



# *State of California*

Federal Compliance Audit Report for the  
Fiscal Year Ended June 30, 2021

*June 2024*

**REPORT 2021-002R**





**CALIFORNIA STATE AUDITOR**

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June 24, 2024  
**2021-002R**

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As required by Government Code section 8543 et seq., the California State Auditor (State Auditor) presents this audit report concerning the review of the State of California’s internal controls and compliance with federal laws and regulations for the year ended June 30, 2021. The State Auditor contracted with Macias Gini & O’Connell LLP (MGO) to perform this audit for fiscal year 2020–21. As referenced in the Auditor’s Section, the State restated its Schedule of Expenditures of Federal Awards to account for federal expenditures that were not reported at the time of the original audit report, thus necessitating this reissued report.

This report concludes that the State did not materially comply with certain requirements for seven of the 15 federal programs or clusters of programs (federal programs) MGO audited, including two programs for which the noncompliance was pervasive. Additionally, although MGO concluded that the State materially complied with requirements for the remaining federal programs it audited, MGO reported various instances of noncompliance relating to those programs. Further, the State continues to experience certain deficiencies in its accounting and administrative practices that affect its internal controls over compliance with federal requirements. Deficiencies in the State’s internal control system could adversely affect its ability to administer federal programs in compliance with applicable requirements.

Respectfully submitted,

LINUS LI, CPA  
Deputy State Auditor

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## **Auditor's Section**

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## **Independent Auditor's Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Governor and the Legislature of the State of California:

### **Report on the Schedule of Expenditures of Federal Awards**

We have audited the accompanying Schedule of Expenditures of Federal Awards (the Schedule) of the State of California (State) for the fiscal year ended June 30, 2021, and the related notes to the Schedule (the financial statement).

#### ***Management's Responsibility***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Basis for Qualified Opinion***

We were unable to obtain sufficient appropriate audit evidence supporting the eligible amount of the State's federal award expenditures for the Unemployment Insurance program (Assistance Listing Number 17.225) and the Presidential Declared Disaster Assistance to Individuals and Households – Other Needs program (Assistance Listing Number 97.050) for the fiscal year ended June 30, 2021, due to the extent and pervasiveness of benefit payments made to ineligible claimants included in the reported expenditures.

### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the State of California for the fiscal year ended June 30, 2021, in accordance with the cash basis of accounting as described in Note 2.

### ***Basis of Accounting***

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matters***

As described in Note 1 to the Schedule, the State of California's basic financial statements include the operations of the University of California system, a component unit of the State of California, the California State University system, the California State Water Resources Control Board Water Pollution Control Revolving Fund, the California State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency, a component unit of the State of California, which reported \$6.8 billion, \$3.3 billion, \$18.5 million, \$73.8 million, and \$31.2 million, respectively, in federal awards, which are not included in the Schedule for the fiscal year ended June 30, 2021. Our audit, described above, did not include the federal awards of the University of California system, the California State University system, the California State Water Resources Control Board Water Pollution Control Revolving Fund, the California State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency because these entities engaged other auditors to perform an audit in accordance with the Uniform Guidance. Our opinion is not modified with respect to this matter.

As described in Note 3 to the Schedule, the State of California restated the Schedule to include federal expenditures of \$479,996,082 and amounts passed through to subrecipients of \$367,405,431 for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (ALN 93.323) program and federal expenditures and amounts passed through to subrecipients of \$9,463,591 for the Provider Relief Fund (ALN 93.498) program. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, except as to item 2021-002 described in the schedule of findings and questioned costs, which is as of June 19, 2024, on our consideration of the State of California's internal control over financial reporting of the financial statement 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 of the financial statement, and the results of that testing, and not to provide an opinion on the effectiveness of the State'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 State's internal control over financial reporting and compliance of the financial statement.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive style with a small vertical line under the letter 'i' in "Gini".

Sacramento, California

March 23, 2023, except as to Note 3,  
which is as of June 19, 2024

**Independent Auditor’s Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of  
the Schedule of Expenditures of Federal Awards Performed in  
Accordance With *Government Auditing Standards***

The Governor and the Legislature of the State of California:

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Expenditures of Federal Awards (the Schedule) of the State of California (State) for the fiscal year ended June 30, 2021, and the related notes to the Schedule (the financial statement), and have issued our report thereon dated March 23, 2023, except as to Note 3, which is as of June 19, 2024. Our report is qualified because we were unable to obtain sufficient appropriate audit evidence supporting the eligible amount of the State’s federal award expenditures for the Unemployment Insurance program (Assistance Listing Number 17.225) and the Presidential Declared Disaster Assistance to Individuals and Households – Other Needs program (Assistance Listing Number 97.050), and includes an emphasis of matter paragraph to describe those entities which are audited by other auditors and whose federal award expenditures are not included in the Schedule. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes an emphasis of matter paragraph to describe the State’s restatement of the Schedule for the inclusion of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing Number 93.323) program and additional expenditures for the Provider Relief Fund (Assistance Listing Number 93.498) program.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the State’s internal control over financial reporting of the financial statement (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the State’s internal control. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control.

*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 statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statement is 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 statement. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

## State of California's Response to Findings

The State's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Sacramento, California

March 23, 2023, except as to item 2021-002 described  
in the schedule of findings and questioned costs, which  
is as of June 19, 2024



**Independent Auditor's Report on Compliance for Each Major  
Federal Program and Report on Internal Control Over  
Compliance Required by the Uniform Guidance**

The Governor and the Legislature of the State of California:

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

We have audited the State of California's (State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the fiscal year ended June 30, 2021. The State's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

As described in Note 1 to the Schedule of Expenditures of Federal Awards (Schedule), the State's basic financial statements include the operations of the University of California system, a component unit of the State, the California State University system, the State Water Resources Control Board Water Pollution Control Revolving Fund, the State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency, a component unit of the State, which reported \$6.8 billion, \$3.3 billion, \$18.5 million, \$73.8 million, and \$31.2 million, respectively, in federal awards, which are not included in the Schedule for the fiscal year ended June 30, 2021. Our audit, described below, did not include the federal awards of the University of California system, the California State University system, the State Water Resources Control Board Water Pollution Control Revolving Fund, the State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency because these entities engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our adverse, qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State’s compliance.

**Basis for Adverse Opinion on Major Federal Programs**

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

| Finding Number | Assistance Listing Number | Federal Program Name or Cluster   | Compliance Requirement(s)                   | State Administering Department    |
|----------------|---------------------------|---|---|-----------------------------------|
| 2021-004       | 17.225                    | Unemployment Insurance  | Activities Allowed or Unallowed Eligibility | Employment Development Department |
| 2021-005       | 17.225                    | Unemployment Insurance  | Activities Allowed or Unallowed Eligibility | Employment Development Department |
| 2021-006       | 17.225                    | Unemployment Insurance  | Activities Allowed or Unallowed Eligibility | Employment Development Department |
| 2021-016       | 97.050                    | Presidential Declared Disaster Assistance to Individuals and Households - Other Needs | Activities Allowed or Unallowed Eligibility | Employment Development Department |

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

**Adverse Opinion on Major Federal Programs**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the State did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs listed in the Basis for Adverse Opinion paragraph for the fiscal year ended June 30, 2021.

**Basis for Qualified Opinion on Major Federal Programs**

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

| Finding Number | Assistance Listing Number | Federal Program Name or Cluster  | Compliance Requirement(s)       | State Administering Department     |
|----------------|---------------------------|--|---------------------------------|------------------------------------|
| 2021-003       | 10.557                    | Special Supplemental Nutrition Program for Women Infants, and Children | Eligibility                     | Department of Public Health        |
| 2021-008       | 93.767                    | Children's Health Insurance Program                                    | Activities Allowed or Unallowed | Department of Health Care Services |
| 2021-008       | 93.778                    | Medical Assistance Program (Medicaid Cluster)                          | Activities Allowed or Unallowed | Department of Health Care Services |
| 2021-010       | 93.767                    | Children's Health Insurance Program                                    | Eligibility                     | Department of Health Care Services |
| 2021-011       | 93.917                    | HIV Care Formula Grants  | Eligibility                     | Department of Public Health        |
| 2021-013       | 93.767                    | Children's Health Insurance Program                                    | Reporting                       | Department of Health Care Services |
| 2021-013       | 93.778                    | Medical Assistance Program (Medicaid Cluster)                          | Reporting                       | Department of Health Care Services |
| 2021-014       | 93.323                    | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)     | Subrecipient Monitoring         | Department of Public Health        |

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

**Qualified Opinion on Major Federal Programs**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs listed in the Basis for Qualified Opinion paragraph for the fiscal year ended June 30, 2021.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the fiscal year ended June 30, 2021.

**Other Matters**

*Other Instances of Noncompliance*

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 table below and in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.



| Finding Number | Assistance Listing Number | Federal Program Name or Cluster  | Compliance Requirement(s)    | State Administering Department   |
|----------------|---------------------------|--|------------------------------|--|
| 2021-007       | 21.019                    | Coronavirus Relief Fund  | Subrecipient Monitoring      | California Business, Consumer Services, and Housing Agency<br>Department of Education<br>Department of Social Services |
| 2021-009       | 93.917                    | HIV Formula Care Grants  | Cash Management              | Department of Public Health  |
| 2021-012       | 93.044                    | Special Programs for the Aging, Title III, Part B, Grants for Supporting Services and Senior Centers | Reporting                    | Department of Aging  |
|                | 93.045                    | Special Programs for the Aging, Title III, Part C, Nutrition Services                                |                              |  |
|                | 93.053                    | Nutrition Services Incentive Program   |                              |  |
| 2021-015       | 93.767                    | Children's Health Insurance Program  | Special Tests and Provisions | Department of Health Care Services   |
| 2021-015       | 93.778                    | Medical Assistance Program (Medicaid Cluster)  | Special Tests and Provisions | Department of Health Care Services   |

The State's responses to the noncompliance findings identified in our audit are described in the accompanying management's response and corrective action plan. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

*Reissuance of Uniform Guidance Compliance Report*

This report is replacing the previously issued Uniform Guidance compliance report for the fiscal year ended June 30, 2021, dated March 23, 2023. The report is being reissued because the State restated its schedule of expenditures of federal awards for the fiscal year ended June 30, 2021, to include federal expenditures of \$479,996,082 and amounts passed through to subrecipients of \$367,405,431 for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Assistance Listing Number 93.323) program. As a result, the program was required to be audited as a major federal program under the Uniform Guidance for the fiscal year ended June 30, 2021. This report has been updated to include the results of the audit of this major federal program and includes a qualified opinion on this major federal program and finding 2021-014.

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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 have not been 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 2021-003, 2021-004, 2021-005, 2021-006, 2021-008, 2021-010, 2021-011, 2021-013, 2021-014 and 2021-016 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 2021-007, 2021-009, 2021-012, and 2021-015 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying management's response and corrective action plan. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.



Sacramento, California

March 23, 2023, except for the Epidemiology  
and Laboratory Capacity for Infectious Diseases  
(ELC) (Assistance Listing Number 93.323)  
program, which is as of June 19, 2024

## **Schedule of Findings and Questioned Costs**

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**STATE OF CALIFORNIA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Issued under a separate cover. Refer to California State Auditor’s 2021-001.1 report entitled *State of California: Internal Control and Compliance Audit Report for the Fiscal Year Ended June 30, 2021*.

*Schedule of Expenditures of Federal Awards (Schedule)*

Type of report the auditor issued on whether the Schedule audited was prepared in accordance with the cash basis of accounting: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? No

Noncompliance material to the Schedule noted? Yes

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Type of auditor’s report issued on compliance for the major federal programs: Refer to the tables that follow

**Adverse**

**Assistance**  
Listing Number      Federal Program or Cluster

|        |   |
|--------|---|
| 17.225 | Unemployment Insurance  |
| 97.050 | Presidential Declared Disaster Assistance to Individuals and Households – Other Needs |

**Qualified**

| <b>Assistance Listing Number</b> | <b>Federal Program or Cluster</b>  |
|----------------------------------|--|
| 10.557                           | Special Supplemental Nutrition Program for Women, Infants, and Children                      |
| 93.323                           | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                           |
| 93.767                           | Children’s Health Insurance Program<br>Medicaid Cluster:                                     |
| 93.775                           | State Medicaid Fraud Control Units   |
| 93.777                           | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare |
| 93.778                           | Medical Assistance Program   |
| 93.917                           | HIV Care Formula Grants  |

**Unmodified**

| <b>Assistance Listing Number</b> | <b>Federal Program or Cluster</b>  |
|----------------------------------|--|
| 10.558                           | Child and Adult Care Food Program  |
| 21.019                           | Coronavirus Relief Fund  |
| 21.023                           | Emergency Rental Assistance Program<br>Special Education Cluster:                                    |
| 84.027                           | Special Education Grants to States   |
| 84.173                           | Special Education Preschool Grants<br>Education Stabilization Fund:                                  |
| 84.425C                          | Governor’s Emergency Education Relief Fund   |
| 84.425D                          | Elementary and Secondary School Emergency Relief Fund  |
| 84.425G                          | Discretionary Grants: Reimagining Workforce Preparation Grants<br>Aging Cluster:                     |
| 93.044                           | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers |
| 93.045                           | Special Programs for the Aging, Title III, Part C, Nutrition Services                                |
| 93.053                           | Nutrition Services Incentive Program   |
| 93.563                           | Child Support Enforcement  |
| 97.036                           | Disaster Grants – Public Assistance (Presidentially Declared Disasters)                              |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes

Identification of major federal programs:

| <u>Assistance Listing Number</u> | <u>Federal Program or Cluster</u>  |
|----------------------------------|--|
| 10.557                           | Special Supplemental Nutrition Program for Women, Infants, and Children                              |
| 10.558                           | Child and Adult Care Food Program  |
| 17.225                           | Unemployment Insurance   |
| 21.019                           | Coronavirus Relief Fund  |
| 21.023                           | Emergency Rental Assistance Program  |
|                                  | Special Education Cluster:   |
| 84.027                           | Special Education Grants to States   |
| 84.173                           | Special Education Preschool Grants   |
|                                  | Education Stabilization Fund:  |
| 84.425C                          | Governor’s Emergency Education Relief Fund   |
| 84.425D                          | Elementary and Secondary School Emergency Relief Fund  |
| 84.425G                          | Discretionary Grants: Reimagining Workforce Preparation Grants                                       |
|                                  | Aging Cluster:   |
| 93.044                           | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers |
| 93.045                           | Special Programs for the Aging, Title III, Part C, Nutrition Services                                |
| 93.053                           | Nutrition Services Incentive Program   |
| 93.323                           | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                                   |
| 93.563                           | Child Support Enforcement  |
| 93.767                           | Children’s Health Insurance Program  |
|                                  | Medicaid Cluster:  |
| 93.775                           | State Medicaid Fraud Control Units   |
| 93.777                           | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare         |
| 93.778                           | Medical Assistance Program   |
| 93.917                           | HIV Care Formula Grants  |
| 97.036                           | Disaster Grants – Public Assistance (Presidentially Declared Disasters)                              |
| 97.050                           | Presidential Declared Disaster Assistance to Individuals and Households – Other Needs                |

Dollar threshold used to distinguish between type A and type B programs: \$343,210,666

Auditee qualified as low-risk auditee? No

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**Schedule of Expenditures of Federal Awards Findings**

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## EMPLOYMENT DEVELOPMENT DEPARTMENT

Reference Number: 2021-001

Type of Finding: Material Weakness and Material Instance of Noncompliance

### Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart F - Audit Requirements. §200.510 Financial statements (2 CFR 200.510):

- (b) *Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:
  - (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

### Condition

The State of California (State) has a decentralized financial reporting process, which requires State agencies and departments to provide specific financial information to the Department of Finance (Finance) in order to annually compile the Schedule of Expenditures of Federal Awards (Schedule). In its effort to more efficiently and accurately prepare the Schedule in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Finance developed the Single Audit Expenditures Reporting Database (Database). Finance developed the Database to include all of the relevant data fields necessary to compile and produce the Schedule. Finance also created a Single Audit Database User Manual, which provides specific guidance to users for accessing and navigating through the database.

Due to the unprecedented impacts from the COVID-19 pandemic, the Employment Development Department (EDD) was unable to timely report to Finance through the Database with accurate and reliable federal cash basis expenditures for its largest federal award programs that it administers, the Unemployment Insurance (ALN 17.225) and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (ALN 97.050) programs. The delay resulted in Finance being unable to compile and produce a complete and final approved Schedule until December 2022. Although initial estimated expenditure amounts were reported by EDD for both programs, \$90.6 billion and \$7.5 billion, respectively, the final amounts reported in the Schedule for both programs were ultimately updated to \$92.7 billion and \$6.5 billion, respectively.

### **Cause**

Given the substantial increase in claimants seeking assistance under the Unemployment Insurance program resulting from the COVID-19 pandemic, EDD was overwhelmed with the overall administration of the Unemployment Insurance program. Also, EDD was still contending with accounting and control issues from the implementation of the State's Financial Information System for California (FI\$Cal), which replaced the legacy system.

### **Effect**

The difficulties that EDD encountered from the COVID-19 pandemic and continuing FI\$Cal implementation issues, resulted in the late reporting and submission of final federal cash basis expenditures to Finance. The untimely submission limited and constrained Finance from compiling and producing a final complete and accurate Schedule.

### **Questioned Costs**

Questioned costs were not determinable.

### **Recommendation**

EDD should continue to evaluate its existing process and controls related to its ability to properly account for, report, and timely submit complete and accurate federal award cash basis expenditures to the Database, which affords Finance the ability to timely compile and produce a final Schedule pursuant to the Uniform Guidance.

### **Views of Responsible Officials and Corrective Action Plan**

EDD agrees with this finding. The deferred transition to FI\$Cal and the difficulties experienced thereafter have continued to cause EDD to be late with submitting year-end financials and its ability to submit timely the cash basis expenditures into the Single Audit Expenditures Reporting Database (Database). In addition, the onset of the COVID-19 pandemic created additional issues which ultimately impacted the EDD's ability to submit timely year-end financials. However, the EDD is making progress and continues to gain ground in the department's efforts to follow the State's deadlines for submitting year-end financials and entering the cash basis expenditures into the Database.

By the end of fiscal year 2021-22 and into fiscal year 2022-23, the EDD did a restructuring within the accounting area which realigned workload amongst the units and provided additional resources in critical areas. These changes will have a lasting effect and help the department to be better positioned going forward in processing the accounting workload and ultimately be able to catch up and submit year-end financials and enter the cash basis expenditures into the Database by the State's deadlines. In addition, the EDD took lessons learned from the fiscal year 2019-20 financial audit to update processes and procedures and applied that knowledge going forward. Also, staff have been participating in various trainings offered by Finance

and the Department of FISCAl and staff continue to work with the control agencies when issues arise that would impact our accounting functions.

While the EDD is still behind, the department is making great progress on catching up. The EDD submitted the last of its fiscal year 2020-21 financials in July 2022 and is targeting to submit the last of its fiscal year 2021-22 financials by the end of March 2023. The EDD's goal is to submit fiscal year 2022-23 financials by the end of December 2023. Similar to the 2019-20 financial audit, the EDD will take the knowledge learned during the 2020-21 audit season, continue to engage with the control agencies, and continue to train and develop staff in order to keep progressing towards the department's goal of becoming timely with the submission of the year-end financials and entering of the cash basis expenditures into the Database.

## DEPARTMENT OF PUBLIC HEALTH

Reference Number: 2021-002

Type of Finding: Material Weakness and Instance of Noncompliance

### Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart F - Audit Requirements. §200.510 Financial statements (2 CFR 200.510):

- (b) *Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:
  - (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
  - (4) Include the total amount provided to subrecipients from each Federal program.

### Condition

The State of California (State) has a decentralized financial reporting process, which requires State agencies and departments to provide specific financial information to the Department of Finance (Finance) in order to annually compile the Schedule of Expenditures of Federal Awards (Schedule). In its effort to more efficiently and accurately prepare the Schedule in accordance with the requirements of 2 CFR 200.510, Finance developed the Single Audit Expenditures Reporting Database (Database) to include all relevant data fields necessary to compile and produce the Schedule. Finance also created a Single Audit Database User Manual, which provides specific guidance to users for accessing and navigating through the database. Departments are given access to the centralized Database by Finance in order to upload and report federal award information for all federal award programs which they administer.

The California Department of Public Health (Public Health) failed to include \$479,996,082 of federal expenditures and \$367,405,431 of subrecipient expenditures for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program (ALN No. 93.323) in the Database, which Finance uses to prepare the State's annual Schedule. The error resulted in an additional major program that was required to be audited as a major program in accordance with the Uniform Guidance and the State having to reissue its federal compliance audit report for the fiscal year ended June 30, 2021.

### **Cause**

Public Health entered into a Bona Fide Agent Designation arrangement with Public Health Foundation Enterprises, Inc., dba Heluna Health, for the submission of a grant application under the State of California's eligibility in lieu of a direct State application for the U.S. Department of Health and Human Services (HHS), Centers for Disease Control and Prevention (CDC) funding opportunity: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Cooperative Agreement.

Subsequent to the bona fide agent arrangement, Public Health entered into a separate subrecipient agreement with Heluna Health on March 2, 2021, to provide Heluna Health with certain services related to the performance of its obligations under the ELC program grant award received from HHS.

Since Public Health is typically not a subrecipient of federal awards and the accounting control for ELC program revenues and expenditures was established within the State's General Fund rather than the Federal Trust Fund, which is State standard operating procedure, Public Health failed to identify and report the \$479,996,082 of federal expenditures in the Schedule.

### **Effect**

Because of the ELC program's inclusion in the State's Schedule for the fiscal year ended June 30, 2021, the ELC program was required to be audited as a major program in accordance with the Uniform Guidance and the State's federal compliance report had to be reissued.

### **Questioned Costs**

No questioned costs were identified.

### **Recommendation**

When infrequent and unusual arrangements occur impacting processes and procedures surrounding federal award programs, Public Health should ensure there is sufficient identification and understanding of the administrative and operational changes from standard operating procedures. Public Health should then design appropriate internal controls commensurate with such changes to ensure adherence to applicable laws and regulations.

### **Views of Responsible Officials and Corrective Action Plan**

Public Health's Accounting Office will generate the FI\$Cal Year End Close report (KK\_12 expenditure) and collaborate with the ELC program to ensure that all expenditures captured are complete and accurate, ensuring timely reporting of the SEFA data for FY 2023-24 and beyond. Additionally, we will update the procedures to document the SEFA reporting for the ELC program.

