified deficiencies in internal control that were significant within the context of our audit objectives and based upon the audit work performed. The deficiencies are identified in findings 2019-07 through 2019-09.

SCOPE

This audit of the Department of Human Services is for the biennium ended June 30, 2019.

The Department of Human Services has its central office in the Capitol, eight regional human service centers, eight regional child support enforcement units, the State Hospital in Jamestown, ND and the Life Skills and Transition Center in Grafton, ND.

Financial transactions through ConnectND and the Human Capital Management (HCM) for all locations were included in the audit scope.

NEMT payment testing was limited to taxi, mini-bus and wheel-chair van services. The service date range reviewed was July 2017 through March 2019.

METHODOLOGY

To meet this objective, we:

- Performed detailed analytical procedures including computer-assisted auditing techniques. These procedures were used to identify high-risk transactions and potential problem areas for additional testing.
- Interviewed appropriate agency personnel.
- Tested payments made to employees and verified reasonableness of the expenditures.
- Queried the ConnectND (PeopleSoft) system for data analysis. Significant evidence was obtained from ConnectND.

- Observed the Department of Human Services processes and procedures.
- Tested Non-Emergency Medical Transportation claims paid for allowability under the Medicaid program.
- Inspected documentary evidence.
- Tested compliance with appropriation laws and regulations.
- Where necessary, internal control was tested which included to determine if controls were operating effectively and if laws were being followed consistently.
- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines.
- Tested high-risk expenditures for compliance with State Procurement policies and reasonableness.
- Additional random non-statistical sampling was used allowing results to be projected to populations.

STATUTORY CRITERIA SELECTED

Agency management must establish and maintain effective internal control in accordance with policy of the Office of Management and Budget (OMB Policy 216).

The criteria used to evaluate legislative intent are the laws as published in the North Dakota Century Code and the North Dakota Session Laws. The following areas were identified to be of higher risk of noncompliance.

- Compliance with appropriations, adjustments and related transfers in accordance with limits and purpose. (2017 North Dakota Session Laws Chapter 11 (H.B. 1012), Chapter 40 (S.B. 2015), Chapter 333 (H.B. 1040), N.D.C.C. 54-16-03, N.D.C.C. 54-44.1-11)
- Blanket bond coverage maintained in accordance with state law and state guidelines. (N.D.C.C. 26.1-21-08, N.D.C.C. 26.1-21-10)
- Proper use of funds (State Constitution article 10 section 12, N.D.C.C. 44-08-05.1, N.D.C.C. 54-44.1-09, N.D.C.C. 54-44.1-10)
- Travel reimbursement in accordance with limits of state law and OMB policies. (N.D.C.C. 54-06-09, N.D.C.C. 44-08-04)
- Goods, services and public improvements procured in accordance with state law. (N.D.C.C. Chapter 54-44.4, N.D.C.C. Chapter 48-01.2, NDAC Article 4-12)
- Proper distribution of funding for state-paid economic assistance and social services pilot program. (2017 North Dakota Session Laws Chapter 341 (S.B. 2206, section 19)

AUTHORITY AND STANDARDS

This biennial audit of the Department of Human Services has been conducted by the Office of the State Auditor pursuant to authority within North Dakota Century Code Chapter 54-10.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The standards used to evaluate internal control are published in the publication *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (GAO-14-704G).



LAFRC Audit Report Questions

1. WHAT TYPE OF OPINION WAS ISSUED ON THE FINANCIAL STATEMENTS?

Financial statements were not prepared by the Department of Human Services in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unmodified opinion was issued.

2. WAS THERE COMPLIANCE WITH STATUTES, LAWS, RULES, AND REGULATIONS UNDER WHICH THE AGENCY WAS CREATED AND IS FUNCTIONING?

Other than the findings in this report, the Department of Human Services was in compliance with significant statutes, laws, rules and regulations under which it was created and is functioning.

3. WAS INTERNAL CONTROL ADEQUATE AND FUNCTIONING EFFECTIVELY?

Other than the findings of this report, we determined internal control was adequate and we did not identify any other deficiencies in internal control that were significant within the context of our audit objectives.