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## **Schedule of Federal Award Findings and Questioned Costs**

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## U.S. DEPARTMENT OF AGRICULTURE

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|                                  |   |
|----------------------------------|---|
| Reference Number:                | 2021-003  |
| Category of Finding:             | Eligibility   |
| Type of Finding:                 | Material Weakness and Material Instance of Noncompliance  |
| State Administering Department:  | California Department of Public Health (Public Health)  |
| Assistance Listing Number:       | 10.557  |
| Federal Program Title:           | Special Supplemental Nutrition Program for Women, Infants, and Children<br><br>COVID-19 Special Supplemental Nutrition Program for Women, Infants, and Children |
| Federal Award Numbers and Years: | 202019W100647; 2020<br>202020W100347, 2020<br>202020W100647, 2020<br>202120W600347, 2021<br>202120W600647, 2021<br>202121W100347, 2021<br>202121W100647, 2021   |

### Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 7 – Agriculture. Subtitle B - Regulations of the Department of Agriculture. Chapter II – Food and Nutrition Service, Department of Agriculture. Subchapter A – Child Nutrition Programs. Part 246 - Special Supplemental Nutrition Program for Women, Infants and Children. §246.7 - Certification of participants:

- (c) Eligibility criteria and basic certification procedures.

- (1) To qualify for the Program, infants, children, and pregnant, postpartum, and breastfeeding women must:

- (i) Reside within the jurisdiction of the State (except for Indian State agencies). Indian State agencies may establish a similar requirement. All State agencies may determine a service area for any local agency, and may require that an applicant reside within the service area. However, the State agency may not use length of residency as an eligibility requirement.

(ii) Meet the income criteria specified in paragraph (d) of this section.

(iii) Meet the nutritional risk criteria specified in paragraph (e) of this section.

(2) (i) At certification, the State or local agency must require each applicant to present proof of residency (i.e., location or address where the applicant routinely lives or spends the night) and proof of identity. The State or local agency must also check the identity of participants, or in the case of infants or children, the identity of the parent or guardian, or proxies when issuing food, cash-value vouchers or food instruments. The State agency may authorize the certification of applicants when no proof of residency or identity exists (such as when an applicant or an applicant's parent is a victim of theft, loss, or disaster; a homeless individual; or a migrant farmworker). In these cases, the State or local agency must require the applicant to confirm in writing his/her residency or identity. Further, an individual residing in a remote Indian or Native village or an individual served by an Indian tribal organization and residing on a reservation or pueblo may establish proof of residency by providing the State agency their mailing address and the name of the remote Indian or Native village.

(e) Nutritional risk. To be certified as eligible for the Program, applicants who meet the Program's eligibility standards specified in paragraph (c) of this section must be determined to be at nutritional risk. ... Nutritional risk data shall be documented in the participant's file and shall be used to assess an applicant's nutritional status and risk; tailor the food package to address nutritional needs; design appropriate nutrition education, including breastfeeding promotion and support; and make referrals to health and social services for follow-up, as necessary and appropriate.

(1) Determination of nutritional risk.

(ii) Timing of nutritional risk data.

*(A) Weight and height or length. Weight and height or length shall be measured not more than 60 days prior to certification for program participation.*

*(B) Hematological test for anemia.*

*(1) For pregnant, breastfeeding, and postpartum women, and child applicants, the hematological test for anemia shall be performed or obtained from referral sources at the time of certification or within 90 days of the date of certification. The hematological test for anemia may be deferred for up to 90 days from the time of certification for applicants who have at least one qualifying nutritional risk factor present at the time of certification. If no qualifying risk factor is identified, a hematological test for anemia must be performed or obtained from referral sources (with the exception of presumptively eligible pregnant women).*

*(2) Infants nine months of age and older (who have not already had a hematological test performed, between six and nine months of age, by a competent professional authority or obtained from referral sources), shall between nine and twelve months of age have a hematological test performed or obtained from referral sources. Such a test may be performed more than 90 days after the date of certification.*

*(3) For pregnant women, the hematological test for anemia shall be performed during their pregnancy. For persons certified as postpartum or breastfeeding women, the hematological test for anemia shall be performed after the termination of their pregnancy. For breastfeeding women who are 6-12 months postpartum, no additional blood test is necessary if a test was performed after the termination of their pregnancy. The participant or parent/guardian shall be informed of the test results when there is a finding of anemia, and notations reflecting the outcome of the tests shall be made in the participant's file.*

*Nutrition education, food package tailoring, and referral services shall be provided to the participant or parent/guardian, as necessary and appropriate.*

### **Condition**

During the fiscal year ended June 30, 2020, the Special Supplemental Food Program for Women, Infants and Children (WIC) nutrition program implemented phase 1 of a new management information system known as the Women, Infants, and Children Web Information System Exchange (WIC-WISE) in a two-phased approach to replace the WIC Management Information Systems (WIC-MIS).

WIC-WISE is programmed such that updates to eligibility information overwrites existing data. As a result, key data and documentation to support the initial participant eligibility is removed during the recertification process. The California Department of Public Health, WIC Division requested a correction to WIC-WISE to retain eligibility history in the “Cert History Report” when subsequent eligibility information is entered. This correction will be included in a future release targeted for May 2023. As such, the system defect still existed during the fiscal year ended June 30, 2021. Accordingly, sample testing was not performed.

### **Identification as a Repeat Finding**

Finding 2020-002 was reported in the immediate prior year.

### **Cause**

The phase 1 implementation of WIC-WISE did not include system functionality to retain historical eligibility documentation when subsequent information was entered during the participant recertification process.

### **Effect**

The system limitation of WIC-WISE does not allow for the retention of proper documentation of eligibility information. Accordingly, there is an increased risk for the occurrence of benefits being provided to ineligible individuals, which may not be prevented or detected in a timely manner.

### **Questioned Costs**

Questioned costs were not determinable.

### **Context**

Total food vouchers disbursed to program participants during the fiscal year ended June 30, 2021, totaled \$471,612,402.

### **Recommendation**

WIC-WISE system updates should be promptly implemented and tested to ensure that participant data and eligibility documentation is appropriately retained within the system.

### **Views of Responsible Officials and Corrective Action Plan**

Management’s response is reported in “Management’s Response and Corrective Action Plan” included in a separate section at the end of this report.

## U.S. DEPARTMENT OF LABOR

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|                                 |   |
|---------------------------------|---|
| Reference Number:               | 2021-004  |
| Category of Finding:            | Activities Allowed or Unallowed<br>Eligibility              |
| Type of Finding:                | Material Weakness and Material Instance of<br>Noncompliance |
| State Administering Department: | California Employment Development<br>Department (EDD)       |
| Assistance Listing Number:      | 17.225  |
| Federal Program Title:          | COVID-19 Unemployment Insurance<br>(HR748/2020)             |
| Federal Award Numbers and Year: | UI-34702-20-55-A-6; 2020                                    |

### Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 20 - Employees’ Benefits, Chapter V, Employment and Training Administration, Department of Labor, Part 625 - Disaster Unemployment Assistance, §625.14 Overpayments; disqualification for fraud:

- (h) Provisions in the procedures of each State with respect to detection and prevention of fraudulent overpayments of DUA shall be, as a minimum, commensurate with the procedures adopted by the State with respect to regular compensation and consistent with the Secretary's “Standard for Fraud and Overpayment Detection,” Employment Security Manual, part V, sections 7510 et seq. (Appendix C of this part).
- (i) Any individual who, with respect to a major disaster, makes or causes another to make a false statement or misrepresentation of a material fact, knowing it to be false, or knowingly fails or causes another to fail to disclose a material fact, in order to obtain for the individual or any other person a payment of DUA to which the individual or any other person is not entitled, shall be disqualified as follows:
  - (1) If the false statement, misrepresentation, or nondisclosure pertains to an initial application for DUA –
    - i. The individual making the false statement, misrepresentation, or nondisclosure shall be disqualified from the receipt of any DUA with respect to that major disaster; and

- ii. If the false statement, misrepresentation, or nondisclosure was made on behalf of another individual, and was known to such other individual to be a false statement, misrepresentation, or nondisclosure, such other individual shall be disqualified from the receipt of any DUA with respect to that major disaster; and
- (2) If the false statement, misrepresentation, or nondisclosure pertains to a week for which application for a payment of DUA is made –
- i. The individual making the false statement, misrepresentation, or nondisclosure shall be disqualified from the receipt of DUA for that week and the first two compensable weeks in the Disaster Assistance Period that immediately follow that week, with respect to which the individual is otherwise entitled to a payment of DUA; and
  - ii. If the false statement, misrepresentation, or nondisclosure was made on behalf of another individual, and was known to such other individual to be a false statement, misrepresentation, or nondisclosure, such other individual shall be disqualified from the receipt of DUA for that week and the first two compensable weeks in the Disaster Assistance Period that immediately follow that week, with respect to which the individual is otherwise entitled to a payment of DUA.

Title 15 - Commerce and Trade, Chapter 116, Coronavirus Economic (CARES Act) Subchapter II - Unemployment Insurance Provisions, §9023 Emergency Increase in Unemployment Compensation Benefits

(f) Fraud and Overpayments:

- (1) In General – If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received an amount of Federal Pandemic Unemployment Compensation or Mixed Earner Unemployment Compensation to which such individual was not entitled, such individual—
- (A) shall be ineligible for further Federal Pandemic Unemployment Compensation Mixed Earner Unemployment Compensation in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation

**Condition**

During the fiscal year ended June 30, 2021, EDD continued its administration of the Pandemic Unemployment Assistance (PUA) program, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19 relief in unemployment compensation. Under the CARES Act, the PUA program was to be administered in accordance with the Disaster Unemployment Assistance (DUA) program under section 625 of Title 20, Code of Federal Regulations. Claimants eligible for PUA benefits were paid additional benefits under the Federal Pandemic Unemployment Compensation program (FPUC).

In EDD's administration of the PUA and FPUC programs, \$17,143,006,979 in benefit payments were estimated to be potentially fraudulent payments. The estimate was made by the Unemployment Insurance Branch and was based on data parameters to identify claimants that received benefits that matched imposter fraud for identity or eligibility fraud for misrepresented information.

Out of 138 PUA benefit payments tested, there were 26 benefit payments to claimants determined to be potentially fraudulent whose identity was not sufficiently verified.

## **Identification as a Repeat Finding**

Finding 2020-005 was reported in the immediate prior year.

### **Cause**

Existing internal controls did not prevent, or detect and correct, instances of potential fraud for benefit payments for the following reasons.

- There was a significant increase in unemployment claims that overwhelmed EDD's existing fraud detection process.
- There were insufficient controls in place to prevent or detect fraud associated with benefit payments related to incarceration, identity, and multiple claims from the same address.

### **Effect**

EDD did not have adequate oversight controls to ensure that benefit payments were not being made to fraudulent claimants. Accordingly, benefit payments were made to fraudulent claimants who were not eligible.

### **Questioned Costs**

Likely questioned costs were estimated to be \$17,143,006,979 for fiscal year 2020-21. Known questioned costs were \$570,802.

### **Context**

Benefits paid to claimants under the COVID-19 Unemployment Insurance program for the fiscal year ended June 30, 2021, totaled \$66,108,457,174.

The sample was not a statistically valid sample.

### **Recommendation**

EDD should continue to evaluate and enhance its fraud detection and prevention internal controls, increasing the use of automation features and other analytical tools in an effort to increase efficiency, continue to reduce workload, and enhance detection and timely identification of unemployment benefit fraud.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.



|                                  |   |
|----------------------------------|---|
| Reference Number:                | 2021-005  |
| Category of Finding:             | Activities Allowed or Unallowed<br>Eligibility              |
| Type of Finding:                 | Material Weakness and Material Instance of<br>Noncompliance |
| State Administering Department:  | California Employment Development<br>Department (EDD)       |
| Assistance Listing Number:       | 17.225  |
| Federal Program Title:           | COVID-19 Unemployment Insurance<br>(HR748/2021)             |
| Federal Award Numbers and Years: | UI-34702-20-55-A-6; 2020                                    |

### Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 20 - Employees’ Benefits, Chapter V, Employment and Training Administration, Department of Labor, Part 625 - Disaster Unemployment Assistance, §625.6 Weekly amount; jurisdictions; reductions

#### Eligibility and Disqualifications.

- (b) If the weekly amount computed under paragraph (a) of this section is less than 50 percent of the average weekly payment of regular compensation in the State, as provided quarterly by the Department, or, if the individual has insufficient wages from employment or insufficient or no net income from self-employment (which includes individuals falling within paragraphs (a)(3) and (b)(3) of § 625.5) in the applicable base period to compute a weekly amount under paragraph (a) of this section, the individual shall be determined entitled to a weekly amount equal to 50 percent of the average weekly payment of regular compensation in the State.
- (e) The State agency shall immediately determine, upon the filing of an initial application for DUA, a weekly amount under the provisions of paragraphs (a) through (d) of this section, as the case may be, based on the individual's statement of employment or self-employment preceding the individual's unemployment that was a direct result of the major disaster, and wages earned or paid for such employment or self-employment. An immediate determination of a weekly amount shall also be made where, in conjunction with the filing of an initial application for DUA, the individual submits documentation substantiating employment or self-employment and wages earned or paid for such employment or self-employment, or, in the absence of documentation, where any State agency records of employment or self-employment and wages earned or paid for such employment or self-employment, justify the determination of a weekly amount. An immediate determination

shall also be made based on the individual's statement or in conjunction with the submittal of documentation in those cases where the individual was to commence employment or self-employment on or after the date the major disaster began but was prevented from doing so as a direct result of the disaster.

- (1) In the case of a weekly amount determined in accordance with paragraph (e) of this section, based only on the individual's statement of earnings, the individual shall furnish documentation to substantiate the employment or self-employment or wages earned from or paid for such employment or self-employment or documentation to support that the individual was to commence employment or self-employment on or after the date the major disaster began. In either case, documentation shall be submitted within 21 calendar days of the filing of the initial application for DUA.
- (3) For purposes of a computation of a weekly amount under paragraph (a) of this section, if an individual submits documentation to substantiate employment or self-employment in accordance with paragraph (e)(1), but not documentation of wages earned or paid during the base period set forth in paragraph (a)(2) of this section, including those cases where the individual has not filed a tax return for the most recent tax year that has ended, the State agency shall immediately redetermine the weekly amount of DUA payable to the individual in accordance with paragraph (b) of this section.

### **Condition**

During the fiscal year ended June 30, 2020, EDD implemented the Pandemic Unemployment Assistance (PUA) program, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19 relief in unemployment compensation. Under the CARES Act, the PUA program was to be administered in accordance with the Disaster Unemployment Assistance (DUA) program under section 625 of Title 20, Code of Federal Regulations. The amount of PUA payable to an unemployed or unemployed self-employed individual for a week of total unemployment shall be the weekly amount of compensation the individual would have been paid as regular compensation, as computed under the provisions of the applicable State law for a week of total unemployment. The weekly amount determination is calculated using the wages reported by the claimant. Upon receipt of a PUA claim, EDD would verify wages reported to ensure accurate weekly benefit amounts under PUA.

Out of 138 PUA benefit payments tested, there were 4 claimants whose wages were not reduced or suspended due to a lack of wage verification and 8 claimants whose self-employment were not verified.

### **Identification as a Repeat Finding**

Finding 2020-006 was reported in the immediate prior year.

### **Cause**

EDD did not perform timely wage verifications of the claimants due to the significant increase in claims resulting from the COVID-19 pandemic.

### **Effect**

EDD did not have adequate oversight controls to ensure that the claimant's wages were timely and properly reviewed and approved. Accordingly, there was an increased risk for the occurrence of overpayment in benefits being provided to individuals, which was not timely prevented or detected.

### **Questioned Costs**

Known questioned costs for the 12 claimants were \$325,948.

### **Context**

Benefits paid to claimants under the COVID-19 Unemployment Insurance program for the fiscal year ended June 30, 2021, totaled \$66,108,457,174.

The sample was not a statistically valid sample.

### **Recommendation**

EDD should continue to look for ways to enhance its capacity to perform timely wage verifications to ensure accurate eligibility determinations and claimant benefit payments.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

|                                  |   |
|----------------------------------|---|
| Reference Number:                | 2021-006  |
| Category of Finding:             | Activities Allowed or Unallowed<br>Eligibility              |
| Type of Finding:                 | Material Weakness and Material Instance of<br>Noncompliance |
| State Administering Department:  | California Employment Development<br>Department (EDD)       |
| Assistance Listing Number:       | 17.225  |
| Federal Program Title:           | Unemployment Insurance<br>COVID-19 Unemployment Insurance   |
| Federal Award Numbers and Years: | UI-35637-21-55-A-6; 2021<br>UI-34702-20-55-A-6; 2020        |

### Criteria

Title 2 - Grants and Agreements, Subtitle A - Office of Management and Budget Guidance for Grants and Agreements, Chapter II - Office of Management and Budget Guidance, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D - Post Federal Award Requirements, Standards for Financial and Program Management, §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 22 - Social Security, Division 1 - Employment Development Department, Subdivision 1 - Director of Employment Development, Division - 1 Unemployment and Disability Compensation, Part 1 - Unemployment Compensation, Chapter 5 Unemployment Compensation Benefits, Article 1 - Eligibility and Disqualifications §1256 and §1257

Eligibility and Disqualifications, §1256 California Code of Regulations:

- (a) An individual is disqualified for unemployment compensation benefits if the director finds that he or she left his or her most recent work voluntarily without good cause or that he or she has been discharged for misconduct connected with his or her most recent work.

Eligibility and Disqualifications, §1257 California Code of Regulations:

- (a) An individual is also disqualified for unemployment compensation benefits if: He or she willfully, for the purpose of obtaining unemployment compensation benefits, either made a false statement or representation, including, but not limited to, using a false name, false social security number, or other false identification, with actual knowledge of the falsity thereof, or withheld a material fact in order to obtain any unemployment compensation benefits under this division.

## **Condition**

In EDD's administration of the Unemployment Insurance program, \$1,440,071,129 in benefit payments were estimated to be potentially fraudulent payments. The estimate was made by the Unemployment Insurance Branch and was based on data parameters to identify claimants that received benefits that matched imposter fraud for identity or eligibility fraud for misrepresented information.

The Unemployment Insurance Branch of EDD reviews unemployment insurance claims of claimants for involuntary separation to ensure separations were for valid reasons under the Unemployment Insurance Code. Out of 138 unemployment insurance benefit payments tested, there were 4 claimants receiving benefits, whose reasons for involuntary separation indicated separation reasons due to voluntary quitting without good cause.

## **Identification as a Repeat Finding**

Finding 2020-004 was reported in the immediate prior year.

## **Cause**

The adjudication process for potential eligibility issues, which includes work separation, was not timely reviewed due to the significant increase in claims resulting from the COVID-19 pandemic.

## **Effect**

By EDD not performing timely review for potential eligibility issues, benefit payments were made to ineligible claimants.

## **Questioned Costs**

Known questioned costs for the 4 claimants were \$13,720 for the Unemployment Insurance program and \$16,200 for the Federal Pandemic Unemployment Compensation program of the COVID-19 Unemployment Insurance program.

## **Context**

Benefits paid to claimants under the Unemployment Insurance program for the fiscal year ended June 30, 2021, totaled \$25,554,569,761.

The sample was not a statistically valid sample.

## **Recommendation**

EDD should continue its work catching up with the adjudication process to support proper eligibility determinations and decrease improper payments to ineligible claimants.

## **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

## U.S. DEPARTMENT OF THE TREASURY

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|                                 |  |
|---------------------------------|--|
| Reference Number:               | 2021-007   |
| Category of Finding:            | Subrecipient Monitoring  |
| Type of Finding:                | Significant Deficiency and Instance of Noncompliance   |
| State Administering Department: | California Business, Consumer Services, and Housing Agency<br>California Department of Education<br>California Department of Social Services |
| Federal Program Title:          | Coronavirus Relief Fund  |
| Assistance Listing Number:      | 21.019   |
| Federal Award Number and Year:  | N/A; 2020  |

### Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. §200.332 Requirements for pass-through entities (2 CFR 200.332):

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 date elements change, include the changes in subsequent subaward modification. When some of the information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
  - (1) Federal award identification.
    - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
    - (ii) Subrecipient’s unique entity identifier;
    - (iii) Federal Award Identification Number (FAIN);
    - (iv) Federal Award Date;
    - (v) Subaward Period of Performance Start and End Date;
    - (vi) Subaward Budget Period Start and End Date;

- (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
  - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
  - (ix) Total Amount of Federal Award committed to the subrecipient by the pass-through entity;
  - (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
  - (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;
  - (xiii) Identification of whether the award is R&D; and
  - (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414.
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

### **Condition**

For 2 of 60 subawards tested, the State did not communicate required subaward information to its subrecipients of the Coronavirus Relief Fund (CRF) program at the time of the subaward, or when the State became aware of changes in subaward information, including identification that the subaward funds represented federal funding. Also, for 4 of 60 direct costs tested, the transactions were subsequently determined to be subawards, for which the required subaward information was not properly communicated to the subrecipients. The 4 direct costs transactions were from the Business, Consumer Services and Housing Agency; 1 of the subawards was from the California Department of Education; and 1 of the subawards was from the California Department of Social Services.

### **Identification as a Repeat Finding**

This was not a repeat finding from the immediate prior year.

### **Cause**

The State initially appropriated state General Fund dollars to various departments through an amendment to the 2019 State Budget Act for its coronavirus response. The initial communication to certain subrecipients identified the funding source as State General Fund monies. Subsequently, upon the State allocating its CRF award funds to be administered by various state departments, certain activities and related costs originally funded by the State General Fund, were replaced with CRF funding. Given the change in the source of funding, updated communication was not provided to the subrecipients informing them of the required federal award information. Additionally, the State did not make timely determinations identifying certain activities as subawards versus contracts for goods and/or services.

**Effect**

By not properly informing subrecipients that the funding provided represented federal financial assistance associated with the CRF program, there is an increased risk that subrecipients could potentially expend funds on ineligible activities, as well as subrecipients not accounting and reporting expenditures in accordance with the Federal statutes, regulations, and the terms and conditions of the federal award.

**Questioned Costs**

No questioned costs were identified.

**Context**

Disbursements to subrecipients for the CRF totaled \$7,480,270,598, or 79.7% of total reported CRF program expenditures. Subrecipient expenditures for the 6 subawards with exceptions, the related State administering department, and the total department subrecipient expenditures for which the required subaward information was not communicated, is as follows:

| <u>State Administering Department</u>                      | <u>Subrecipient Expenditures for 6 Subawards with Exceptions</u> | <u>Department Amounts Passed Through to Subrecipients</u> |
|--|--|---|
| California Department of Social Services                   | \$ 400,000   | \$ 176,302,734  |
| California Business, Consumer Services, and Housing Agency | 1,759,518  | 95,985,802  |
| California Department of Education                         | 696,802  | 92,319,857  |

The sample was not a statistically valid sample.

**Recommendation**

The state administering departments identified above should review all subawards provided which were funded using CRF program funds, provide the subrecipients with subaward information required by 2 CFR 200.332(a), and determine whether the subrecipients properly reported CRF subawards and related expenditures in their respective schedule of expenditures of federal awards pursuant to 2 CFR 200.502. If federal subawards were not reported, the state administering departments should perform appropriate follow-up monitoring procedures.

**Views of Responsible Officials and Corrective Action Plan**

Management’s response is reported in “Management’s Response and Corrective Action Plan” included in a separate section at the end of this report.



**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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|----------------------------------|--|
| Reference Number:                | 2021-008   |
| Category of Finding:             | Activities Allowed or Unallowed  |
| Type of Finding:                 | Material Weakness and Material Instance of Noncompliance   |
| State Administering Department:  | California Department of Health Care Services (Health Care Services)   |
| Assistance Listing Number:       | 93.767   |
| Federal Program Title:           | Children’s Health Insurance Program  |
| Federal Award Numbers and Years: | 2105CA5021; 2021<br>2005CA5021; 2020 [includes COVID-19 FFCRA (HR6201/2020)]<br>1905CA5021; 2019                     |
| Assistance Listing Number:       | 93.778   |
| Federal Program Title:           | Medical Assistance Program   |
| Federal Award Numbers and Years: | 2105CA5ADM; 2021<br>2105CA5MAP; 2021<br>2005CA5ADM; 2020<br>2005CA5MAP; 2020 [includes COVID-19 FFCRA (HR6201/2020)] |

**Criteria**

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

California Welfare and Institutions Code - WIC, Division 9. Public Social Services, Part 3. Aid and Medical Assistance, Chapter 8.9. Transition of Community-Based Medi-Cal Mental Health:

§14705:

- (c) With regard to county operated facilities, clinics, or programs for which claims are submitted to the department for Medi-Cal reimbursement for specialty mental health services to Medi-Cal eligible individuals, the county shall ensure that all requirements necessary for Medi-Cal reimbursement for these services are complied with, including, but not limited to, utilization review and the submission of yearend cost reports by December 31 following the close of the fiscal year.

§14712:

- (e) Whenever the department determines that a mental health plan has failed to comply with this chapter or any regulations, contractual requirements, state plan, or waivers adopted pursuant to this chapter, the department shall notify the mental health plan in writing within 30 days of its determination and may impose sanctions, including, but not limited to, fines, penalties, the withholding of payments, special requirements, probationary or corrective actions, or any other actions deemed necessary to promptly ensure contract and performance compliance.

### **Condition**

Fifteen of 56 contractor counties of Short-Doyle funding were tested and seven had not submitted their cost reports by the December 31 due date. Two of the seven contractor counties had not submitted their cost reports for fiscal year 2019-20 (more than 12 months late) and five of the seven contractor counties have subsequently submitted their cost reports for fiscal year 2020-21.

Although the Mental Health Division of Health Care Services did take the required action of notifying the seven contractor counties in writing within 30 days of the noncompliance, it has not taken any additional action necessary to ensure contract and performance compliance.

The cost reports are the basis for the allocation of payments made to contractor counties providing mental health services to eligible beneficiaries and serve to provide the Mental Health Division with fiscal oversight for contract and performance compliance.

### **Identification as a Repeat Finding**

Finding 2020-007 was reported in the immediate prior year.

### **Cause**

The Mental Health Division did not take additional action for significantly late annual cost reports because its monitoring and follow-up process does not go beyond emailing the delinquent subrecipients every 30 days.

### **Effect**

Delays in reviewing cost reports do not comply with the objective of timely and effective contract monitoring. Inaccurate or untimely cost reports could result in under/over funding each contractor county and increases the risk of statewide noncompliance with contract requirements.

### **Questioned Costs**

Questioned costs were not determinable.

### **Context**

For the fiscal year ended June 30, 2021, disbursements of Short-Doyle funding from the Medical Assistance Program to the seven noncompliant contractor counties totaled \$990,507,492, the 15 tested contractor counties totaled \$1,766,996,894, and all 56 contractor counties totaled \$2,189,728,183.

For the fiscal year ended June 30, 2021, disbursements of Short-Doyle funding from the Children’s Health Insurance Program to the seven noncompliant contractor counties totaled \$99,333,754, the 15 tested contractor counties totaled \$183,713,347, and all 56 contractor counties totaled \$215,971,858.

The sample was not a statistically valid sample.

### **Recommendation**

Health Care Services should develop and follow policies and procedures to take additional action for significantly late annual cost reports. These policies and procedures should include imposing sanctions, including, but not limited to, fines, penalties, the withholding of payments, probationary or corrective actions, or any other actions deemed necessary to promptly ensure contract and performance compliance.

### **Views of Responsible Officials and Corrective Action Plan**

Management’s response is reported in “Management’s Response and Corrective Action Plan” included in a separate section at the end of this report.

|                                  |  |
|----------------------------------|--|
| Reference Number:                | 2021-009   |
| Category of Finding:             | Cash Management  |
| Type of Finding:                 | Significant Deficiency and Instance of Noncompliance   |
| State Administering Department:  | California Department of Public Health (Public Health)   |
| Assistance Listing Number:       | 93.917   |
| Federal Program Title:           | HIV Care Formula Grants  |
| Federal Award Numbers and Years: | 2 X08HA28020-06; 2020<br>2 X08HA28020-07; 2021<br>5 X07HA12778-12, 2020<br>5 X07HA12778-13, 2021 |

## Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.305 - Payment (2 CFR 200.305):

- (a) For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205 “Rules and Procedures for Efficient Federal-State Funds Transfers” and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.

Title 31 – Money and Finance: Treasury. Subtitle B – Regulations Relating to Money and Finance. Chapter II – Fiscal Service, Department of the Treasury. Subchapter A – Bureau of Fiscal Service. Part 205 – Rules and Procedures for Efficient Federal-State Funds Transfers. Subpart B – Rules Applicable to Federal Assistance Programs Not Included in a Treasury-State Agreement. §205.33 How are funds transfers processed? (31 CFR 205.33):

- (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 in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).

### **Condition**

Out of 25 cash drawdowns reviewed, one sample did not meet the requirements to minimize the timing between Public Health's Office of AIDS receipt of Federal funds and disbursement of those funds for program purposes. The funds from this drawdown were designated to pay 33 vendor invoices. However, payments for 23 of these invoices were made between 16 to 175 days after the drawdown occurred. One invoice was paid 598 days after the date of the drawdown.

### **Identification as a Repeat Finding**

This was not a repeat finding from the immediate prior year.

### **Cause**

Public Health's Office of AIDS redirected staff, including manager level positions, to help with other assignments during the year. Furthermore, there were delays due to the challenges presented by the increased demand of processing payments associated with substantial new COVID-19 funding.

### **Effect**

When the necessary oversight and monitoring of cash drawdowns is insufficient, Public Health has an increased risk of not disbursing Federal award funds in a timely manner.

### **Questioned Costs**

No questioned costs were identified.

### **Context**

Public Health administered 157 Federal fund drawdowns for HIV Care Formula Grants program expenditures during the fiscal year ended June 30, 2021. Our sample of 25 drawdowns totaled \$41,615,273. The one drawdown in question was for \$1,229,031, which included \$1,007,896 in invoices that were paid in 16 or more days after the date of the drawdown.

The sample was not a statistically valid sample.

### **Recommendation**

The Public Health's Office of AIDS should continue to monitor compliance with its policies to ensure staff follow established guidelines to minimize the timing between drawdown and disbursement of Federal funds.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

Reference Number: 2021-010  
Category of Finding: Eligibility  
Type of Finding: Material Weakness and Material Instance of Noncompliance

State Administering Department: California Department of Health Care Services (Health Care Services)

Assistance Listing Number: 93.767  
Federal Program Title: Children's Health Insurance Program  
Federal Award Numbers and Years: 2105CA5021; 2021  
2005CA5021; 2020 [includes COVID-19 FFCRA (HR6201/2020)]  
1905CA5021; 2019

## Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 42 - Public Health, Chapter IV - Centers for Medicare & Medicaid Services, Department of Health and Human Services:

Subchapter D - State Children's Health Insurance Program (SCHIPs), Part 457 - Allotments and Grants to States, Subpart C - State Plan Requirements: Eligibility, Screening, Applications, and Enrollment:

§ 457.340 Application for and enrollment in CHIP

- (e) Notice of eligibility determinations:

The State must provide each applicant or enrollee with timely and adequate written notice of any decision affecting his or her eligibility, including an approval, denial or termination, or suspension of eligibility, consistent with §§ 457.315, 457.348, and 457.350. The notice must be written in plain language; and accessible to persons who are limited English proficient and individuals with disabilities, consistent with § 435.905(b) of this chapter and § 457.110.

42 CFR § 457.353 - Monitoring and evaluation of screening process

States must establish a mechanism and monitor to evaluate the screen and enroll process described at § 457.350 of this subpart to ensure that children who are:

- (a) Screened as potentially eligible for other insurance affordability programs are enrolled in such programs, if eligible; or
- (b) Determined ineligible for other insurance affordability programs are enrolled in CHIP, if eligible.

**Condition**

Out of 40 Children’s Health Insurance Program (CHIP) beneficiaries tested, there was one beneficiary where the transaction sent to terminate eligibility failed and eligibility continued in error, and one instance where the beneficiary remained in a transitional aid code for an extended period.

Through subawards, Health Care Services has delegated performance of eligibility determinations to California county welfare agencies that collect and record this information in their respective eligibility systems (collectively known as the Statewide Automated Welfare System [SAWS]) and the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS), which transmit eligibility data to the Health Care Services’ Medi-Cal Eligibility Data System (MEDS). Health Care Services then pays: (1) managed care plans monthly to provide eligible services for beneficiaries (Managed Care); (2) medical providers for services provided directly to beneficiaries (Fee for Service), and (3) the U.S. Centers for Medicare and Medicaid Services (CMS) for Medicare premiums (Premiums).

*Supplemental Information to Provide Additional Perspective on the Condition*

In addition to the above exceptions noted during this audit, in February 2018, the U.S. Department of Health and Human Services Office of Inspector General (OIG) issued a report titled “California Made Medicaid Payments on Behalf of Newly Eligible Beneficiaries Who Did Not Meet Federal and State Requirements.” The OIG sampled 150 beneficiaries and found California made Medicaid payments on behalf of 112 eligible beneficiaries. However, for the remaining 38 beneficiaries, California made payments on behalf of ineligible and potentially ineligible beneficiaries. On the basis of the OIG’s sample results, they estimated that California made Medi-Cal payments of \$738.2 million (\$628.8 million Federal share) on behalf of 366,078 ineligible beneficiaries and \$416.5 million (\$402.4 million Federal share) on behalf of 79,055 potentially ineligible beneficiaries. These deficiencies occurred because, at the time, California’s eligibility systems lacked the necessary system functionality and county welfare agencies’ eligibility caseworkers made errors.

In October 2018, the California State Auditor (CSA) issued a report titled “Department of Health Care Services: It Paid Billions in Questionable Medi-Cal Premiums and Claims Because It Failed to Follow Up on Eligibility Discrepancies.” This report presents the results of CSA’s high risk audit concerning \$4 billion (includes both Federal and State funding) in questionable Medi-Cal payments that Health Care Services made from 2014 through 2017 because it failed to ensure that counties resolved discrepancies between SAWS/CalHEERS and MEDS.

Both of these reports came to the attention of the United States Senate Committee on Homeland Security and Governmental Affairs, which requested CMS’ plans to address the findings noted in these reports. CMS conducted a review of California’s Medicaid beneficiary eligibility system to assess the accuracy of eligibility determinations and Federal Medical Assistance Percentage (FMAP) claiming. One of the primary objectives of this review was to compare review findings to similar reviews conducted in the past by the OIG to ensure the identified findings have been addressed. However, due to the Coronavirus Disease of 2019 (COVID-19), the release of the draft report of the review has been delayed.

It should also be noted that due to COVID-19, the Secretary of Health and Human Services declared a Public Health Emergency (PHE) that was effective January 27, 2020. On March 13, 2020, the President of the United States of America declared a National Emergency, retroactive to March 1, 2020, due to COVID-19. As a result of the President's declaration, CMS issued a federal directive granting states an exception for meeting the periodic renewal requirements for cases that were up for redetermination as of March 1, 2020 through the end of the PHE. This exemption prevents states from denying or terminating eligibility or reducing benefits to Medi-Cal and CHIP beneficiaries during the PHE unless the beneficiary dies, no longer is a state resident, is a non-MAGI Medi-Cal individual moving from a non-Long-Term Care (LTC) aid code into a LTC aid code, or voluntarily discontinues their eligibility. After the month in which the PHE is declared over, states will be given an ample period of time to complete all renewals and redeterminations. As a result of COVID-19, the periodic renewal requirements were not tested for the fiscal year ended June 30, 2021.

### **Identification as a Repeat Finding**

This was not a repeat finding from the immediate prior year.

### **Cause**

Existing internal controls did not prevent, or detect and correct, instances of benefits provided to ineligible beneficiaries for the following reasons.

- The MEDS alert functionality is used to communicate information to county welfare agencies on changes in beneficiary circumstance, i.e., exceeding the age threshold for the assigned aid category, and discrepancies between eligibility systems, and MEDS. MEDS alerts will be triggered for various reasons that include:
  - Problems encountered in processing updates submitted by county welfare agencies;
  - Problems encountered in processing updates generated as a result of a reconciliation of county welfare agencies records with MEDS records;
  - Updates submitted by other entities that impact beneficiaries' eligibility or require action by county welfare agencies; and
  - Upcoming changes in a beneficiaries' status that will require action by county welfare agencies.

Health Care Services did not have an established process for monitoring the county welfare agencies' progress in addressing these alerts, which created the runaway MEDS issue.

- The process to ensure that individuals do not remain in a transitional aid code past the allotted time was not followed.

### **Effect**

One of the two CHIP beneficiaries with eligibility exceptions was determined to be ineligible and benefits were not discontinued during the fiscal year; therefore, the individual received ineligible benefits from the date the individual should have been discontinued. The second CHIP beneficiary with eligibility exception was not transitioned from a transitional aid code to a regular program code, if eligible, or discontinued.

### **Questioned Costs**

Benefits paid to the CHIP beneficiary after the beneficiary was determined to be ineligible and the CHIP beneficiary without supporting eligibility documentation totaled \$3,752 (\$3,208 Managed Care and \$544 Fee for Service) for the fiscal year ended June 30, 2021.



## **Context**

A total of \$2,163 (\$2,163 Managed Care, \$0 Fee for Service, and \$0 Premiums) was disbursed during the fiscal year ended June 30, 2021 on behalf of one beneficiary later determined to be ineligible.

A total of \$1,589 (\$1,045 Managed Care and \$544 Fee for Service) was disbursed during the fiscal year ended June 30, 2021 on behalf of one beneficiary who did not have any documents supporting the eligibility.

Total benefits paid on behalf of the 40 CHIP beneficiaries tested were \$45,075 (\$36,733 Managed Care and \$8,342 Fee for Service).

The 40 tested CHIP beneficiaries were selected from ten of California's 58 counties.

The total federal CHIP benefits paid on behalf of approximately 1.5 million beneficiaries for the fiscal year ended June 30, 2021 was \$2,550,506,655 (\$2,058,210,982 for Managed Care and \$492,295,673 Fee for Service).

The sample was not a statistically valid sample.

## **Recommendation**

Health Care Services should continue with the quality control process used to monitor all MEDS alerts to ensure that the system has a process of identifying and alerting caseworkers to the review of beneficiaries that may be still receiving benefits when deemed ineligible. Health Care Services should continue its efforts to utilize focus reviews to assess counties' risk of delays in renewal activities. Health Care Services should then work directly with those county welfare agencies to implement policies and procedures to improve their compliance status.

Health Care Services should ensure there are controls in place to ensure all beneficiaries have the proper supporting documentation to be eligible.

## **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

Reference Number: 2021-011  
Category of Finding: Eligibility  
Type of Finding: Material Weakness and Material Instance of Noncompliance

State Administering Department: California Department of Public Health  
(Public Health)

Assistance Listing Number: 93.917  
Federal Program Title: HIV Care Formula Grants  
Federal Award Numbers and Years: 5 X07HA12778-12; 2020  
5 X07HA12778-13; 2021  
2 X09HA28342-06; 2020  
2 X09HA28342-07; 2021

## Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 42 - The Public Health and Welfare. Chapter 6A - Public Health Service. Subchapter XXIV - HIV Health Care Services Program. Part B - Care Grant Program. Subpart I - General Grant Provisions. Section 300ff-26 - Provision of Treatments:

- (a) In general

A State shall use a portion of the amounts provided under a grant awarded under section 300ff-21 of this title to establish a program under section 300ff-22(b)(3)(B) of this title to provide therapeutics to treat HIV/AIDS or prevent the serious deterioration of health arising from HIV/AIDS in eligible individuals, including measures for the prevention and treatment of opportunistic infections.

- (b) Eligible individual

To be eligible to receive assistance from a State under this section an individual shall:

- (1) Have a medical diagnosis of HIV/AIDS; and
- (2) Be a low-income individual, as defined by the State.

California State AIDS Drug Assistance Program Guidelines December 2018 and April 2020:

(1.1) AIDS Drug Assistance Program (ADAP) Eligibility Criteria:

To be eligible for the ADAP program, a client must:

- Have a positive HIV/AIDS diagnosis.
- Be at least 18 years old.
- Be a resident of California.
- Have an annual Modified Adjusted Gross Income (MAGI) that does not exceed 500 percent Federal Poverty Level (FPL) based on household size and income.
- Not be fully covered by Medi-Cal or any other third-party payers (an entity that reimburses and manages health care expenses such as private insurance or governmental agencies, employers, etc.).

Health Resources and Services Administration (HRSA) Policy Clarification Notice (PCN) 13-02 (Revised 5/1/2019):

For both initial/annual and six-month recertification procedures, eligibility determinations may be performed simultaneously with testing and treatment. Recipients and subrecipients assume the risk of recouping any HRSA RWHAP funds utilized for clients ultimately determined to be ineligible, and instead charge an alternate payment source, or otherwise ensure that funds are returned to the HRSA RWHAP program.

HRSA PCN 15-04 (Revised 1/11/2019):

The RWHAP legislation requires that rebates collected on ADAP medication purchases be applied to the RWHAP Part B Program with a priority, but not a requirement, that the rebates be placed back into ADAP. Although ADAP rebates are neither program income nor refunds, they are subject to the same regulatory provision regarding expenditure. These rebates must be used for the statutorily permitted purposes under the RWHAP Part B Program, which are limited to core medical services including ADAP, support services, clinical quality management, and administrative expenses (including planning and evaluation) as part of a comprehensive system of care for low-income individuals living with HIV.

HRSA PCN 13-02 (Revised 5/1/2019):

To maintain eligibility for HRSA RWHAP services, clients must be recertified at least every six months. The primary purposes of the recertification process are to ensure that an individual's residency, income, and insurance statuses continue to meet the recipient eligibility requirements and to verify that the HRSA RWHAP is the payor of last resort. The recertification process includes checking for the availability of all other third party payers. Recipients have flexibility with regard to timing and process, especially in consideration of health care coverage enrollment periods, but all recipients across all Parts must engage in eligibility determination and recertification.

**Condition**

Our sample of 60 participants from a population of 28,417 participants who received benefits during the fiscal year identified 1 participant's annual recertification was not conducted in a timely manner and 16 participants who did not submit all required documentation, including proof of HIV/AIDS diagnosis, proof of residency, and income documentation to verify their annual MAGI did not exceed 500 percent Federal Poverty Level based on household size and income.

## **Identification as a Repeat Finding**

With the exception of the one instance of untimely annual recertification, finding 2020-009 was reported in the immediate prior year pertaining to not submitting all required documentation.

### **Cause**

Procedures that required the collection of valid supporting documents were not followed. Existing internal controls did not prevent, or detect and correct, the occurrence of benefits being provided to potentially ineligible individuals.

### **Effect**

Public Health did not have adequate oversight controls to ensure that the applicant's eligibility was properly reviewed and approved. Accordingly, there is an increased risk for the occurrence of benefits being provided to ineligible individuals that may not be prevented or detected in a timely manner.

### **Questioned Costs**

Questioned costs were not determinable because benefit costs were not tracked by individual participants.

### **Context**

Pharmacy benefits management services are provided by a contractor who received administrative fees and reimbursements for prescription drug costs to program participants. Payments to the contractor totaled \$109,619,714 for approximately 30,000 program participants for the fiscal year ended June 30, 2021. Based on the budget in the contract, the contractor's administrative fees and other charges are estimated to be \$237,759 annually. As such, net prescription drug costs are approximately \$109,381,955 for the fiscal year ended June 30, 2021.

The sample was not a statistically valid sample.

### **Recommendation**

The ADAP Branch should continue to monitor compliance with its policies to ensure enrollment workers and secondary reviews of ADAP applications follow the established guidelines and retain acceptable documentation to support eligibility determinations and timely annual recertification. Applications that have been granted an eligibility exception (i.e., Temporary Access Period, Medi-Cal Eligibility Exception Request, or Eligibility Exception Request) should be reviewed in a timely manner to ensure clients who do not provide the required documentation within the approved extension period are disenrolled in a timely manner.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

|                                 |  |
|---------------------------------|--|
| Reference Number:               | 2021-012   |
| Category of Finding:            | Reporting  |
| Type of Finding:                | Significant Deficiency and Instance of Noncompliance   |
| State Administering Department  | California Department of Aging (Aging)   |
| Assistance Listing Number:      | 93.044   |
| Federal Program Title:          | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers |
| Federal Award Number and Year:  | 2101CAOASS-00; 2020  |
| Assistance Listing Number:      | 93.045   |
| Federal Program Title:          | Special Programs for the Aging, Title III, Part C, Nutrition Services                                |
| Federal Award Numbers and Year: | 2101CAOAHD-00; 2020<br>2101CAOACM-00; 2020   |
| Assistance Listing Number:      | 93.053   |
| Federal Program Title:          | Nutrition Services Incentive Program   |
| Federal Award Number and Year:  | 2101CAOANS-00; 2020  |

## Criteria

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Governmentwide Guidance for Grants and Agreements. Part 170 – Reporting Subaward and Executive Compensation Information, Appendix A to Part 170, Section I(a)

(a) Reporting of first-tier subawards.

1. **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.fsr.gov>.
  - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made.

## Condition

We examined the Federal Funding Accountability and Transparency Act (FFATA) reporting for the Aging Cluster for the fiscal year ended June 30, 2021, pertaining to 7 subrecipients of federal funds out of a population of 33. The required FFATA reporting submissions pertaining to these subawards were made; however, the submission occurred in July 2022, 21 months after the official submission due date.

## Identification as a Repeat Finding

This was not a repeat finding from the immediate prior year.

## Cause

Aging had delays in the submission process for its FFATA reporting due primarily to COVID-19 and the need for additional focus and efforts to address the pandemic.

## **Questioned Costs**

Aging's FFATA reporting for the 7 subawards examined was accurately completed and there were no identified questioned costs.

## **Context**

During the fiscal year 2020-21, Aging passed through federal funds totaling \$71,894,700 to the 7 subrecipients, with the total passed through to all subrecipients totaling \$153,585,190.

The sample was not a statistically valid sample.

## **Effect**

First-tier recipients of federal funds must report subawards greater than \$30,000 under the FFATA requirements. These submissions are due by the end of the month following the month in which the subaward obligation is made. By not completing the submission by the applicable due dates, Aging was not in compliance with the provisions of the FFATA reporting requirements.

## **Recommendation**

We recommend that Aging update its current practices for managing subaward reporting under the FFATA to ensure that applicable subawards are identified and the required submissions are made timely.