4. WERE THERE ANY INDICATIONS OF LACK OF EFFICIENCY IN FINANCIAL OPERATIONS AND MANAGEMENT OF THE AGENCY?

Other than the findings of this report, there were no other indications of lack of efficiency in financial operations and management of the agency.

5. HAS ACTION BEEN TAKEN ON FINDINGS AND RECOMMENDATIONS INCLUDED IN PRIOR AUDIT REPORTS?

Action has been taken on findings and recommendations included in the prior audit report except as noted in the Status of Prior Recommendations section of this report.

6. WAS A MANAGEMENT LETTER ISSUED? IF SO, PROVIDE A SUMMARY BELOW, INCLUDING ANY RECOMMENDATIONS AND THE MANAGEMENT RESPONSES.

No, a management letter was not issued.



LAFRC Audit Communications

7. IDENTIFY ANY SIGNIFICANT CHANGES IN ACCOUNTING POLICIES, ANY MANAGEMENT CONFLICTS OF INTEREST, ANY CONTINGENT LIABILITIES, OR ANY SIGNIFICANT UNUSUAL TRANSACTIONS.

There were no significant changes in accounting policies, management conflicts of interest, contingent liabilities, or significant unusual transactions identified.

8. IDENTIFY ANY SIGNIFICANT ACCOUNTING ESTIMATES, THE PROCESS USED BY MANAGEMENT TO FORMULATE THE ACCOUNTING ESTIMATES, AND THE BASIS FOR THE AUDITOR'S CONCLUSIONS REGARDING THE REASONABLENESS OF THOSE ESTIMATES.

The Department of Human Services' financial statements do not include any significant accounting estimates.

9. IDENTIFY ANY SIGNIFICANT AUDIT ADJUSTMENTS.

Significant audit adjustments were not necessary.

10. IDENTIFY ANY DISAGREEMENTS WITH MANAGEMENT, WHETHER OR NOT RESOLVED TO THE AUDITOR'S SATISFACTION RELATING TO A FINANCIAL ACCOUNTING, REPORTING, OR AUDITING MATTER THAT COULD BE SIGNIFICANT TO THE FINANCIAL STATEMENTS.

None.

11. IDENTIFY ANY SERIOUS DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT.

None.

12. IDENTIFY ANY MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION.

This is not applicable for audits conducted by the Office of the State Auditor.

13. IDENTIFY ANY MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS ABOUT AUDITING AND ACCOUNTING MATTERS.

None.

14. IDENTIFY ANY HIGH-RISK INFORMATION TECHNOLOGY SYSTEMS CRITICAL TO OPERATIONS BASED ON THE AUDITOR'S OVERALL ASSESSMENT OF THE IMPORTANCE OF THE SYSTEM TO THE AGENCY AND ITS MISSION, OR WHETHER ANY EXCEPTIONS IDENTIFIED IN THE SIX AUDIT REPORT QUESTIONS TO BE ADDRESSED BY THE AUDITORS ARE DIRECTLY RELATED TO THE OPERATIONS OF AN INFORMATION TECHNOLOGY SYSTEM.

The following systems are high-risk information technology systems critical to the Department of Human Services. ConnectND. Finance, Human Capital Management (HCM), Health Enterprise Medicaid Management Information System (MMIS), Drug Rebate Analysis and Management System (DRAMS), VISION, Technical Eligibility Computer System (TECS), Low Income Home Energy Assistance Program (LIHEAP), Child Care Assistance, Comprehensive

Child Welfare Information Payment System (CCWIPS), FRAME, MyAvatar, Regional Office Automated Program (ROAP), AWARE, Self-Service Portal and Consolidated Eligibility System (SPACES), Fully Automated Child Support Enforcement System (FACSES), Advanced Institutional Management Software (AIMS) and Contract Management System. Finding 2019-09 is related to the Drug Rebate Analysis and Management System (DRAMS).



Office of the
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