## **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

|                                  |  |
|----------------------------------|--|
| Reference Number:                | 2021-013   |
| Category of Finding:             | Reporting  |
| Type of Finding:                 | Material Weakness and Material Instance of Noncompliance   |
| State Administering Department:  | California Department of Health Care Services (Health Care Services)   |
| Assistance Listing Number:       | 93.767   |
| Federal Program Title:           | Children’s Health Insurance Program  |
| Federal Award Numbers and Years: | 2105CA5021; 2021<br>2005CA5021; 2020 [includes COVID-19 FFCRA (HR6201/2020)]<br>1905CA5021; 2019                     |
| Assistance Listing Number:       | 93.778   |
| Federal Program Title:           | Medical Assistance Program   |
| Federal Award Numbers and Years: | 2105CA5ADM; 2021<br>2105CA5MAP; 2021<br>2005CA5ADM; 2020<br>2005CA5MAP; 2020 [includes COVID-19 FFCRA (HR6201/2020)] |

### Criteria

Title 2 – Grants and Agreements. Subtitle A – Office of Management and Budget Guidance for Grants and Agreements. Chapter I – Office of Management and Budget Governmentwide Guidance for Grants and Agreements. Part 170 – Reporting Subaward and Executive Compensation Information, Appendix A to Part 170, Section I(a)

- (a) Reporting of first-tier subawards.
  - 1. **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.**
    - ii. 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.

### Condition

We examined the Federal Funding Accountability and Transparency Act (FFATA) reporting for the Medicaid Cluster and Children’s Health Insurance Program for the fiscal year ended June 30, 2021. The required FFATA reporting submissions pertaining to these subawards were not made.

### Identification as a Repeat Finding

This was not a repeat finding from the immediate prior year.

### Cause

DHCS did not submit FFATA reporting because they were not aware of the reporting requirements.

### **Questioned Costs**

No questioned costs were identified.

### **Context**

Expenditures for the 2020-21 fiscal year totaled \$75,291,112,265 for Medicaid and \$3,054,233,806 for CHIP.

Pass through payments to subrecipients subject to FFATA reporting were \$2,298,920,285 for Medicaid and \$17,339,837 for CHIP.

### **Effect**

Failure to report subawards greater than \$30,000 under FFATA is considered noncompliance with the transparency requirement established by the federal government.

### **Recommendation**

We recommend that DHCS update its current practices for managing subaward reporting under the FFATA to ensure that applicable subawards are identified and the required submissions are made timely.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.



|                                 |  |
|---------------------------------|--|
| Reference Number:               | 2021-014   |
| Category of Finding:            | Subrecipient Monitoring  |
| Type of Finding:                | Material Weakness and Material Instance of Noncompliance           |
| State Administering Department: | California Department of Public Health<br>(Public Health)          |
| Assistance Listing Number:      | 93.323   |
| Federal Program Title:          | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) |
| Federal Award Number and Year:  | NU50CK000539; 2021   |

## Criteria

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. §200.332 Requirements for pass-through entities (2 CFR 200.332):

All pass-through entities must:

- (c) 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 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).

- (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 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.
  - (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with §200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
- (f) Verify that every subrecipient is audited as required by Subpart F 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.
- (g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

### **Condition**

Public Health did not establish a formal risk assessment process over its subrecipients of federal awards to determine the frequency and extent of subrecipient monitoring to be performed. While Public Health received reimbursement invoices from subrecipients, there did not appear to be other financial or programmatic monitoring to verify subrecipients compliance with applicable requirements. In addition, Public Health did not obtain Single Audit reports from those subrecipients as required.

### **Identification as a Repeat Finding**

This was not a repeat finding from the immediate prior year.

### **Cause**

Public Health failed to identify and report its federal expenditures related to its subrecipient agreement with its bona fide agent. Consequently, required subrecipient monitoring procedures were not designed nor implemented by Public Health.

### **Effect**

By not properly evaluating the risk of noncompliance, Public Health may inadvertently award grant funds to subrecipients who lack the necessary mechanisms or understanding to adhere to federal statutes. This

increases the likelihood of noncompliance arising during the performance of the grant-funded activities. Furthermore, failure to perform monitoring procedures or obtain Single Audit reports increases the risk for not properly identifying subrecipient program control weaknesses, noncompliance, and performing sufficient follow-up on any subrecipient corrective action.

### **Questioned Costs**

No questioned costs were identified.

### **Context**

Disbursements to subrecipients for the ELC program totaled \$367,405,431, or 76.5% of total reported program expenditures.

### **Recommendation**

Public Health should establish and document formal procedures for conducting risk assessments of its subrecipients, including criteria for evaluating organizational capacity, financial stability, compliance history, and programmatic capabilities. Public Health should also develop and implement specific subrecipient monitoring procedures and establish a process for obtaining Single Audit reports from its subrecipients. Furthermore, a monitoring mechanism should be implemented to track compliance with the single audit mandate among subrecipients, including regular follow-ups and documentation of communication efforts.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

|                                  |  |
|----------------------------------|--|
| Reference Number:                | 2021-015   |
| Category of Finding:             | Special Tests and Provisions – Refunding of Federal Share of Medicaid/CHIP Overpayments to Providers                 |
| Type of Finding:                 | Significant Deficiency and Instance of Noncompliance   |
| State Administering Department:  | California Department of Health Care Services (Health Care Services)   |
| Assistance Listing Number:       | 93.767   |
| Federal Program Title:           | Children’s Health Insurance Program  |
| Federal Award Numbers and Years: | 2105CA5021; 2021<br>2005CA5021; 2020 [includes COVID-19 FFCRA (HR6201/2020)]<br>1905CA5021; 2019                     |
| Assistance Listing Number:       | 93.778   |
| Federal Program Title:           | Medical Assistance Program   |
| Federal Award Numbers and Years: | 2105CA5ADM; 2021<br>2105CA5MAP; 2021<br>2005CA5ADM; 2020<br>2005CA5MAP; 2020 [includes COVID-19 FFCRA (HR6201/2020)] |

**Criteria**

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 42 - Public Health, Chapter IV - Centers for Medicare & Medicaid Services, Department of Health and Human Services:

Subchapter C - Medical Assistance Programs, Part 433 - State Fiscal Administration, Subpart F - Refunding of Federal Share of Medicaid Overpayments to Providers:

§433.300 Basis (42 CFR 433.300). This subpart implements:

- (a) Section 1903(d)(2)(C) and (D) of the Act, which provides that a State has 1 year from discovery of an overpayment for Medicaid services to recover or attempt to recover the overpayment from the provider before adjustment in the Federal Medicaid payment to the State is made; and that adjustment will be made at the end of the 1-year period, whether or not recovery is made, unless the State is unable to recover from a provider because the overpayment is a debt that has been discharged in bankruptcy or is otherwise uncollectable.

§433.320 Procedures for refunds to CMS (42 CFR 433.320):

(a) Basic requirements:

- (1) The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).
- (2) The agency must credit CMS with the Federal share of overpayments subject to recovery on the earlier of –
  - (i) The Form CMS-64 submission due to CMS for the quarter in which the State recovers the overpayment from the provider; or
  - (ii) The Form CMS-64 due to CMS for the quarter in which the 1-year period following discovery, established in accordance with §433.316, ends.
- (3) A credit on the Form CMS-64 must be made whether or not the overpayment has been recovered by the State from the provider.
- (4) If the State does not refund the Federal share of such overpayment as indicated in paragraph (a)(2) of this section, the State will be liable for interest on the amount equal to the Federal share of the non-recovered, non-refunded overpayment amount. Interest during this period will be at the Current Value of Funds Rate (CVFR), and will accrue beginning on the day after the end of the 1-year period following discovery until the last day of the quarter for which the State submits a CMS-64 report refunding the Federal share of the overpayment.

Subchapter D – State Children’s Health Insurance Programs (SCHIPs), Part 457 - Allotments and Grants to States, Subpart F - Payment to States:

§457.628 Other applicable Federal regulations (42 CFR 457.628):

Other regulations applicable to CHIP programs include the following:

- (a) HHS regulations in §§433.312 through 433.322 of this chapter (related to Overpayments) apply to State’s CHIP programs in the same manner as they apply to State’s Medicaid programs.

Note that while for the Medical Assistance Program, the overpayments of the federal share must be refunded to the Centers for Medicare & Medicaid Services (CMS) via Form CMS-64 Summary, Line 9C1 - Fraud, Waste & Abuse Amounts, for the Children’s Health Insurance Program, the overpayments of the federal share must be refunded to CMS via Form CMS-21 Summary, Line 4 - Adjustments Decreasing Claims - Collections.

**Condition**

The Medical Assistance Program reporting of overpayments tested did not reflect the correct federal share because Form CMS-64 included all CHIP overpayments (42 CFR 433.320).

All 20 CHIP overpayments tested did not reflect the correct federal share (Federal Financial Participation or FFP rate) and were not correctly reported on Form CMS-21 (42 CFR 433.320 via 42 CFR 457.628).

## **Identification as a Repeat Finding**

Finding 2020-012 was reported in the immediate prior year.

### **Cause**

The overpayments for the Medical Assistance Program (Medicaid) and CHIP on the CMS-64 and CMS-21, was due to Health Care Services Claims Processing Accounts Receivable (AR) System's inability to distinguish between CHIP and Medicaid overpayments. When Audits and Investigations (A&I) identifies an overpayment, they do not distinguish between the two programs. A&I then sends an Action Notice (AN) and the findings of overpayments to the Fiscal Intermediary (FI) to establish an AR on the system with a copy to TPLRD for collection purposes. Once the FI establishes an AR for an overpayment, the overpayment is recorded in the California Omnibus Budget Reconciliation Act of 1985 (COBRA) system (a department-developed application) and is automatically assigned the Medicaid FFP rate in effect upon AR creation. Due to system limitations, the COBRA system automatically assigns the Medicaid FFP rate in effect at AR creation for all overpayments and cannot assign a CHIP FFP rate to a CHIP overpayment. As such, all types of overpayments will utilize the Medicaid FFP rate. Therefore, when it is reported on the CMS-64 and CMS-21, they are allocating all refunds to the CMS-64. The existing controls did not prevent, or detect and correct, instances of utilizing the correct FFP rate to differentiate between Medical Assistance Program and Children's Health Insurance Program overpayments

The incorrect FFP rate being applied to the Children's Health Insurance Program (CHIP) overpayments was due to the same reason outlined above. The existing controls did not prevent, or detect and correct, instances of utilizing the correct FFP rate to differentiate between Medical Assistance Program and Children's Health Insurance Program overpayments.

### **Effect**

Reporting of CHIP overpayments in the Medicaid CMS-64 report and utilizing an incorrect CHIP FFP rate resulted in under/over funding and noncompliance with refunding the Federal share of Medicaid and CHIP overpayments.

### **Questioned Costs**

Overpayments for Medicaid caused by allocating all CHIP overpayments on the CMS-64 resulted in known questioned costs of \$27,994 for the 2020-21 fiscal year.

Overpayments for CHIP caused by utilizing the incorrect CHIP FFP rate resulted in known questioned costs of \$10,112 for the 2020-21 fiscal year.

### **Context**

Expenditures for the 2020-21 fiscal year totaled \$75,291,112,265 for Medicaid and \$3,054,233,806 for CHIP.

The \$27,994 known questioned costs for inaccurate reporting of Medicaid overpayments were identified from a total of \$38,717,058 for the 40 Medicaid samples tested.

The \$10,112 known questioned costs for using the incorrect CHIP FFP rate were identified from a total of \$27,994 for the twenty CHIP samples tested.

The sample was not a statistically valid sample.

### **Recommendation**

Health Care Services should have a process in place to ensure that the CMS-64 and CMS-21 reports properly report CHIP and Medicaid overpayments.

Health Care Services should update the system to assign the appropriate FFP rate for each overpayment. With this implementation, CHIP overpayments can be appropriately identified with the correct FFP rate and reported on the CMS-21.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

**U.S. DEPARTMENT OF HOMELAND SECURITY**

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|                                 |  |
|---------------------------------|--|
| Reference Number:               | 2021-016   |
| Category of Finding:            | Activities Allowed or Unallowed<br>Eligibility   |
| Type of Finding:                | Material Weakness and Material Instance of<br>Noncompliance                              |
| State Administering Department: | California Employment Development<br>Department (EDD)                                    |
| Assistance Listing Number:      | 97.050   |
| Federal Program Title:          | Presidential Declared Disaster Assistance to<br>Individuals and Households - Other Needs |
| Federal Award Number and Year:  | 4482DRCASPLW; 2020   |

**Criteria**

Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. Chapter II - Office of Management and Budget Guidance. Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subpart D - Post Federal Award Requirements. Standards for Financial and Program Management. §200.303 Internal controls (2 CFR 200.303):

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 Sponsoring Organizations of the Treadway Commission (COSO).

Title 42 - The Public Health and Welfare, Chapter 68, Disaster Relief, Subchapter IV, §5174 Federal assistance to individuals and households:

- (e) Financial Assistance to Address Other Needs
  - (2) Personal Property, Transportation, and Other Expenses:  
In accordance with this section, the President, in consultation with the Governor of a State, may provide financial assistance, and, if necessary, direct services, to individuals and households in the State who, as a direct result of a major disaster, have necessary expenses and serious needs in cases in which the individuals and households are unable to meet such expenses or needs through other means.
- (f) State role
  - (3) Requirements:
    - d. Before approving an application submitted under this section, the President, or the designee of the President, shall institute adequate policies, procedures, and internal controls to prevent waste, fraud, abuse, and program mismanagement for this program and for programs under subsections (c)(1)(B), (c)(4), and (e). The President shall monitor and conduct quality assurance activities on a State or Indian tribal government’s implementation of programs under subsections (c)(1)(B), (c)(4), and (e). If, after approving an application of a State or Indian tribal government submitted under this paragraph, the President determines that the State or Indian tribal government is not



administering the program established by this section in a manner satisfactory to the President, the President shall withdraw the approval.

### **Condition**

During the fiscal year ended June 30, 2021, EDD implemented the Lost Wages Assistance (LWA) program, which was funded through the disaster relief funds from the Federal Emergency Management Agency (FEMA) under the Presidential Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019 (COVID-19). Under the memorandum, the LWA program was to be administered in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act section 408(e)(2) and (f), Title 42 U.S.C §5174(e)(2), (f).

In EDD's administration of the LWA program, \$1,013,541,600 in benefit payments were estimated by EDD to represent potentially fraudulent payments. The estimate was based on data parameters to identify claimants that received benefits which matched imposter fraud for identity or eligibility fraud for misrepresented information.

Out of 223 LWA benefit payments tested, 20 claimants were determined to be ineligible for LWA benefits.

### **Identification as a Repeat Finding**

This was not a repeat finding from the immediate prior year.

### **Cause**

Existing internal controls did not prevent, or detect and correct, instances of fraud for benefit payments for the following reasons.

- There was a significant increase in unemployment claims that overwhelmed EDD's existing fraud detection processes.
- There were insufficient controls in place to prevent or detect fraud associated with benefit payments related to incarceration, identity, and multiple claims from the same address.

### **Effect**

EDD did not have adequate oversight controls to ensure that benefit payments were not being made to fraudulent claimants. Accordingly, benefit payments were made to fraudulent claimants who were not eligible.

### **Questioned Costs**

Likely questioned costs were estimated to be \$1,013,541,600 for fiscal year 2020-21. Known questioned costs for the 20 claimants determined to be ineligible was \$30,000.

### **Context**

Benefits paid to claimants under the Presidential Declared Disaster Assistance to Individuals and Households - Other Needs for the fiscal year ended June 30, 2021, totaled \$6,464,467,210. The LWA program ended in December 2020.

The sample was not a statistically valid sample.

### **Recommendation**

EDD should continue to evaluate and enhance its fraud detection and prevention internal controls, increasing the use of automation features and other analytical tools in an effort to increase efficiency, continue to reduce workload, and enhance detection and timely identification of unemployment benefit fraud.

### **Views of Responsible Officials and Corrective Action Plan**

Management's response is reported in "Management's Response and Corrective Action Plan" included in a separate section at the end of this report.

**Auditee’s Section**

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**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2021**

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**STATE OF CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM   | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES      | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|---|---------------------------------|---|------------------------------|---|
| <b>U.S. Department of Agriculture</b>   |                                 |   |                              |   |
| Agricultural Research Basic and Applied Research  | 10.001                          |   | \$ 77,459                    | \$ 23,776                                     |
| Plant and Animal Disease, Pest Control, and Animal Care   | 10.025                          |   | 49,417,724                   | 29,483,358                                    |
| Federal-State Marketing Improvement Program   | 10.156                          |   | 60,966                       | -   |
| Inspection Grading and Standardization  | 10.162                          |   | 33,619                       | -   |
| Market Protection and Promotion   | 10.163                          |   | 3,764,356                    | -   |
| Specialty Crop Block Grant Program - Farm Bill  | 10.170                          |   | 13,655,380                   | 11,279,425                                    |
| Organic Certification Cost Share Programs   | 10.171                          |   | 1,397,032                    | -   |
| Trade Mitigation Program Eligible Recipient Agency Operational Funds  | 10.178                          |   | 5,141,900                    | 4,695,916                                     |
| Trade Mitigation Program Eligible Recipient Agency Operational Funds (Noncash)                                      | 10.178                          |   | 5,142,560                    | -   |
| Total Trade Mitigation Program Eligible Recipient Agency Operational Funds  |                                 |   | <u>10,284,460</u>            | <u>4,695,916</u>                              |
| Food Insecurity Nutrition Incentive Grants Program  | 10.331                          |   | 2,553,815                    | 2,413,160                                     |
| Cooperative Agreements with States for Intrastate Meat and Poultry Inspection                                       | 10.475                          |   | 71,220                       | -   |
| Meat, Poultry, and Egg Products Inspection  | 10.477                          |   | 24,145                       | -   |
| CACFP Meal Service Training Grants  | 10.534                          |   | 37,558                       | -   |
| Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants | 10.537                          |   | 76,360                       | -   |
| Farmers' Market Supplemental Nutrition Assistance Program Support Grants  | 10.545                          |   | 10,045                       | -   |
| Special Supplemental Nutrition Program for Women, Infants, and Children   | 10.557                          |   | 738,875,006                  | 248,962,895                                   |
| COVID-19 Special Supplemental Nutrition Program for Women, Infants, and Children                                    | 10.557                          |   | 78,325,937                   | 26,878,068                                    |
| Total Special Supplemental Nutrition Program for Women, Infants, and Children                                       |                                 |   | <u>817,200,943</u>           | <u>275,840,963</u>                            |
| Child and Adult Care Food Program   | 10.558                          |   | 536,060,237                  | 531,547,516                                   |
| State Administrative Expenses for Child Nutrition   | 10.560                          |   | 25,610,900                   | -   |
| WIC Farmers' Market Nutrition Program (FMNP)  | 10.572                          |   | 1,030,601                    | -   |
| Team Nutrition Grants   | 10.574                          |   | 156,600                      | 156,600                                       |
| Farm to School Grant Program  | 10.575                          |   | 5,633                        | -   |
| Senior Farmers Market Nutrition Program   | 10.576                          |   | 713,726                      | 693,471                                       |
| WIC Grants To States (WGS)  | 10.578                          |   | 3,624,884                    | -   |
| Fresh Fruit and Vegetable Program   | 10.582                          |   | 8,113,887                    | 7,789,637                                     |
| Technical Assistance for Specialty Crops Program  | 10.604                          |   | 72,605                       | -   |
| Cooperative Forestry Assistance   | 10.664                          |   | 13,248,085                   | 1,056,140                                     |
| Urban and Community Forestry Program  | 10.675                          |   | 378,397                      | 235,550                                       |
| Forest Legacy Program   | 10.676                          |   | 4,286,066                    | 4,281,250                                     |
| Forest Stewardship Program  | 10.678                          |   | 57,894                       | 45,998  |
| Forest Health Protection  | 10.680                          |   | 34,990                       | 31,831  |
| Good Neighbor Authority   | 10.691                          |   | 18,526,460                   | 1,669,459                                     |
| Watershed Restoration and Enhancement Agreement Authority   | 10.693                          |   | 4,500                        | 4,500   |
| Partnership Agreements  | 10.699                          |   | 6,037,638                    | -   |
| <b>Total Excluding Clusters</b>   |                                 |   | <u><b>1,516,628,185</b></u>  | <u><b>871,248,550</b></u>                     |
| <b>SNAP Cluster</b>   |                                 |   |                              |   |
| Supplemental Nutrition Assistance Program (Noncash)   | 10.551                          |   | 6,982,293,103                | -   |
| COVID-19 Supplemental Nutrition Assistance Program (Noncash)  | 10.551                          |   | 4,836,426,978                | -   |
| Total Supplemental Nutrition Assistance Program   |                                 |   | <u>11,818,720,081</u>        | <u>-</u>                                      |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program                              | 10.561                          |   | 1,161,107,633                | 1,033,711,047                                 |
| <b>Total SNAP Cluster</b>   |                                 |   | <u><b>12,979,827,714</b></u> | <u><b>1,033,711,047</b></u>                   |
| <b>Child Nutrition Cluster</b>  |                                 |   |                              |   |
| School Breakfast Program  | 10.553                          |   | 394,994,613                  | 394,994,613                                   |
| National School Lunch Program   | 10.555                          |   | 1,180,594,640                | 1,180,594,640                                 |
| COVID-19 National School Lunch Program  | 10.555                          |   | 182,637,385                  | 182,637,385                                   |
| National School Lunch Program (Noncash)   | 10.555                          |   | 189,958,992                  | -   |
| Total National School Lunch Program   |                                 |   | <u>1,553,191,017</u>         | <u>1,363,232,025</u>                          |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM                | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|--|---------------------------------|---|-------------------------|---|
| Special Milk Program for Children  | 10.556                          |   | 15,929                  | 15,929  |
| Summer Food Service Program for Children   | 10.559                          |   | 270,843,159             | 269,652,751                                   |
| Child Nutrition Discretionary Grants Limited Availability                              | 10.579                          |   | 427,540                 | 89,682  |
| <b>Total Child Nutrition Cluster</b>   |                                 |   | <b>2,219,472,258</b>    | <b>2,027,985,000</b>                          |
| <b>Food Distribution Cluster</b>   |                                 |   |                         |   |
| Commodity Supplemental Food Program  | 10.565                          |   | 8,782,329               | 7,451,734                                     |
| Commodity Supplemental Food Program (Noncash)  | 10.565                          |   | 25,541,202              | -   |
| Total Commodity Supplemental Food Program  |                                 |   | 34,323,531              | 7,451,734                                     |
| Emergency Food Assistance Program (Administrative Costs)                               | 10.568                          |   | 15,630,829              | 15,032,885                                    |
| COVID-19 Emergency Food Assistance Program (Administrative Costs)                      | 10.568                          |   | 25,793,656              | 25,793,656                                    |
| Total Emergency Food Assistance Program (Administrative Costs)                         |                                 |   | 41,424,485              | 40,826,541                                    |
| Emergency Food Assistance Program (Food Commodities)                                   | 10.569                          |   | 822,857                 | 822,857                                       |
| Emergency Food Assistance Program (Food Commodities) (Noncash)                         | 10.569                          |   | 101,315,175             | -   |
| Total Emergency Food Assistance Program (Food Commodities)                             |                                 |   | 102,138,032             | 822,857                                       |
| <b>Total Food Distribution Cluster</b>   |                                 |   | <b>177,886,048</b>      | <b>49,101,132</b>                             |
| <b>Forest Service Schools and Roads Cluster</b>  |                                 |   |                         |   |
| Schools and Roads - Grants to States   | 10.665                          |   | 23,545,995              | 23,545,995                                    |
| <b>Total Forest Service Schools and Roads Cluster</b>                                  |                                 |   | <b>23,545,995</b>       | <b>23,545,995</b>                             |
| <b>Research and Development Cluster</b>  |                                 |   |                         |   |
| Specialty Crop Block Grant Program - Farm Bill   | 10.170                          |   | 9,423,820               | 9,423,820                                     |
| <b>Total Research and Development Cluster</b>  |                                 |   | <b>9,423,820</b>        | <b>9,423,820</b>                              |
| <b>Total U.S. Department of Agriculture</b>  |                                 |   | <b>16,926,784,020</b>   | <b>4,015,015,544</b>                          |
| <b>U.S. Department of Commerce</b>   |                                 |   |                         |   |
| Coastal Zone Management Administration Awards  | 11.419                          |   | 2,846,060               | -   |
| Coastal Zone Management Estuarine Research Reserves                                    | 11.420                          |   | 1,290,716               | 770,678                                       |
| Regional Fishery Management Councils   | 11.441                          |   | 302,238                 | -   |
| Unallied Management Projects   | 11.454                          |   | 1,586,355               | -   |
| Meteorologic and Hydrologic Modernization Development                                  | 11.467                          |   | 693,439                 | -   |
| Center for Sponsored Coastal Ocean Research Coastal Ocean Program                      | 11.478                          |   | 142,653                 | 128,384                                       |
| State and Local Implementation Grant Program   | 11.549                          |   | (91,728)                | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>6,769,733</b>        | <b>899,062</b>                                |
| <b>Research and Development Cluster</b>  |                                 |   |                         |   |
| Interjurisdictional Fisheries Act of 1986  | 11.407                          |   | 192,105                 | -   |
| Coastal Zone Management Estuarine Research Reserves                                    | 11.420                          |   | 98,670                  | 98,670  |
| Pacific Coast Salmon Recovery Pacific Salmon Treaty Program                            | 11.438                          |   | 13,780,072              | 10,056,677                                    |
| Unallied Science Program   | 11.472                          |   | 799,372                 | -   |
| <b>Total Research and Development Cluster</b>  |                                 |   | <b>14,870,219</b>       | <b>10,155,347</b>                             |
| <b>Total U.S. Department of Commerce</b>   |                                 |   | <b>21,639,952</b>       | <b>11,054,409</b>                             |
| <b>U.S. Department of Defense</b>  |                                 |   |                         |   |
| Payments to States in Lieu of Real Estate Taxes  | 12.112                          |   | 99,855                  | 99,855  |
| State Memorandum of Agreement Program for the Reimbursement of Technical Services      | 12.113                          |   | 21,178,604              | -   |
| Basic and Applied Scientific Research  | 12.300                          |   | 70,423                  | -   |
| National Guard Military Operations and Maintenance (O&M) Projects                      | 12.401                          |   | 93,081,133              | -   |
| COVID-19 National Guard Military Operations and Maintenance (O&M) Projects             | 12.401                          |   | 28,259                  | -   |
| Total National Guard Military Operations and Maintenance (O&M) Projects                |                                 |   | 93,109,392              | -   |
| National Guard ChalleNGe Program   | 12.404                          |   | 16,859,166              | -   |
| Community Investment   | 12.600                          |   | 231,274                 | 186,866                                       |
| Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies | 12.610                          |   | 356,903                 | 356,903                                       |
| Economic Adjustment Assistance for State Governments                                   | 12.617                          |   | 2,805,589               | 2,113,804                                     |

See accompanying notes to the Schedule of Expenditures of Federal Awards.



| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM                          | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|--|---------------------------------|---|-------------------------|---|
| Air Force Defense Research Sciences Program  | 12.800                          |   | 19,034                  | -   |
| Other - U.S. Department of Defense   | 12.U01                          |   | 1,108,301               | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>135,838,541</b>      | <b>2,757,428</b>                              |
| <b>Total U.S. Department of Defense</b>  |                                 |   | <b>135,838,541</b>      | <b>2,757,428</b>                              |
| <b>U.S. Department of Housing and Urban Development</b>  |                                 |   |                         |   |
| Manufactured Home Dispute Resolution   | 14.171                          |   | (20,660)                | -   |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii          | 14.228                          |   | 49,311,617              | 41,914,652                                    |
| COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228                          |   | 475,655                 | 17,885  |
| Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii    |                                 |   | 49,787,272              | 41,932,537                                    |
| Emergency Solutions Grant Program  | 14.231                          |   | 11,539,905              | 11,198,653                                    |
| COVID-19 Emergency Solutions Grant Program   | 14.231                          |   | 2,355,856               | 1,593,990                                     |
| Total Emergency Solutions Grant Program  |                                 |   | 13,895,761              | 12,792,643                                    |
| Home Investment Partnerships Program   | 14.239                          |   | 36,722,070              | 33,247,839                                    |
| Housing Opportunities for Persons with AIDS  | 14.241                          |   | 3,822,086               | 3,719,709                                     |
| COVID-19 Housing Opportunities for Persons with AIDS   | 14.241                          |   | 162,291                 | 162,291                                       |
| Total Housing Opportunities for Persons with AIDS  |                                 |   | 3,984,377               | 3,882,000                                     |
| Housing Trust Fund   | 14.275                          |   | 1,779,515               | -   |
| Equal Opportunity in Housing   | 14.400                          |   | 3,132,222               | -   |
| COVID-19 Equal Opportunity in Housing  | 14.400                          |   | 83,228                  | -   |
| Total Equal Opportunity in Housing   |                                 |   | 3,215,450               | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>109,363,785</b>      | <b>91,855,019</b>                             |
| <b>CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster</b>                               |                                 |   |                         |   |
| National Disaster Resilience Competition   | 14.272                          |   | 8,688,274               | 8,242,638                                     |
| <b>Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster</b>                         |                                 |   | <b>8,688,274</b>        | <b>8,242,638</b>                              |
| <b>Total U.S. Department of Housing and Urban Development</b>                                    |                                 |   | <b>118,052,059</b>      | <b>100,097,657</b>                            |
| <b>U.S. Department of the Interior</b>   |                                 |   |                         |   |
| Southern Nevada Public Land Management   | 15.235                          |   | 2,174,552               | 886,964                                       |
| Environmental Quality and Protection   | 15.236                          |   | 113,274                 | -   |
| Federal Oil and Gas Royalty Management State and Tribal Coordination                             | 15.427                          |   | 1,341,815               | -   |
| Geothermal Resources   | 15.434                          |   | 4,106,783               | 4,106,783                                     |
| Minerals Leasing Act   | 15.437                          |   | 25,147,115              | 25,147,115                                    |
| National Forest Acquired Lands   | 15.438                          |   | 148                     | 148   |
| Providing Water to At-Risk Natural Desert Terminal Lakes   | 15.508                          |   | 139,798                 | -   |
| Central Valley Improvement Act, Title XXXIV  | 15.512                          |   | 762,397                 | -   |
| Fish and Wildlife Coordination Act   | 15.517                          |   | 1,505,294               | 11,950  |
| Recreation Resources Management  | 15.524                          |   | 4,281,763               | -   |
| Central Valley, Trinity River Division, Trinity River Fish and Wildlife Management               | 15.532                          |   | 143,717                 | -   |
| Lake Tahoe Regional Wetlands Development   | 15.543                          |   | 207,405                 | -   |
| San Joaquin River Restoration  | 15.555                          |   | 1,079,740               | 32,193  |
| SECURE Water Act - Research Agreements   | 15.560                          |   | 162,498                 | -   |
| Fish and Wildlife Management Assistance  | 15.608                          |   | 38,982                  | -   |
| Coastal Wetlands Planning, Protection and Restoration  | 15.614                          |   | 5,814,933               | 4,759,457                                     |
| Cooperative Endangered Species Conservation Fund   | 15.615                          |   | 28,378,656              | -   |
| Clean Vessel Act   | 15.616                          |   | 721,311                 | 516,217                                       |
| Sportfishing and Boating Safety Act  | 15.622                          |   | 1,038,949               | 1,038,949                                     |
| North American Wetlands Conservation Fund  | 15.623                          |   | 419,575                 | 404,057                                       |
| Coastal  | 15.630                          |   | 8,430                   | -   |
| State Wildlife Grants  | 15.634                          |   | 60,476                  | -   |
| Central Valley Project Improvement Act (CVPIA)   | 15.648                          |   | 459,430                 | -   |
| Endangered Species Recovery Implementation   | 15.657                          |   | 45,091                  | -   |
| Adaptive Science   | 15.670                          |   | (1,426)                 | -   |

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| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM            | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|--|---------------------------------|---|-------------------------|---|
| Earthquake Hazards Program Assistance  | 15.807                          |   | (3,724)                 | -   |
| U.S. Geological Survey Research and Data Collection                                | 15.808                          |   | 71,204                  | -   |
| National Cooperative Geologic Mapping  | 15.810                          |   | 416,345                 | -   |
| National Geological and Geophysical Data Preservation                              | 15.814                          |   | 34,188                  | -   |
| Historic Preservation Fund Grants-In-Aid   | 15.904                          |   | 1,059,751               | 64,500  |
| Outdoor Recreation Acquisition, Development and Planning                           | 15.916                          |   | 5,033,285               | 4,892,584                                     |
| ARRA - Redwood National Park Cooperative Management with the State of California   | 15.937                          |   | 66,782                  | -   |
| Heritage Partnership   | 15.939                          |   | 104,708                 | -   |
| Natural Resource Stewardship   | 15.944                          |   | 23,764                  | -   |
| Other - U.S. Department of the Interior  | 15.U02                          |   | 3,046,669               | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>88,003,678</b>       | <b>41,860,917</b>                             |
| <b>Fish and Wildlife Cluster</b>   |                                 |   |                         |   |
| Sport Fish Restoration   | 15.605                          |   | 1,030,675               | 13,364  |
| Wildlife Restoration and Basic Hunter Education                                    | 15.611                          |   | 2,450,981               | 13,364  |
| Enhanced Hunter Education and Safety   | 15.626                          |   | 189,449                 | -   |
| <b>Total Fish and Wildlife Cluster</b>   |                                 |   | <b>3,671,105</b>        | <b>26,728</b>                                 |
| <b>Research and Development Cluster</b>  |                                 |   |                         |   |
| Wildlife Resource Management   | 15.247                          |   | 24,631                  | -   |
| Central Valley Improvement Act, Title XXXIV  | 15.512                          |   | 2,544,265               | -   |
| Fish and Wildlife Coordination Act   | 15.517                          |   | 6,183                   | -   |
| San Luis Unit, Central Valley  | 15.527                          |   | 3,247                   | -   |
| Central Valley, Trinity River Division, Trinity River Fish and Wildlife Management | 15.532                          |   | 948,488                 | -   |
| Sport Fish Restoration   | 15.605                          |   | 13,152,085              | 324,130                                       |
| Fish and Wildlife Management Assistance  | 15.608                          |   | 47,715                  | 21,990  |
| Wildlife Restoration and Basic Hunter Education                                    | 15.611                          |   | 21,249,288              | 1,291,897                                     |
| Cooperative Endangered Species Conservation Fund                                   | 15.615                          |   | 2,163,839               | 1,330,678                                     |
| Landowner Incentive  | 15.633                          |   | 29,020                  | 29,020  |
| State Wildlife Grants  | 15.634                          |   | 2,120,538               | 368,353                                       |
| Endangered Species Conservation - Recovery Implementation Funds                    | 15.657                          |   | 57,765                  | 41,084  |
| Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention    | 15.666                          |   | 2,614                   | -   |
| White-nose Syndrome National Response Implementation                               | 15.684                          |   | 11,652                  | -   |
| Other - U.S. Department of the Interior  | 15.U03                          |   | 75,178                  | -   |
| <b>Total Research and Development Cluster</b>                                      |                                 |   | <b>42,436,508</b>       | <b>3,407,152</b>                              |
| <b>Total U.S. Department of the Interior</b>                                       |                                 |   | <b>134,111,291</b>      | <b>45,294,797</b>                             |
| <b>U.S. Department of Justice</b>  |                                 |   |                         |   |
| Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis       | 16.001                          |   | 959                     | -   |
| Sexual Assault Services Formula Program  | 16.017                          |   | 857,084                 | 857,084                                       |
| COVID-19 Coronavirus Emergency Supplemental Funding Program                        | 16.034                          |   | 15,152,411              | 15,000,000                                    |
| Services for Trafficking Victims   | 16.320                          |   | 382,058                 | 346,071                                       |
| Antiterrorism Emergency Reserve  | 16.321                          |   | 1,035,413               | 73,504  |
| Juvenile Justice and Delinquency Prevention  | 16.540                          |   | 3,504,865               | 3,085,433                                     |
| National Criminal History Improvement Program (NCHIP)                              | 16.554                          |   | 884,380                 | -   |
| Crime Victim Assistance  | 16.575                          |   | 272,542,193             | 264,322,850                                   |
| Crime Victim Compensation  | 16.576                          |   | 16,762,842              | -   |
| Drug Court Discretionary Grant Program   | 16.585                          |   | 317,771                 | 60,951  |
| Violence Against Women Formula Grants  | 16.588                          |   | 12,714,973              | 12,134,105                                    |
| Residential Substance Abuse Treatment for State Prisoners                          | 16.593                          |   | 744,506                 | 647,185                                       |
| Bulletproof Vest Partnership Program   | 16.607                          |   | 1,630,121               | 1,630,121                                     |
| Project Safe Neighborhoods   | 16.609                          |   | 40,964                  | -   |
| Regional Information Sharing Systems   |                                 |   |                         |   |
| <i>Pass-Through from The Western States Information Network (BI)</i>               | 16.610                          | 2018-RS-CX-0004                                 | 1,411,304               | -   |
| Public Safety Partnership and Community Policing Grants                            | 16.710                          |   | 47,926                  | -   |
| Special Data Collections and Statistical Studies                                   | 16.734                          |   | 4,519,280               | -   |
| PREA Program: Strategic Support for PREA Implementation                            | 16.735                          |   | 13,783                  | 13,783  |

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| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM                           | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|---|---------------------------------|---|-------------------------|---|
| Edward Byrne Memorial Justice Assistance Grant Program  | 16.738                          |   | 8,684,935               | 8,135,703                                     |
| DNA Backlog Reduction Program   | 16.741                          |   | 940,808                 | -   |
| Paul Coverdell Forensic Sciences Improvement Grant Program  | 16.742                          |   | 1,099,265               | 1,089,297                                     |
| Edward Byrne Memorial Competitive Grant Program   | 16.751                          |   | (176,724)               | (176,724)                                     |
| John R. Justice Prosecutors and Defenders Incentive Act   | 16.816                          |   | 110,780                 | -   |
| Postconviction Testing of DNA Evidence  | 16.820                          |   | 569,235                 | 545,125                                       |
| STOP School Violence  | 16.839                          |   | 538,656                 | 6,815   |
| Equitable Sharing Program   | 16.922                          |   | 2,765,414               | -   |
| Other - U.S. Department of Justice  | 16.U04                          |   | 1,246,254               | -   |
| <b>Total Excluding Clusters</b>   |                                 |   | <b>348,341,456</b>      | <b>307,771,303</b>                            |
| <b>Total U.S. Department of Justice</b>   |                                 |   | <b>348,341,456</b>      | <b>307,771,303</b>                            |
| <b>U.S. Department of Labor</b>   |                                 |   |                         |   |
| Labor Force Statistics  | 17.002                          |   | 8,158,413               | -   |
| Compensation and Working Conditions   | 17.005                          |   | 250,323                 | -   |
| Unemployment Insurance  | 17.225                          |   | 26,026,747,612          | -   |
| COVID-19 Unemployment Insurance   | 17.225                          |   | 66,671,236,525          | -   |
| Total Unemployment Insurance  |                                 |   | 92,697,984,137          | -   |
| Senior Community Service Employment Program   | 17.235                          |   | 6,457,714               | 6,069,031                                     |
| Trade Adjustment Assistance   | 17.245                          |   | 5,973,831               | -   |
| WIOA Pilots, Demonstrations, and Research Projects  | 17.261                          |   | 139,196                 | -   |
| Work Opportunity Tax Credit Program (WOTC)  | 17.271                          |   | 2,321,406               | -   |
| Temporary Labor Certification for Foreign Workers   | 17.273                          |   | 1,515,120               | -   |
| WIOA National Dislocated Worker Grants / WIA National Emergency Grants                            | 17.277                          |   | 11,605,289              | 11,329,992                                    |
| WIOA Dislocated Worker National Reserve Demonstration Grants                                      | 17.280                          |   | 516,757                 | -   |
| Apprenticeship USA Grants   | 17.285                          |   | 2,968                   | -   |
| Hurricanes and Wildfires of 2017 Supplemental - National Dislocated Worker Grants                 | 17.286                          |   | 9,117,917               | 8,694,321                                     |
| Occupational Safety and Health State Program  | 17.503                          |   | 12,335,294              | -   |
| Consultation Agreements   | 17.504                          |   | 3,563,049               | -   |
| Mine Health and Safety Grants   | 17.600                          |   | 389,622                 | -   |
| Disability Employment Policy Development  | 17.720                          |   | 1,365,295               | 914,426                                       |
| <b>Total Excluding Clusters</b>   |                                 |   | <b>92,761,696,331</b>   | <b>27,007,770</b>                             |
| <b>Employment Service Cluster</b>   |                                 |   |                         |   |
| Employment Service/Wagner-Peyser Funded Activities  | 17.207                          |   | 80,167,973              | 2,445,004                                     |
| Jobs for Veterans State Grants  | 17.801                          |   | 13,406,470              | -   |
| <b>Total Employment Service Cluster</b>   |                                 |   | <b>93,574,443</b>       | <b>2,445,004</b>                              |
| <b>WIOA Cluster</b>   |                                 |   |                         |   |
| WIOA Adult Program  | 17.258                          |   | 105,471,294             | 103,162,389                                   |
| WIOA Youth Activities   | 17.259                          |   | 111,337,334             | 96,974,704                                    |
| WIOA Dislocated Worker Formula Grants   | 17.278                          |   | 148,332,204             | 130,790,153                                   |
| <b>Total WIOA Cluster</b>   |                                 |   | <b>365,140,832</b>      | <b>330,927,246</b>                            |
| <b>Total U.S. Department of Labor</b>   |                                 |   | <b>93,220,411,606</b>   | <b>360,380,020</b>                            |
| <b>U.S. Department of Transportation</b>  |                                 |   |                         |   |
| Airport Improvement Program   | 20.106                          |   | 23,318                  | -   |
| Highway Training and Education  | 20.215                          |   | 26,878                  | -   |
| Fuel Tax Evasion-Intergovernmental Enforcement Effort   | 20.240                          |   | 44,468                  | -   |
| Railroad Safety   | 20.301                          |   | 4,236                   | -   |
| Railroad Development  | 20.314                          |   | 1,500,000               | -   |
| Capital Assistance to States - Intercity Passenger Rail Service                                   | 20.317                          |   | 3,112,547               | 3,112,547                                     |
| ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants | 20.319                          |   | (277,431)               | -   |
| High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants        | 20.319                          |   | 4,211,078               | 4,211,078                                     |
| Total High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants  |                                 |   | 3,933,647               | 4,211,078                                     |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM                                       | ASSISTANCE LISTING NUMBER | PASS-THROUGH ENTITY IDENTIFYING NUMBER | FEDERAL EXPENDITURES        | AMOUNTS PASSED THROUGH TO SUBRECIPIENTS |
|---|---------------------------|--|-----------------------------|---|
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research                     | 20.505                    |  | 36,816,608                  | 36,816,608                              |
| Formula Grants for Rural Areas and Tribal Transit Program   | 20.509                    |  | 14,582,202                  | 12,609,245                              |
| COVID-19 Formula Grants for Rural Areas and Tribal Transit Program  | 20.509                    |  | 30,846,568                  | 30,846,568                              |
| Total Formula Grants for Rural Areas and Tribal Transit Program   |                           |  | <u>45,428,770</u>           | <u>43,455,813</u>                       |
| Paul S. Sarbanes Transit in the Parks   | 20.520                    |  | 44,321                      | -                                       |
| Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program                 | 20.528                    |  | 3,703,161                   | -                                       |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated  | 20.608                    |  | 32,296,636                  | 20,932,105                              |
| National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements | 20.614                    |  | 751,177                     | -                                       |
| E-911 Grant Program   | 20.615                    |  | 6,677,182                   | 6,547,768                               |
| Pipeline Safety Program State Base Grant  | 20.700                    |  | 8,163,854                   | -                                       |
| Interagency Hazardous Materials Public Sector Training and Planning Grants                                    | 20.703                    |  | 805,130                     | 79,931                                  |
| PHMSA Pipeline Safety Underground Natural Gas Storage Grant   | 20.725                    |  | 2,218,113                   | -                                       |
| <b>Total Excluding Clusters</b>   |                           |  | <u><b>145,550,046</b></u>   | <u><b>115,155,850</b></u>               |
| <b>Highway Planning and Construction Cluster</b>  |                           |  |                             |   |
| Highway Planning and Construction   | 20.205                    |  | 3,880,563,555               | 1,254,745,057                           |
| Recreational Trails Program   | 20.219                    |  | 770,864                     | 770,864                                 |
| <b>Total Highway Planning and Construction Cluster</b>  |                           |  | <u><b>3,881,334,419</b></u> | <u><b>1,255,515,921</b></u>             |
| <b>FMCSA Cluster</b>  |                           |  |                             |   |
| Motor Carrier Safety Assistance Program   | 20.218                    |  | 18,793,695                  | -                                       |
| Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements                    | 20.237                    |  | 792,411                     | -                                       |
| <b>Total FMCSA Cluster</b>  |                           |  | <u><b>19,586,106</b></u>    | <u>-</u>                                |
| <b>Transit Services Programs Cluster</b>  |                           |  |                             |   |
| Enhanced Mobility of Seniors and Individuals with Disabilities  | 20.513                    |  | 17,530,496                  | 17,530,496                              |
| <b>Total Transit Services Programs Cluster</b>  |                           |  | <u><b>17,530,496</b></u>    | <u><b>17,530,496</b></u>                |
| <b>Federal Transit Cluster</b>  |                           |  |                             |   |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs                               | 20.526                    |  | 3,239,521                   | 3,239,521                               |
| <b>Total Federal Transit Cluster</b>  |                           |  | <u><b>3,239,521</b></u>     | <u><b>3,239,521</b></u>                 |
| <b>Highway Safety Cluster</b>   |                           |  |                             |   |
| State and Community Highway Safety  | 20.600                    |  | 23,389,973                  | 14,006,448                              |
| National Priority Safety Programs   | 20.616                    |  | 20,931,885                  | 11,739,579                              |
| <b>Total Highway Safety Cluster</b>   |                           |  | <u><b>44,321,858</b></u>    | <u><b>25,746,027</b></u>                |
| <b>Research and Development Cluster</b>   |                           |  |                             |   |
| Highway Research and Development Program  | 20.200                    |  | 1,575,637                   | -                                       |
| Highway Planning and Construction   | 20.205                    |  | 4,343,291                   | -                                       |
| National Priority Safety Programs   | 20.616                    |  | 20,463                      | -                                       |
| <b>Total Research and Development Cluster</b>   |                           |  | <u><b>5,939,391</b></u>     | <u>-</u>                                |
| <b>Total U.S. Department of Transportation</b>  |                           |  | <u><b>4,117,501,837</b></u> | <u><b>1,417,187,815</b></u>             |
| <b>U.S. Department of the Treasury</b>  |                           |  |                             |   |
| Equitable Sharing   | 21.016                    |  | 1,136,678                   | -                                       |
| COVID-19 Coronavirus Relief Fund  | 21.019                    |  | 9,381,664,858               | 7,480,270,598                           |
| COVID-19 Emergency Rental Assistance Program  | 21.023                    |  | 121,641,875                 | 119,800,093                             |
| <b>Total Excluding Clusters</b>   |                           |  | <u><b>9,504,443,411</b></u> | <u><b>7,600,070,691</b></u>             |
| <b>Total U.S. Department of the Treasury</b>  |                           |  | <u><b>9,504,443,411</b></u> | <u><b>7,600,070,691</b></u>             |
| <b>Equal Employment Opportunity Commission</b>  |                           |  |                             |   |
| Other - Equal Employment Opportunity Commission   | 30.U05                    |  | 2,305,080                   | -                                       |
| <b>Total Excluding Clusters</b>   |                           |  | <u><b>2,305,080</b></u>     | <u>-</u>                                |
| <b>Total Equal Employment Opportunity Commission</b>  |                           |  | <u><b>2,305,080</b></u>     | <u>-</u>                                |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM  | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|--|---------------------------------|---|-------------------------|---|
| <b>General Services Administration</b>   |                                 |   |                         |   |
| Donation of Federal Surplus Personal Property (Noncash)  | 39.003                          |   | 59,513,755              | -   |
| Election Reform Payments   | 39.011                          |   | 782,003                 | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>60,295,758</b>       | <b>-</b>                                      |
| <b>Total General Services Administration</b>   |                                 |   | <b>60,295,758</b>       | <b>-</b>                                      |
| <b>National Endowment for the Arts</b>   |                                 |   |                         |   |
| Promotion of the Arts Partnership Agreements   | 45.025                          |   | 1,282,400               | 100,000                                       |
| COVID-19 Promotion of the Arts Partnership Agreements  | 45.025                          |   | 710,400                 | 710,400                                       |
| Total Promotion of the Arts Partnership Agreements   |                                 |   | 1,992,800               | 810,400                                       |
| Grants to States   | 45.310                          |   | 16,831,373              | 10,387,735                                    |
| COVID-19 Grants to States  | 45.310                          |   | 3,570,265               | 3,570,265                                     |
| Total Grants to States   |                                 |   | 20,401,638              | 13,958,000                                    |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>22,394,438</b>       | <b>14,768,400</b>                             |
| <b>Total National Endowment for the Arts</b>   |                                 |   | <b>22,394,438</b>       | <b>14,768,400</b>                             |
| <b>Small Business Administration</b>   |                                 |   |                         |   |
| State Trade Expansion  | 59.061                          |   | 573,440                 | 503,880                                       |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>573,440</b>          | <b>503,880</b>                                |
| <b>Total Small Business Administration</b>   |                                 |   | <b>573,440</b>          | <b>503,880</b>                                |
| <b>U.S. Department of Veterans Affairs</b>   |                                 |   |                         |   |
| Grants to States for Construction of State Home Facilities   | 64.005                          |   | 7,795,904               | -   |
| COVID-19 Veterans State Nursing Home Care  | 64.015                          |   | 1,803,049               | -   |
| Burial Expenses Allowance for Veterans   | 64.101                          |   | 466,560                 | -   |
| Veterans Housing Guaranteed and Insured Loans  | 64.114                          |   | 169,422,692             | -   |
| All-Volunteer Force Educational Assistance   | 64.124                          |   | 1,388,717               | -   |
| Veterans Cemetery Grants Program   | 64.203                          |   | 5,985,245               | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>186,862,167</b>      | <b>-</b>                                      |
| <b>Total U.S. Department of Veterans Affairs</b>   |                                 |   | <b>186,862,167</b>      | <b>-</b>                                      |
| <b>Environmental Protection Agency</b>   |                                 |   |                         |   |
| Air Pollution Control Program Support  | 66.001                          |   | 6,796,542               | -   |
| State Indoor Radon Grants  | 66.032                          |   | 133,800                 | -   |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 66.034                          |   | 480,840                 | -   |
| Diesel Emissions Reduction Act (DERA) State Grants   | 66.040                          |   | 65,805                  | -   |
| The San Francisco Bay Water Quality Improvement Fund   | 66.126                          |   | 4,612                   | -   |
| Congressionally Mandated Projects  | 66.202                          |   | 279,407                 | 258,612                                       |
| Multipurpose Grants to States and Tribes   | 66.204                          |   | 192,019                 | -   |
| Water Pollution Control State, Interstate, and Tribal Program Support  | 66.419                          |   | 11,783,417              | 483,417                                       |
| State Public Water System Supervision  | 66.432                          |   | 6,748,000               | -   |
| State Underground Water Source Protection  | 66.433                          |   | 401,645                 | -   |
| Water Quality Management Planning  | 66.454                          |   | 1,129,898               | 352,898                                       |
| Nonpoint Source Implementation Grants  | 66.460                          |   | 8,343,800               | 5,157,512                                     |
| Regional Wetland Program Development Grants  | 66.461                          |   | 209,452                 | 206,393                                       |
| Beach Monitoring and Notification Program Implementation Grants  | 66.472                          |   | 364,428                 | 364,428                                       |
| Performance Partnership Grants   | 66.605                          |   | 1,570,792               | -   |
| Environmental Information Exchange Network Grant Program and Related Assistance  | 66.608                          |   | 93,899                  | -   |
| TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals  | 66.707                          |   | 86,990                  | -   |
| Hazardous Waste Management State Program Support   | 66.801                          |   | 7,251,377               | -   |
| Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements                            | 66.802                          |   | 936,863                 | -   |
| Underground Storage Tank (UST) Prevention, Detection, and Compliance Program   | 66.804                          |   | 180,000                 | -   |
| Leaking Underground Storage Tank Trust Fund Corrective Action Program  | 66.805                          |   | 1,920,000               | -   |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM  | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|--|---------------------------------|---|-------------------------|---|
| State and Tribal Response Program Grants   | 66.817                          |   | 467,190                 | -   |
| Brownfields Assessment and Cleanup Cooperative Agreements  | 66.818                          |   | 71,984                  | -   |
| Targeted Airshed Grant Program   | 66.956                          |   | 151,971                 | 151,971                                       |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>49,664,731</b>       | <b>6,975,231</b>                              |
| <b>Research and Development Cluster</b>  |                                 |   |                         |   |
| Regional Wetland Program Development Grants  | 66.461                          |   | 34,223                  | 32,798  |
| <b>Total Research and Development Cluster</b>  |                                 |   | <b>34,223</b>           | <b>32,798</b>                                 |
| <b>Total Environmental Protection Agency</b>   |                                 |   | <b>49,698,954</b>       | <b>7,008,029</b>                              |
| <b>U.S. Department of Energy</b>   |                                 |   |                         |   |
| State Energy Program   | 81.041                          |   | 3,809,360               | -   |
| Weatherization Assistance for Low-Income Persons   | 81.042                          |   | 6,329,344               | 5,380,299                                     |
| Nuclear Legacy Cleanup Program   | 81.065                          |   | 1,124,591               | -   |
| Environmental Remediation and Waste Processing and Disposal  | 81.104                          |   | 270,559                 | -   |
| Long-Term Surveillance and Maintenance   | 81.136                          |   | 43,657                  | -   |
| Environmental Monitoring/Cleanup, Cultural and Resource Management, Emergency Response<br>Research, Outreach, Technical Analysis | 81.214                          |   | 24,000                  | -   |
| Sustainable Energy for Homes and Business  | 81.U06                          |   | 93,772                  | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>11,695,283</b>       | <b>5,380,299</b>                              |
| <b>Total U.S. Department of Energy</b>   |                                 |   | <b>11,695,283</b>       | <b>5,380,299</b>                              |
| <b>U.S. Department of Education</b>  |                                 |   |                         |   |
| Adult Education - Basic Grants to States   | 84.002                          |   | 100,010,198             | 96,523,616                                    |
| Title I Grants to Local Educational Agencies   | 84.010                          |   | 1,754,686,695           | 1,753,153,235                                 |
| Migrant Education State Grant Program  | 84.011                          |   | 109,234,306             | 103,340,866                                   |
| Title I State Agency Program for Neglected and Delinquent Children and Youth   | 84.013                          |   | 1,453,476               | 1,451,820                                     |
| Career and Technical Education -- Basic Grants to States   | 84.048                          |   | 125,148,806             | 112,171,938                                   |
| Rehabilitation Services Vocational Rehabilitation Grants to States   | 84.126                          |   | 301,414,661             | -   |
| Rehabilitation Services Independent Living Services for Older Individuals Who are Blind  | 84.177                          |   | 3,283,725               | 2,981,226                                     |
| Special Education-Grants for Infants and Families  | 84.181                          |   | 49,448,281              | -   |
| Supported Employment Services for Individuals with the Most Significant Disabilities   | 84.187                          |   | 2,373,354               | -   |
| Education for Homeless Children and Youth  | 84.196                          |   | 13,810,752              | 13,772,131                                    |
| Charter Schools  | 84.282                          |   | 10,010,119              | 10,010,119                                    |
| Twenty-First Century Community Learning Centers  | 84.287                          |   | 125,351,900             | 124,909,879                                   |
| Special Education - State Personnel Development  | 84.323                          |   | 999,680                 | 999,680                                       |
| Rural Education  | 84.358                          |   | 5,792,338               | 5,711,560                                     |
| English Language Acquisition State Grants  | 84.365                          |   | 116,907,666             | 116,582,055                                   |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)                                  | 84.367                          |   | 150,503,108             | 150,503,108                                   |
| Grants for State Assessments and Related Activities  | 84.369                          |   | 24,691,342              | 19,841,762                                    |
| Comprehensive Literacy Development   | 84.371                          |   | 278,678                 | 74,778  |
| School Improvement Grants  | 84.377                          |   | 40,269,188              | 39,977,800                                    |
| Promoting Readiness of Minors in Supplemental Security Income  | 84.418                          |   | 100,802                 | -   |
| Disability Innovation Fund (DIF)   | 84.421                          |   | 3,306,325               | -   |
| Student Support and Academic Enrichment Program  | 84.424                          |   | 124,969,985             | 124,969,985                                   |
| COVID-19 Governor's Emergency Education Relief Fund  | 84.425C                         |   | 180,804,868             | 180,804,868                                   |
| COVID-19 Elementary and Secondary School Emergency Relief Fund   | 84.425D                         |   | 1,722,721,817           | 1,722,398,208                                 |
| COVID-19 Discretionary Grants: Reimagining Workforce Preparation Grants  | 84.425G                         |   | 11,621,822              | -   |
| Total COVID-19 Education Stabilization Fund  |                                 |   | 1,915,148,507           | 1,903,203,076                                 |
| Disaster Recovery Assistance for Education   | 84.938                          |   | 1,895,910               | 1,887,281                                     |
| <b>Total Excluding Clusters</b>  |                                 |   | <b>4,981,089,802</b>    | <b>4,582,065,915</b>                          |
| <b>Special Education Cluster (IDEA)</b>  |                                 |   |                         |   |
| Special Education Grants to States   | 84.027                          |   | 1,169,025,277           | 1,134,407,074                                 |
| Special Education Preschool Grants   | 84.173                          |   | 34,259,670              | 32,205,534                                    |
| <b>Total Special Education Cluster (IDEA)</b>  |                                 |   | <b>1,203,284,947</b>    | <b>1,166,612,608</b>                          |
| <b>Total U.S. Department of Education</b>  |                                 |   | <b>6,184,374,749</b>    | <b>5,748,678,523</b>                          |

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM   | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|---|---------------------------------|---|-------------------------|---|
| <b>U.S. Election Assistance Commission</b>  |                                 |   |                         |   |
| Help America Vote Act Requirements Payments   | 90.401                          |   | 20,349,890              | -   |
| 2018 HAVA Election Security Grants  | 90.404                          |   | 15,717,226              | -   |
| COVID-19 2018 HAVA Election Security Grants   | 90.404                          |   | 59,310,105              | -   |
| Total 2018 HAVA Election Security Grants  |                                 |   | 75,027,331              | -   |
| <b>Total Excluding Clusters</b>   |                                 |   | <b>95,377,221</b>       | <b>-</b>                                      |
| <b>Total U.S. Election Assistance Commission</b>  |                                 |   | <b>95,377,221</b>       | <b>-</b>                                      |
| <b>U.S. Department of Health and Human Services</b>   |                                 |   |                         |   |
| Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation   | 93.041                          |   | 318,653                 | 318,653                                       |
| Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals             | 93.042                          |   | 1,524,262               | 1,430,158                                     |
| COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals    | 93.042                          |   | 1,880,531               | 1,880,531                                     |
| Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals       |                                 |   | 3,404,793               | 3,310,689                                     |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services                       | 93.043                          |   | 1,425,887               | 1,425,887                                     |
| COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects                                   | 93.048                          |   | 2,792,259               | 2,705,454                                     |
| National Family Caregiver Support, Title III, Part E  | 93.052                          |   | 13,282,885              | 12,542,954                                    |
| COVID-19 National Family Caregiver Support, Title III, Part E   | 93.052                          |   | 9,272,774               | 9,236,496                                     |
| Total National Family Caregiver Support, Title III, Part E  |                                 |   | 22,555,659              | 21,779,450                                    |
| Public Health Emergency Preparedness  | 93.069                          |   | 34,915,462              | 23,561,558                                    |
| Environmental Public Health and Emergency Response  | 93.070                          |   | 830,065                 | -   |
| Medicare Enrollment Assistance Program  | 93.071                          |   | 1,345,544               | 1,225,571                                     |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 93.079                          |   | 164,781                 | -   |
| Guardianship Assistance   | 93.090                          |   | 81,631,916              | 80,794,808                                    |
| COVID-19 Guardianship Assistance  | 93.090                          |   | 9,905,957               | 9,905,957                                     |
| Total Guardianship Assistance   |                                 |   | 91,537,873              | 90,700,765                                    |
| Affordable Care Act (ACA) Personal Responsibility Education Program   | 93.092                          |   | 5,847,101               | 4,486,923                                     |
| Food and Drug Administration Research   | 93.103                          |   | 3,584,426               | 166,545                                       |
| Maternal and Child Health Federal Consolidated Programs   | 93.110                          |   | 144,486                 | -   |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs   | 93.116                          |   | 8,677,883               | 6,760,409                                     |
| Preventive Medicine Residency   | 93.117                          |   | 601,348                 | -   |
| Acquired Immunodeficiency Syndrome (AIDS) Activity  | 93.118                          |   | 242,119                 | -   |
| Emergency Medical Services for Children   | 93.127                          |   | 97,286                  | -   |
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices                 | 93.130                          |   | 426,878                 | -   |
| Injury Prevention and Control Research and State and Community Based Programs   | 93.136                          |   | 8,324,772               | 2,821,309                                     |
| COVID-19 Injury Prevention and Control Research and State and Community Based Programs                                    | 93.136                          |   | 420,563                 | -   |
| Total Injury Prevention and Control Research and State and Community Based Programs                                       |                                 |   | 8,745,335               | 2,821,309                                     |
| Projects for Assistance in Transition from Homelessness (PATH)  | 93.150                          |   | 5,366,261               | 5,151,331                                     |
| Grants to States for Loan Repayment   | 93.165                          |   | 1,030,880               | -   |
| Traumatic Brain Injury State Demonstration Grant Program  | 93.234                          |   | 127,117                 | -   |
| Grants to States to Support Oral Health Workforce Activities  | 93.236                          |   | 2,677                   | -   |
| State Capacity Building   | 93.240                          |   | 662,293                 | -   |
| State Rural Hospital Flexibility Program  | 93.241                          |   | 600,358                 | -   |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance                                 | 93.243                          |   | 2,642,788               | 1,348,309                                     |
| Early Hearing Detection and Intervention  | 93.251                          |   | 76,500                  | 70,706  |
| Immunization Cooperative Agreements   | 93.268                          |   | 26,102,499              | 12,389,166                                    |
| COVID-19 Immunization Cooperative Agreements  | 93.268                          |   | 52,086,825              | -   |
| Immunization Cooperative Agreements (Noncash)   | 93.268                          |   | 475,974,272             | -   |
| Total Immunization Cooperative Agreements   |                                 |   | 554,163,596             | 12,389,166                                    |

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM   | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|---|---------------------------------|---|-------------------------|---|
| Viral Hepatitis Prevention and Control  | 93.270                          |   | 533,942                 | 52,319  |
| Small Rural Hospital Improvement Grant Program  | 93.301                          |   | 611,960                 | -   |
| COVID-19 Small Rural Hospital Improvement Grant Program   | 93.301                          |   | 3,774,326               | -   |
| Total Small Rural Hospital Improvement Grant Program  |                                 |   | 4,386,286               | -   |
| PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-<br>Financed in part by 2018 Prevention and Public Health funds (PPHF)      | 93.305                          |   | 347,353                 | -   |
| COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   |                                 |   |                         |   |
| <i>Pass-Through from Heluna Health</i>  | 93.323                          | 95-25570693                                     | 479,996,082             | 367,405,431                                   |
| State Health Insurance Assistance Program   | 93.324                          |   | 4,627,192               | 3,791,677                                     |
| Behavioral Risk Factor Surveillance System  | 93.336                          |   | 235,036                 | -   |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public<br>Health Crisis Response  | 93.354                          |   | 92,728                  | -   |
| COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response:<br>Public Health Crisis Response   | 93.354                          |   | 9,867,004               | 510,806                                       |
| Total Public Health Emergency Response: Cooperative Agreement for Emergency<br>Response: Public Health Crisis Response  |                                 |   | 9,959,732               | 510,806                                       |
| Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured<br>Food Regulatory Programs  | 93.367                          |   | 934,433                 | -   |
| ACL Independent Living State Grants   | 93.369                          |   | 2,885,537               | 2,885,537                                     |
| National and State Tobacco Control Program  | 93.387                          |   | 3,088,277               | -   |
| Improving the Health of Americans through Prevention and Management of Diabetes and Heart<br>Disease and Stroke   | 93.426                          |   | 2,706,538               | -   |
| Every Student Succeeds Act/Preschool Development Grants   | 93.434                          |   | 12,232,382              | 3,086,407                                     |
| Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)  | 93.436                          |   | 125,425                 | -   |
| State Physical Activity and Nutrition (SPAN)  | 93.439                          |   | 780,670                 | 328,201                                       |
| Food Safety and Security Monitoring Project   | 93.448                          |   | 429,246                 | -   |
| ACL Assistive Technology  | 93.464                          |   | 1,571,655               | -   |
| Alzheimer's Disease Program Initiative  | 93.470                          |   | 317,922                 | 317,922                                       |
| Title IV-E Kinship Navigator Program  | 93.471                          |   | 153,433                 | 153,433                                       |
| Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees   | 93.478                          |   | 390,993                 | -   |
| COVID-19 Provider Relief Fund   | 93.498                          |   | 14,505,890              | 9,463,591                                     |
| Pregnancy Assistance Fund Program   | 93.500                          |   | 212,925                 | 175,046                                       |
| MaryLee Allen Promoting Safe and Stable Families Program  | 93.556                          |   | 34,404,761              | 33,092,139                                    |
| Temporary Assistance for Needy Families   | 93.558                          |   | 2,928,605,336           | 2,122,547,637                                 |
| COVID-19 Temporary Assistance for Needy Families  | 93.558                          |   | 42,853                  | 42,853  |
| Total Temporary Assistance for Needy Families   |                                 |   | 2,928,648,189           | 2,122,590,490                                 |
| Child Support Enforcement   | 93.563                          |   | 674,688,491             | 513,015,154                                   |
| COVID-19 Child Support Enforcement  | 93.563                          |   | 10,354,241              | 10,011,040                                    |
| Total Child Support Enforcement   |                                 |   | 685,042,732             | 523,026,194                                   |
| Child Support Enforcement Research  | 93.564                          |   | 596,406                 | 564,763                                       |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs   | 93.566                          |   | 37,531,148              | 33,199,110                                    |
| Low-Income Home Energy Assistance   | 93.568                          |   | 162,573,474             | 152,090,297                                   |
| COVID-19 Low-Income Home Energy Assistance  | 93.568                          |   | 43,942,162              | 42,029,915                                    |
| Total Low-Income Home Energy Assistance   |                                 |   | 206,515,636             | 194,120,212                                   |
| Community Services Block Grant  | 93.569                          |   | 60,277,410              | 59,176,350                                    |
| COVID-19 Community Services Block Grant   | 93.569                          |   | 39,326,814              | 36,953,328                                    |
| Total Community Services Block Grant  |                                 |   | 99,604,224              | 96,129,678                                    |
| Refugee and Entrant Assistance Discretionary Grants   | 93.576                          |   | 33,358                  | 33,358  |
| U.S. Repatriation   | 93.579                          |   | 24,643                  | -   |
| Refugee and Entrant Assistance Targeted Assistance Grants   | 93.584                          |   | 2,538                   | -   |
| State Court Improvement Program   | 93.586                          |   | 1,597,371               | -   |
| Community-Based Child Abuse Prevention Grants   | 93.590                          |   | 4,420,490               | 3,813,544                                     |
| Grants to States for Access and Visitation Programs   | 93.597                          |   | 807,168                 | -   |
| Chafee Education and Training Vouchers Program (ETV)  | 93.599                          |   | 5,550,103               | -   |
| Adoption and Legal Guardianship Incentive Payments  | 93.603                          |   | 6,933,047               | 6,933,047                                     |
| Developmental Disabilities Basic Support and Advocacy Grants  | 93.630                          |   | 6,338,769               | -   |
| Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial<br>Alignment Model Demonstrations for Dually Eligible Individuals | 93.634                          |   | 1,328,553               | 127,448                                       |
| Children's Justice Grants to States   | 93.643                          |   | 1,771,770               | 1,692,173                                     |

See accompanying notes to the Schedule of Expenditures of Federal Awards.



| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM   | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|---|---------------------------------|---|-------------------------|---|
| Stephanie Tubbs Jones Child Welfare Services Program  | 93.645                          |   | 25,783,956              | 25,783,956                                    |
| COVID-19 Stephanie Tubbs Jones Child Welfare Services Program   | 93.645                          |   | 4,580,101               | 4,580,101                                     |
| Total Stephanie Tubbs Jones Child Welfare Services Program  |                                 |   | <u>30,364,057</u>       | <u>30,364,057</u>                             |
| Foster Care Title IV-E  | 93.658                          |   | 1,617,797,106           | 1,488,563,269                                 |
| COVID-19 Foster Care Title IV-E   | 93.658                          |   | 40,389,979              | 40,389,979                                    |
| Total Foster Care Title IV-E  |                                 |   | <u>1,658,187,085</u>    | <u>1,528,953,248</u>                          |
| Adoption Assistance   | 93.659                          |   | 637,555,868             | 632,374,282                                   |
| COVID-19 Adoption Assistance  | 93.659                          |   | 73,745,395              | 73,745,395                                    |
| Total Adoption Assistance   |                                 |   | <u>711,301,263</u>      | <u>706,119,677</u>                            |
| COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19   | 93.665                          |   | 4,859,649               | -   |
| Social Services Block Grant   | 93.667                          |   | 469,670,194             | 201,400,819                                   |
| Child Abuse and Neglect State Grants  | 93.669                          |   | 6,684,506               | 6,157,546                                     |
| Child Abuse and Neglect Discretionary Activities  | 93.670                          |   | 77,514                  | 77,514  |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services   | 93.671                          |   | 9,578,598               | 9,138,576                                     |
| COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services  | 93.671                          |   | 4,032,301               | 4,032,301                                     |
| Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services   |                                 |   | <u>13,610,899</u>       | <u>13,170,877</u>                             |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood   | 93.674                          |   | 15,185,045              | 12,947,529                                    |
| State Public Health Approaches for Ensuring Quiltline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)  | 93.735                          |   | 331,004                 | -   |
| PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds  | 93.738                          |   | 680,359                 | 359,526                                       |
| PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Funds | 93.745                          |   | 74,875                  | -   |
| Elder Abuse Prevention Interventions Program  | 93.747                          |   | 599,788                 | 19,613  |
| Children's Health Insurance Program   | 93.767                          |   | 2,806,874,068           | 17,339,837                                    |
| COVID-19 Children's Health Insurance Program  | 93.767                          |   | 247,359,738             | -   |
| Total Children's Health Insurance Program   |                                 |   | <u>3,054,233,806</u>    | <u>17,339,837</u>                             |
| Opioid STR  | 93.788                          |   | 131,184,453             | 2,072,568                                     |
| Money Follows the Person Rebalancing Demonstration  | 93.791                          |   | 19,306,154              | -   |
| Organized Approaches to Increase Colorectal Cancer Screening  | 93.800                          |   | 121,925                 | -   |
| Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion  | 93.810                          |   | 554,012                 | -   |
| Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities  | 93.817                          |   | 3,028,020               | 3,018,623                                     |
| Maternal, Infant and Early Childhood Home Visiting Grant  | 93.870                          |   | 15,624,657              | 12,673,003                                    |
| National Bioterrorism Hospital Preparedness Program   | 93.889                          |   | 21,220,240              | 17,806,296                                    |
| COVID-19 National Bioterrorism Hospital Preparedness Program  | 93.889                          |   | 6,888,929               | -   |
| Total National Bioterrorism Hospital Preparedness Program   |                                 |   | <u>28,109,169</u>       | <u>17,806,296</u>                             |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations  | 93.898                          |   | 10,255,568              | 106,237                                       |
| Grants to States for Operation of State Offices of Rural Health   | 93.913                          |   | 253,518                 | -   |
| HIV Care Formula Grants   | 93.917                          |   | 155,544,200             | 35,582,540                                    |
| COVID-19 HIV Care Formula Grants  | 93.917                          |   | 608,138                 | 608,138                                       |
| Total HIV Care Formula Grants   |                                 |   | <u>156,152,338</u>      | <u>36,190,678</u>                             |
| HIV Prevention Activities Health Department Based   | 93.940                          |   | 20,751,240              | 10,528,293                                    |
| Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance   | 93.944                          |   | 1,175,140               | 403,552                                       |
| Tuberculosis Demonstration, Research, Public and Professional Education   | 93.947                          |   | 216,438                 | 216,438                                       |
| Block Grants for Community Mental Health Services   | 93.958                          |   | 61,366,067              | 46,728,905                                    |
| Block Grants for Prevention and Treatment of Substance Abuse  | 93.959                          |   | 306,584,075             | 287,217,721                                   |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants   | 93.977                          |   | 7,144,593               | 1,423,338                                     |
| Mental Health Disaster Assistance and Emergency Mental Health   | 93.982                          |   | 25,040,413              | 344,172                                       |
| Preventive Health and Health Services Block Grant   | 93.991                          |   | 9,725,763               | 1,138,409                                     |

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM                                       | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|---|---------------------------------|---|-------------------------|---|
| Maternal and Child Health Services Block Grant to the States  | 93.994                          |   | 37,360,397              | 15,339,874                                    |
| Other - Department of Health and Human Services   | 93.U07                          |   | 19,338,055              | -   |
| <b>Total Excluding Clusters</b>   |                                 |   | <b>12,133,054,202</b>   | <b>6,533,833,601</b>                          |
| <b>Aging Cluster</b>  |                                 |   |                         |   |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers          | 93.044                          |   | 31,433,900              | 27,204,959                                    |
| COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044                          |   | 18,847,050              | 18,785,305                                    |
| Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers    |                                 |   | 50,280,950              | 45,990,264                                    |
| Special Programs for the Aging, Title III, Part C, Nutrition Services   | 93.045                          |   | 55,344,200              | 52,680,391                                    |
| COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services                                | 93.045                          |   | 44,089,075              | 44,021,466                                    |
| Total Special Programs for the Aging, Title III, Part C, Nutrition Services                                   |                                 |   | 99,433,275              | 96,701,857                                    |
| Nutrition Services Incentive Program  | 93.053                          |   | 10,893,069              | 10,893,069                                    |
| <b>Total Aging Cluster</b>  |                                 |   | <b>160,607,294</b>      | <b>153,585,190</b>                            |
| <b>CCDF Cluster</b>   |                                 |   |                         |   |
| Child Care Disaster Relief  | 93.489                          |   | 145,394                 | -   |
| Child Care and Development Block Grant  | 93.575                          |   | 437,585,075             | 437,585,075                                   |
| COVID-19 Child Care and Development Block Grant   | 93.575                          |   | 442,450,877             | 442,450,877                                   |
| Total Child Care and Development Block Grant  |                                 |   | 880,035,952             | 880,035,952                                   |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund                                | 93.596                          |   | 274,841,489             | 254,440,559                                   |
| <b>Total CCDF Cluster</b>   |                                 |   | <b>1,155,022,835</b>    | <b>1,134,476,511</b>                          |
| <b>Head Start Cluster</b>   |                                 |   |                         |   |
| Head Start  | 93.600                          |   | 6,230,109               | 2,663,615                                     |
| COVID-19 Head Start   | 93.600                          |   | 152,925                 | 152,925                                       |
| Total Head Start  |                                 |   | 6,383,034               | 2,816,540                                     |
| <b>Total Head Start Cluster</b>   |                                 |   | <b>6,383,034</b>        | <b>2,816,540</b>                              |
| <b>Medicaid Cluster</b>   |                                 |   |                         |   |
| State Medicaid Fraud Control Units  | 93.775                          |   | 29,677,138              | -   |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare                  | 93.777                          |   | 33,003,039              | 6,057,539                                     |
| Medical Assistance Program  | 93.778                          |   | 70,149,579,062          | 2,298,920,285                                 |
| COVID-19 Medical Assistance Program   | 93.778                          |   | 5,078,863,026           | -   |
| Total Medical Assistance Program  |                                 |   | 75,228,442,088          | 2,298,920,285                                 |
| <b>Total Medicaid Cluster</b>   |                                 |   | <b>75,291,122,265</b>   | <b>2,304,977,824</b>                          |
| <b>Total U.S. Department of Health and Human Services</b>   |                                 |   | <b>88,746,189,630</b>   | <b>10,129,689,666</b>                         |
| <b>Corporation for National and Community Service</b>   |                                 |   |                         |   |
| State Commissions   | 94.003                          |   | 789,485                 | -   |
| AmeriCorps  | 94.006                          |   | 29,310,318              | 29,157,249                                    |
| Training and Technical Assistance   | 94.009                          |   | 272,200                 | -   |
| Volunteer Generation Fund   | 94.021                          |   | 130,392                 | -   |
| <b>Total Excluding Clusters</b>   |                                 |   | <b>30,502,395</b>       | <b>29,157,249</b>                             |
| <b>Foster Grandparent/Senior Companion Cluster</b>  |                                 |   |                         |   |
| Foster Grandparent Program  | 94.011                          |   | 1,377,403               | -   |
| <b>Total Foster Grandparent/Senior Companion Cluster</b>  |                                 |   | <b>1,377,403</b>        | <b>-</b>                                      |
| <b>Total Corporation for National and Community Service</b>   |                                 |   | <b>31,879,798</b>       | <b>29,157,249</b>                             |
| <b>Executive Office of the President</b>  |                                 |   |                         |   |
| Pass-Through from San Diego Imperial HIDTA  | 95.001                          | G19SC0001A                                      | 25                      | -   |
| Pass-Through from San Diego Imperial HIDTA  | 95.001                          | G20SC0001A                                      | 26,882                  | -   |
| Pass-Through from CV HIDTA/LA Police Chiefs Association/Sacramento County                                     | 95.001                          | G18CV0002A                                      | 6,840                   | -   |
| Pass-Through from CV HIDTA/LA Police Chiefs Association/Sacramento County                                     | 95.001                          | G19CV0002A                                      | 6,938                   | -   |
| Pass-Through from INCH/LA Police Chiefs Association/Riverside County  | 95.001                          | G19LA0007A                                      | 8,849                   | -   |
| Pass-Through from INCH/LA Police Chiefs Association/Riverside County  | 95.001                          | G20LA0007A                                      | 98,567                  | -   |

| FEDERAL AGENCY/FEDERAL PROGRAM TITLE/<br>PASS-THROUGH ENTITY OR PROGRAM                        | ASSISTANCE<br>LISTING<br>NUMBER | PASS-THROUGH<br>ENTITY<br>IDENTIFYING<br>NUMBER | FEDERAL<br>EXPENDITURES          | AMOUNTS PASSED<br>THROUGH TO<br>SUBRECIPIENTS |
|--|---------------------------------|---|----------------------------------|---|
| <i>Pass-Through from LA Clear/LA Police Chiefs Association/City of Monrovia</i>                | 95.001                          | G19LA0006A                                      | 122,134                          | -   |
| <i>Pass-Through from LA Clear/LA Police Chiefs Association/City of Monrovia</i>                | 95.001                          | G20LA0006A                                      | 1,093,212                        | -   |
| <i>Pass-Through from The Western States Information Network</i>                                | 95.001                          | G21OR0003A                                      | 30,705                           | -   |
| Total High Intensity Drug Trafficking Areas Program  |                                 |   | <u>1,394,152</u>                 | -   |
| <b>Total Excluding Clusters</b>  |                                 |   | <u><b>1,394,152</b></u>          | -   |
| <b>Total Executive Office of the President</b>   |                                 |   | <u><b>1,394,152</b></u>          | -   |
| <b>Social Security Administration</b>  |                                 |   |                                  |   |
| <b>Disability Insurance/SSI Cluster</b>  |                                 |   |                                  |   |
| Social Security Disability Insurance   | 96.001                          |   | 198,355,109                      | -   |
| <b>Total Disability Insurance/SSI Cluster</b>  |                                 |   | <u><b>198,355,109</b></u>        | -   |
| <b>Total Social Security Administration</b>  |                                 |   | <u><b>198,355,109</b></u>        | -   |
| <b>U.S. Department of Homeland Security</b>  |                                 |   |                                  |   |
| Non-Profit Security Program  | 97.008                          |   | 4,400,644                        | 4,400,644                                     |
| Boating Safety Financial Assistance  | 97.012                          |   | 4,656,883                        | 1,024,792                                     |
| Community Assistance Program State Support Services Element (CAP-SSSE)                         | 97.023                          |   | 346,566                          | -   |
| Flood Mitigation Assistance  | 97.029                          |   | 59,509                           | -   |
| Crisis Counseling  | 97.032                          |   | 3,632,264                        | 3,632,264                                     |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)                        | 97.036                          |   | 1,897,486,205                    | 866,191,236                                   |
| Hazard Mitigation Grant  | 97.039                          |   | 44,581,097                       | 38,462,809                                    |
| National Dam Safety Program  | 97.041                          |   | 149,824                          | -   |
| Emergency Management Performance Grants  | 97.042                          |   | 17,960,989                       | 7,766,908                                     |
| COVID-19 Emergency Management Performance Grants   | 97.042                          |   | 1,315,763                        | 817,065                                       |
| Total Emergency Management Performance Grants  |                                 |   | <u>19,276,752</u>                | 8,583,973                                     |
| State Fire Training Systems Grants   | 97.043                          |   | (11,579)                         | -   |
| Cooperating Technical Partners   | 97.045                          |   | 453,170                          | -   |
| Fire Management Assistance Grant   | 97.046                          |   | 65,737,701                       | 64,668,930                                    |
| BRIC: Building Resilient Infrastructure and Communities  | 97.047                          |   | 6,668,598                        | 5,607,115                                     |
| COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs | 97.050                          |   | 6,464,986,107                    | -   |
| Homeland Security Grant Program  | 97.067                          |   | 172,701,217                      | 149,262,505                                   |
| Earthquake Consortium  | 97.082                          |   | 226,111                          | 179,616                                       |
| Disaster Assistance Projects   | 97.088                          |   | 3,239,690                        | 3,139,833                                     |
| Rural Emergency Medical Communications Demonstration Project                                   | 97.120                          |   | 1                                | 1   |
| <b>Total Excluding Clusters</b>  |                                 |   | <u><b>8,688,590,760</b></u>      | <u><b>1,145,153,718</b></u>                   |
| <b>Total U.S. Department of Homeland Security</b>  |                                 |   | <u><b>8,688,590,760</b></u>      | <u><b>1,145,153,718</b></u>                   |
| <b>Total Expenditures of Federal Awards, As Restated (See Note 3)</b>                          |                                 |   | <u><b>\$ 228,807,110,712</b></u> | <u><b>\$ 30,939,969,428</b></u>               |

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## **Notes to the Schedule of Expenditures of Federal Awards**

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**STATE OF CALIFORNIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenditures for all federal award programs received by the State of California (State) for the fiscal year ended June 30, 2021, except for federal awards received by the University of California system, a component unit of the State, the California State University system, the California State Water Resources Control Board Water Pollution Control Revolving Fund, the California State Water Resources Control Board Safe Drinking Water State Revolving Fund, and the California Housing Finance Fund of the California Housing Finance Agency, a component unit of the State. While these entities' operations are included in the State's basic financial statements, these entities engaged other auditors to perform an audit in accordance with the U.S. Office of Management and Budget, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200) also referred to as the "Uniform Guidance."

As noted above, the Schedule presents only a portion of the State's operations. The Schedule is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the State.

**2. BASIS OF ACCOUNTING**

The federal awards expenditures reported in the Schedule are prepared from records maintained by each State department and reported on the cash basis. Under the cash basis of accounting, expenditures are reported when paid by the State. All expenditures for each federal program are net of applicable program income and refunds.

State departments' records are periodically reconciled to the federal receipts and department expenditure reports maintained by the California State Controller's Office. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. RESTATEMENT OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Schedule for the fiscal year ended June 30, 2021 has been restated to include federal expenditures of \$479,996,082 and amounts passed through to subrecipients of \$367,405,431 for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (ALN 93.323) program, which were not previously reported. The State entered into a subrecipient arrangement with a non-federal entity during the fiscal year and accounted for the arrangement within the State's General Fund rather than the State's Federal Trust Fund. As a result, the State did not identify the subrecipient arrangement as a federal award for the fiscal year ended June 30, 2021. The ELC program was required to be audited as a major federal program in accordance with the Uniform Guidance and the federal audit compliance report has been reissued for the fiscal year ended June 30, 2021. In addition, the Schedule has been restated to report additional federal expenditures and amounts passed through to subrecipients of \$9,463,591 for the Provider Relief Fund (ALN 93.498) program.

The following table summarizes the adjustments made to the Schedule for the fiscal year ended June 30, 2021:

|  | Assistance Listing<br>Number | Federal<br>Expenditures | Amounts Passed<br>Through to<br>Subrecipients |
|--|------------------------------|-------------------------|---|
| Total expenditures of federal awards, as previously reported for the fiscal year ended June 30, 2021 |                              | \$ 228,317,651,039      | \$ 30,563,100,406                             |
| Add:   |                              |                         |   |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                                   | 93.323                       | 479,996,082             | 367,405,431                                   |
| Provider Relief Fund   | 93.498                       | 9,463,591               | 9,463,591                                     |
| Total expenditures of federal awards, as restated for the fiscal year ended June 30, 2021            |                              | \$ 228,807,110,712      | \$ 30,939,969,428                             |

#### 4. ASSISTANCE LISTING NUMBER

The Assistance Listing Number (ALN) and federal program titles listed in the Schedule were obtained from the federal funding agency, the pass-through grantor, or the U.S. General Services Administration’s System for Award Management (SAM).

The ALN is a five-digit number. The first two digits identify the federal funding agency, and the last three digits identify the specific federal program. If a valid three-digit ALN extension is unknown or unavailable, the letter “U” is used to indicate “unidentified”, followed by a two-digit number. COVID-19 Emergency Acts expenditures are denoted by the prefix COVID-19 in the federal program title.

#### 5. NONCASH FEDERAL AWARDS

The State is the recipient of federal awards that do not result in cash receipts or disbursements. These noncash federal awards include a variety of items, such as food and nutritional purchase assistance, commodities, vaccines, or federal excess property. Noncash awards received by the State are included in the Schedule. Noncash awards for the fiscal year ended June 30, 2021, are as follows:

| Assistance Listing<br>Number | Federal Program Title  | Noncash Awards for<br>the Fiscal Year Ended<br>June 30, 2021 |
|------------------------------|--|--|
| 10.178                       | Trade Mitigation Program Eligible Recipient Agency Operational Funds | \$ 5,142,560   |
| 10.551                       | Supplemental Nutrition Assistance Program                            | 6,982,293,103  |
| 10.551                       | COVID-19 Supplemental Nutrition Assistance Program                   | 4,836,426,978  |
| 10.555                       | National School Lunch Program  | 189,958,992  |
| 10.565                       | Commodity Supplemental Food Program                                  | 25,541,202   |
| 10.569                       | Emergency Food Assistance Program (Food Commodities)                 | 101,315,175  |
| 39.003                       | Donation of Federal Surplus Personal Property                        | 59,513,755   |
| 93.268                       | Immunization Cooperative Agreements                                  | 475,974,272  |
|                              | <b>Total</b>   | <b>\$ 12,676,166,037</b>                                     |



**6. LOANS, LOAN GUARANTEES OUTSTANDING, AND INSURANCE IN EFFECT**

Loans and loan guarantees outstanding, and insurance in effect at June 30, 2021, are summarized in the schedule below.

| Assistance Listing<br>Number | Federal Program Title                         | Loans/Loan<br>Guarantees Outstanding<br>for the Fiscal Year<br>Ended June 30, 2021 |             | Insurance in Effect<br>as of June 30, 2021 |
|------------------------------|---|--|-------------|--|
|                              |   | \$   | \$          |  |
| 64.114                       | Veterans Housing Guaranteed and Insured Loans | \$ -   | \$ -        | 169,422,692                                |
| 81.041                       | State Energy Program                          | 877,896  | -           | -  |
|                              | <b>Total</b>                                  | <b>\$ 877,896</b>  | <b>\$ -</b> | <b>169,422,692</b>                         |

**7. PASS-THROUGH AWARDS**

The State receives the majority of its federal assistance directly from the federal awarding agencies. Federal awards received by the State from a pass-through entity are included in the Schedule and are italicized.

**8. SUBRECIPIENTS**

The State awards federal funds to non-federal entities (subrecipients) to assist with the implementation and administration of federal programs. Subrecipients are monitored by the State to ensure federal funds are expended in accordance with authorized laws, regulations, and the provisions of contracts or grant agreements. Amounts provided to subrecipients from each federal program are included in a separate column in the Schedule.

**9. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the cash expenditure basis as explained in Note 2.

**10. INDIRECT COST RATE**

The majority of State entities claim indirect costs in accordance with a federally approved indirect cost rate plan. State entities that utilize the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance are as follows:

- Governor’s Office of Planning and Research
- California Tahoe Conservancy
- California Sierra Nevada Conservancy
- California Emergency Medical Services Authority
- California Department of Veterans Affairs
- California Delta Protection Commission
- Colorado River Board of California

The Governor’s Office of Planning and Research, the California Tahoe Conservancy, and the California Department of Veterans Affairs also administer other federal programs that utilize other indirect cost rate methodologies.

**11. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)**

The State is the recipient of federally donated Personal Protective Equipment (PPE). The fair market value of the PPE at the time of receipt was \$112,823.

**Summary Schedule of Prior Audit Findings  
Prepared by Department of Finance**

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Reference Number: **2020-001**

State Administering Department: California Employment Development Department (EDD)  
California Department of Public Health (Public Health)

Audit Finding: Significant Deficiency, Material Weakness and Instance of Noncompliance.

EDD

Due to unprecedented impacts from the COVID-19 pandemic, EDD was unable to timely report to Finance, through the Database, accurate and reliable federal cash basis expenditures for the federal award programs which it administers. In late December 2021, certain federal award program expenditures were updated by EDD, most notably the Unemployment Insurance (UI) program federal cash basis expenditures were reduced by \$2.58 billion related to potential fraudulent unemployment insurance claims payments.

EDD should evaluate its current process and controls related to its ability to properly account for, report, and timely submit complete and accurate federal award cash basis expenditures to Finance's Database. If additional guidance and support is required by EDD, outreach to other state departments for assistance should occur.

Public Health

During testing of the Schedule of Expenditures of Federal Awards (SEFA), Public Health over-reported subrecipient expenditures of the HIV Care Formula Grants (CFDA No. 93.917) by \$1,070,822, or approximately 5 percent of the corrected amount.

Public Health needs to establish a more thorough internal review process to ensure the information submitted to Finance for compilation of the SEFA is complete and accurate.

Status of Corrective Action: Partially Corrected - EDD  
EDD is currently working on fiscal year 2020-21 with a goal to submit year-end financials by June 30, 2022. While this is past the state's due dates for submitting year-end financials, EDD is in a better position than in 2019-20. Steps and processes have been put in place and will continue to be refined from the lessons learned during 2019-20 to ensure the 2020-21 year-end process runs smoother. For example, one of the major delays in completing year-end financial statements that took several months working with the auditors and control agencies was around the accounting of the fraudulent benefit payments experienced in the pandemic UI programs which resulted in the need to amend multiple times EDD's Generally Accepted Accounting Principle (GAAP) statements as well as the Finance's SEFA Database. Since these fraudulent benefit

payments extended into 2020-21 and there is an agreed-upon approach with the auditors and control agencies on how to account for these payments in our GAAP statements as well as the SEFA Database. This is one significant task that EDD will be able to complete without the need of spending several months on it like what occurred during 2019-20.

In addition, EDD is working on restructuring the workload among the units and seeking additional resources to assist where needed. EDD is exploring different training options and will continue to seek guidance from the control agencies when questions/issues arise. Since EDD deferred transitioning into FISCAL by a quarter in 2018-19, the 2019-20 year was the first full fiscal year in the FISCAL system and EDD has much more experience going into the 2020-21 year-end. Processes and procedures have been and continue to be updated to reflect the knowledge gained during this past year-end and audit season.

Refer to finding 2021-001 regarding the cause for the recurrence and the planned corrective action.

Fully Corrected - Public Health

Public Health's Office of AIDS (OA) agrees with the finding and has implemented solutions to meet the auditor's recommendation. OA has taken steps to remedy the issue by using its Support Branch to realign staff and responsibilities to allow for a greater focus on fiscal reporting. OA Support Branch has executed all actions to remedy this issue. Staff have been trained and are focusing their efforts on fiscal reporting and monitoring to build greater capacity in this area. The increase of staffing resources has allowed for a more thorough review of any and all reporting submissions. Lastly, this specific issue regarding the Aids Drug Assistance Program (ADAP) contractors who were identified as subrecipients, will not reoccur as all the contracts that were part of ADAP's Access, Adherence, and Navigation program ended on March 31, 2020. Additionally, the Administration Division's Accounting Section (Accounting) coordinated with program centers to maintain a list of subrecipient names. Accounting developed a template by using a standardized KK 12 FISCAL Detail History report to include controlled sets of questions for program centers to select transactions associated with federal subrecipients expenses. Upon completion of the template from programs, Accounting reviewed the data for accuracy against the list of subrecipients before the information was entered in the SEFA database.

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Reference Number: **2020-002**

Assistance Listing Number: 10.557

State Administering Department: California Department of Public Health (Public Health)

Audit Finding: Eligibility. During the fiscal year ended June 30, 2020, the WIC Special Supplemental Food Program for Women, Infants, and Children (WIC) nutrition program implemented phase one of a new management information system known as the Women, Infants, and Children Web Information System Exchange (WIC WISE) in a two-phased approach to replace the WIC Management Information Systems (WIC-MIS).

A sample of 150 program participants included 60 participants whose data were maintained in WIC-MIS and 90 participants whose data were maintained in WIC WISE. Of the 90 participants in WIC WISE, 16 participants did not have proper documentation to support their eligibility.

Public Health should continue to monitor compliance with its policies to ensure enrollment workers follow the established guidelines and retain acceptable documentation to support eligibility determinations.

Status of Corrective Action: Remains Uncorrected. The WIC unit of Public Health agrees that the WIC WISE system does not currently store eligibility history that should be included in the "Cert History Report". Currently, the initial eligibility data is overwritten when subsequent eligibility information is keyed into WIC WISE.

WIC WISE includes preventative internal stops or checkpoints that do not allow ineligible individuals to be certified and issued benefits (e.g., over income, not a California resident, no nutrition risk factor, etc.). User acceptance testing vetted these items prior to system implementation.

The certification history condition will be remedied via a system Defect Correction to WIC WISE. WIC has entered Defect Correction Number 6972 in Team Foundation Services, the tracking system used to capture system changes and defects. This correction is included in a release that is currently being tested and is targeted for release into production by May 2023. The defect supports a system change to ensure initial eligibility information is retained when subsequent eligibility information is entered into WIC WISE.

Refer to finding 2021-003.

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Reference Number: **2020-003**

Assistance Listing Number: 10.561

State Administering Department: California Department of Social Services  
(Social Services)

**Audit Finding:** Subrecipient Monitoring. The Office of Audit Services (OAS) of Social Services facilitates the process for monitoring counties that meet the threshold set forth in §200.501 Audit Requirements. Completed subrecipient Single Audit Reports received by OAS from the California State Controller’s Office (SCO) are sent to the responsible Social Services department to issue management decisions and follow-up with the subrecipient for any findings and corrective actions. Of the 38 Single Audit Reports received by Social Services for the fiscal year, 5 were tested, and for 4 of the reviews tested, Social Services did not issue a management decision within six months of the subrecipients’ single audit acceptance by the Federal Audit Clearinghouse.

Social Services should implement policies and procedures which provide assurance that management decisions are issued within six months after receipt of the subrecipients audit report.

**Status of Corrective Action:** Fully Corrected. To resolve this finding, OAS has hired a dedicated supervisor and a Single Audit Coordinator to manage and facilitate the Single Audit Report review process. Additionally, OAS has updated its procedures and increased the number of program follow-up activities to ensure the following:

- Single Audit Reports received from SCO are reviewed timely.
  - Management Decision Letters (MDL) sent to the respective program areas state a due date of one week prior to SCO's due date to ensure the program area sends the MDL to OAS timely.
-



Reference Number: **2020-004**

Assistance Listing Number: 17.225

State Administering Department: California Employment Development Department (EDD)

Audit Finding: Eligibility. The Unemployment Insurance Branch of EDD reviews unemployment insurance claims made by claimants for involuntary separation to ensure separations were for valid reasons under the Unemployment Insurance Code. Out of 60 unemployment insurance benefit payments tested, 2 claimants received benefits whose reasons for involuntary separation indicated separation reasons were for voluntarily quitting without good cause and discharge for misconduct.

EDD should resume its adjudication process to support eligibility determinations and reduce the risk of unemployment insurance benefit payments being made to ineligible claimants.

Status of Corrective Action: Remains Uncorrected. From the beginning of the pandemic in March 2020 through mid-January 2021, EDD was forced to suspend the adjudication of most potential eligibility issues due to the historic number of claims filed during the pandemic, limited trained staffing resources, and the need to ensure timely filing of claims and payment of benefits to the extent possible.

EDD resumed adjudicating all potential eligibility issues as of January 2021. EDD is also currently adjudicating the potential eligibility issues not adjudicated prior to January 2021, and expects to complete efforts no later than September 2022.

Refer to finding 2021-006.

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Reference Number: **2020-005**

Assistance Listing Number: 17.225

State Administering Department: California Employment Development Department (EDD)

Audit Finding: Eligibility. During the fiscal year ended June 30, 2020, in addition to the regular UI program, EDD implemented the Pandemic Unemployment Assistance (PUA) program under the CARES Act for COVID-19 relief in unemployment compensation. Claimants eligible for PUA will also receive additional weekly benefits from the Federal Pandemic Unemployment Compensation (FPUC) program of \$600 up until July 31, 2020. Out of 138 PUA benefit payments tested, there were 7 benefit payments to claimants determined to be potentially fraudulent.

Data analysis of benefit payments made during fiscal year 2019-20 in regards to multiple claimants using the same address resulted in 16,791 addresses with 5 or more claimants using the same address.

EDD should look for ways to enhance its fraud prevention and detection efforts by utilizing other databases or state agencies to verify claimants' information, and increase the use of automation features and other analytical tools in an effort to reduce workload. In addition, EDD should implement policies and procedures to strengthen internal controls that might better prevent and detect fraudulent activities.

Status of Corrective Action:

Remains Uncorrected. As with all other states nationwide, EDD experienced an increase in fraudulent activity during the pandemic, especially related to the new federal PUA program. In addition to employing the fraud detection activities, EDD already had in place, which included but were not limited to cross-matches with Social Security Administration data and California Department of Motor Vehicle records, as well as regular queries to identify claims containing known indicators of potential fraud. EDD has taken action to implement additional measures to identify potential fraudulent activity not already being detected to stop individuals committing fraud from being paid unemployment benefits.

To enhance the measures EDD already had in place when the pandemic started, during the years 2020 and 2021, EDD implemented the following major fraud prevention measures, which have enabled EDD to detect further instances of fraud and stop those individuals from being paid benefits.

Fraud Prevention Measure and Implementation Date:

1. Implementation of a cross-match to detect multiple claims filed using the same address. September 2020.
2. Implementation of ID.me, which requires claimants to verify their identity with ID.me before they can submit a UI claim application online. October 2020.
3. Implementation of an inmate cross-match with the California Department of Corrections and Rehabilitation to detect incarcerated individuals. November 2020.
4. Utilization of the Thomson Reuters (TR) identity proofing and authentication platform to conduct a fraud analysis of all unemployment claims, which helps identify both identity and non-identity fraud. December 2020.

Further, EDD continues to work in concert with a state-led task force comprised of state and local agencies to support unemployment fraud investigation, and with the Governor's Office appointment of a Fraud Special Counsel that brings former U.S. Attorney and federal prosecutor experience. Additionally, EDD's Investigation Division is directly involved

in hundreds of joint criminal Investigations with local, state, and federal law enforcement entities in an ongoing effort to identify and prosecute the individuals who participated in fraud schemes during the pandemic.

Moving forward, EDD is also implementing the National Association of State Workforce Agencies Integrity Data Hub (IDH) toolset and will continue to look for ways to enhance EDD's detection and prevention tools to protect against fraud in the unemployment program.

Refer to finding 2021-004.

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|                                 |   |
|---------------------------------|---|
| Reference Number:               | <b>2020-006</b>   |
| Assistance Listing Number:      | 17.225  |
| State Administering Department: | California Employment Development Department (EDD)  |
| Audit Finding:                  | <p><u>Eligibility.</u> During the fiscal year ended June 30, 2020, EDD implemented the PUA program under the CARES Act for COVID-19 relief in unemployment compensation. Upon receipt of a PUA claim, EDD would verify wages reported to ensure accurate weekly benefit amounts under PUA and FPUC programs. Out of 138 PUA benefit payments tested, 68 benefit payments were made without verifying the wages of claimants.</p> <p>EDD should continue to look for ways to enhance its capacity for performing eligibility reviews regarding wages and to increase automation features and other analytical tools in an effort to reduce the workload of its eligibility workers.</p>  |
| Status of Corrective Action:    | <p><u>Remains Uncorrected.</u> Since the beginning of the pandemic in March 2020, EDD has continued to face many challenges in processing unemployment claims workloads given the historic number of claims filed, which were beyond even the worst of recessions, as well as the limited trained staffing resources to work these workloads. EDD has been increasing capacity to process and prioritizing workloads with the primary focus on ensuring that timely payments of benefits are made to the extent possible. The workloads include those associated with the regular UI claims, as well as the multiple federal pandemic programs, including the PUA program. The PUA income verification workload is one such workload.</p> <p>In November 2020, EDD implemented programming to perform an automated cross-match of EDD wage records and records available from the California Franchise Tax Board to assist in verifying the income of PUA claimants who received a weekly benefit amount greater than the minimum \$167 available in California. EDD uses this automation to the extent possible to</p> |

verify income to support the increase in claimants' weekly benefit amount and limit the amount of staffing resources required to process this work. For the claims that EDD cannot verify through this automated cross-match process, the claimants were required to submit documents to substantiate their income, which must be reviewed by staff. EDD has continued to prioritize the review of these documents among the other workloads that need to be completed, such as the retroactive eligibility determination workload. Due to competing workload priorities, EDD does not have a timeframe to process this PUA income verification directive. However, EDD will submit additional blanket waiver considerations to the U.S. Department of Labor that will benefit the population associated with this workload.

Refer to finding 2021-005.

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Reference Number: **2020-007**

Assistance Listing Numbers: 93.767  
93.778

State Administering Department: California Department of Health Care Services (Health Care Services)

Audit Finding: Activities Allowed or Unallowed. Fifteen of 56 contractor counties of Short-Doyle funding were tested and 6 had not submitted their cost reports by the December 31 due date. One of the six contractor counties had not submitted its cost reports for fiscal years 2017-18 (more than 22 months late) and 2018-19 (more than 10 months late), and five of the six contractor counties had not submitted their cost reports for 2018-19. Four of those five contractor counties have subsequently submitted their cost reports for 2018-19.

Although the Mental Health Division of Health Care Services took the required action of notifying the six contractor counties in writing within 30 days of the noncompliance, it has not taken any additional action necessary to ensure contract and performance compliance.

Health Care Services should develop and follow policies and procedures to take additional action for significantly late annual cost reports. These policies and procedures should include imposing sanctions, including, but not limited to, fines, penalties, the withholding of payments, probationary or corrective actions, or any other actions deemed necessary to promptly ensure contract and performance compliance.

Status of Corrective Action:

Partially Corrected. Health Care Services Health Care Financing, Health Care Delivery Systems, and Behavioral Health programs will work to develop comprehensive sanction policies for the managed care and behavioral health delivery systems. All Plan Letters and Behavioral Health Informing Notices will be used to communicate these policies to counties and managed care plans. Further, Health Care Services will develop a network adequacy sanction policy followed by a contract compliance sanction policy. The findings in A-09-22-59545 will fall under contract compliance. Please note, Health Care Services is implementing California Advancing and Innovating Medi-Cal Behavioral Health Payment Reform initiative on July 1, 2023, which will eliminate the cost reconciliation process and render this issue moot. The sanctions policy for timely submission of cost reports will only be valid for the remaining fiscal years still subject to cost reconciliation. Lastly, evidence/samples from the Mental Health Division will be provided by October 31, 2022.

Refer to finding 2021-008.

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Reference Number:

**2020-008**

Assistance Listing Numbers:

93.767  
93.778

State Administering Department:

California Department of Health Care Services (Health Care Services)

Audit Finding:

Eligibility. Out of 160 Medi-Cal beneficiaries and Children’s Health Insurance Program beneficiaries tested, there were 17 beneficiaries with instances in which redeterminations had not been performed within a year. Additionally, in 2018, reports from the U.S Department of Health and Human Services, Office of Inspector General, and California State Auditor highlighted payments made to ineligible and potentially ineligible beneficiaries.

Health Care Services should continue looking for ways to enhance the functionality of the California Healthcare Eligibility, Enrollment, and Retention System for application and eligibility redetermination for those individuals who are eligible on a Modified Adjusted Gross Income-basis and to increase the use of automation features in an effort to reduce workload for eligibility caseworkers. In addition, Health Care Services should continue its practice of conducting regular focus reviews on county welfare agencies to identify factors contributing to the delays and errors in the redetermination process such as misinterpretations of policies, systems issues, business practices, etc., and then work with county welfare agencies to provide appropriate training and/or creating corrective action plans.

Health Care Services should continue with the quality control process used to monitor all critical and urgent level Health Care Services' Medi-Cal Eligibility Data System (MEDS) alerts to be able to quickly identify county welfare agencies that are not resolving MEDS alerts in a timely manner. Health Care Services should continue its efforts to incorporate into the MEDS alert functionality the ability to alert county welfare agencies when eligibility redeterminations are required or overdue. Health Care Services should then work directly with those county welfare agencies that are not performing eligibility redeterminations in a timely manner and who may not be correctly verifying eligibility through training and site visits to implement policies and procedures to improve their compliance status.

Status of Corrective Action:

Partially Corrected. Due to the public health emergency (PHE), Health Care Services suspended efforts until one year after the termination of the PHE, currently estimated to be July 2023. This allows counties the opportunity to direct all resources to federally mandated activities related to the PHE unwind. In addition, since the U.S. Centers for Medicare and Medicaid Services (CMS) directed states to suspend negative actions on Medi-Cal eligibility and the annual redetermination process, any reviews of eligibility determinations would not be useful in identifying problematic areas. Twelve months following the PHE's termination, Health Care Services will resume focus reviews and the corrective action process. Health Care Services will leverage focus reviews to identify the causes of overdue redeterminations and work with counties to implement corrective measures to reduce the occurrences.

Health Care Services performs focus reviews on counties to identify factors, such as training issues, misinterpretation of policy, systems issues, and business practices, contributing to delays/error in renewal processing. Depending on the outcome of each review, counties may be required to submit a Corrective Action Plan (CAP).

The CAP must include:

1. A timeframe for the development and implementation of policies/procedures to address the issues identified.
2. How the policies/procedures, once implemented, will reduce similar occurrences in future renewals.

Health Care Services allots the county six months after the date the CAP is implemented to demonstrate improvement, and follows up with the county on a regular basis to affirm the policies/procedures implemented are effective. If sufficient improvement is not seen, counties will be required to amend the CAP. Health Care Services then performs a subsequent review within a year after the original review.

Health Care Services continues to conduct regular focused reviews of counties to ensure eligibility determinations are performed in accordance with federal/state regulations. Through the course of the reviews, Health Care Services staff confirm the following:

- The appropriate documents, manual and/or electronic, were received prior to the completion of the eligibility determination.
- All required data elements were electronically and/or manually verified prior to the completion of eligibility determinations.
- Eligibility systems are updated with current information, and used appropriately in eligibility determinations.
- Applicant information is correctly entered into eligibility systems (data entry errors).
- Eligibility determinations are performed for only individuals who request an evaluation for eligibility to health insurance programs.
- All documents used in the eligibility information are:
  - o Appropriately retained in the case file.
  - o Received in the last 12 months.
  - o Used appropriately in the eligibility determination.
  - o Confirms eligibility to the assigned aid category.

The reviews are used to identify:

- Error trends attributed to caseworker actions.
- Errors trends related to systems issues.
- Gaps in policy which need further clarification and/or guidance.

Upon implementation of the Focus Review Monitoring program, which was developed in response to external audit findings to identify business and operational issues at the county level, which contribute to issues with eligibility determinations, Health Care Services selected counties based on the population size. Counties with the highest population were reviewed first, since high-population counties are responsible for the majority of determinations made statewide. Health Care Services plans to review each county on a biennial basis once an initial review is performed in all 58 counties.

Health Care Services completed a focus review for the following counties:

Alameda, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Kern, Kings, Lake, Los Angeles, Madera, Marin, Mendocino, Merced, Monterey, Napa, Orange, Placer, Plumas, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin,

San Luis Obispo, Santa Barbara, Santa Clara, Shasta, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tulare, Tuolumne, Ventura, Yuba, and Yolo.

Health Care Services had reviewed the 39 counties listed above and had planned to review the remaining 19 counties listed below by December 31, 2020.

Alpine, Amador, Butte, Del Norte, Glenn, Humboldt, Imperial, Inyo, Lassen, Mariposa, Modoc, Mono, Nevada, San Benito, San Mateo, Santa Cruz, Sierra, Tehama, and Trinity.

Due to the COVID-19 pandemic, Health Care Services temporarily suspended the 2020 site visits and focus reviews. Health Care Services will resume efforts upon termination of the COVID-19 pandemic.

Health Care Services will not move forward with implementing system alerts to notify counties of past due renewals and track the number of months since the last renewal. DHCS will leverage focus reviews to identify the causes of overdue renewals, and work with counties to implement corrective measures to reduce the occurrences.

Health Care Services continues to work with business partners to enhance the California Healthcare Eligibility, Enrollment, and Retention System functionality on an as-needed basis, and add additional features to increase automation of the Medi-Cal eligibility application and renewal process, to the extent possible.

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Reference Number:

**2020-009**

Assistance Listing Number:

93.917

State Administering Department:

California Department of Public Health (Public Health)

Audit Finding:

Eligibility. Out of 60 individuals reviewed, 11 individuals did not submit all required documentation, including medical reports to support a positive HIV/AIDS diagnosis or income documentation to verify their annual Modified Adjusted Gross Income did not exceed 500 percent Federal Poverty Level based on household size and income. Three of these individuals were placed on a temporary access period without meeting the necessary eligibility requirements. Pharmaceutical rebate funds were utilized during the temporary access and extension periods for all 11 individuals.

The AIDS Drug Assistance Program (ADAP) Branch should continue to monitor compliance with its policies to ensure enrollment workers and secondary reviews of ADAP



applications follow the established guidelines and retain acceptable documentation to support eligibility determinations. Applications that have been granted an eligibility exception (i.e., Temporary Access Period, Medi-Cal Eligibility Exception Request, or Eligibility Exception Request) should be reviewed in a timely manner to ensure clients who do not provide the required documentation within the approved extension period are disenrolled in a timely manner.

Status of Corrective Action:

Partially Corrected. Public Health's Office of AIDS (OA) will work to meet the auditor's recommendation by continuing to monitor compliance with established policies to ensure enrollment workers and secondary reviews of ADAP applications follow the guidelines and retain acceptable documentation to support eligibility determinations. Additionally, the ADAP Eligibility and ADAP Fiscal Forecasting, Evaluation, and Monitoring Section will work with Public Health's ADAP enrollment system development contractor to implement the necessary reporting mechanism to identify ADAP clients who receive eligibility extensions to ensure that a more in-depth analysis of eligibility can be determined.

In response to the audit finding, the OA has developed additional internal quality assurance (QA) processes to ensure that secondary reviews of ADAP applications are consistently enforcing the existing guidelines, including acceptable supporting documentation and accurate eligibility determinations. These new QA processes were implemented starting in April 2022. Additionally, the OA has been working with the ADAP enrollment system developer to design better reporting mechanisms, which will aid in identifying and analyzing ADAP clients who have had various types of eligibility extensions. This enhanced reporting feature is currently under development, and is set to be completed in May 2022. Based on the above, OA is on target for implementation of the corrective action plan by June 2022.

Refer to finding 2021-011.

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Reference Number:

**2020-010**

Assistance Listing Number:

93.558

State Administering Department:

California Department of Social Services (Social Services)

Audit Finding:

Subrecipient Monitoring. A component of Social Services process for monitoring the county welfare departments, or subrecipients, is conducting on-site reviews of active case files to ensure the accuracy of data used by the subrecipients for determining the work participation rates in accordance with the state's Work Verification Plan. Three out of twenty-one on-site

reviews conducted by the Performance Monitoring and Research Bureau (Bureau) were tested and noted there were no internal controls in place to support that the Bureau performed the necessary follow-up procedures regarding the identified deficiencies from the on-site monitoring reviews and whether appropriate corrective action was taken by the subrecipients.

The Bureau should strengthen existing policies and procedures, which should require specific corrective action be taken by the subrecipients for any identified deficiencies concerning work participation rate data. Such corrective action should be communicated directly to the subrecipients via the Bureau's established Review Findings Report. Furthermore, the Bureau should establish a formal process for following-up with the subrecipients to verify whether corrective action was implemented.

#### Status of Corrective Action

Fully Corrected. Social Services is in process of implementing final changes to the case file review procedure as noted in corrective action plan item number 1 reported in the 2019-20 Single Audit Report. Integrated work participation rate/activity questions for subrecipient counties as part of the formal review process will begin next fiscal year 2022-23. Social Services has already implemented changes as described in corrective action plan item number 2 as part of the Work Participation Rate review process for the 2019-20 fiscal year. As the corrective action plan item number 3 just launched in July 2021, the Continuous Quality Improvement (CQI) process will be on-going throughout a five-year cycle and therefore has already been implemented.

In addition to the implementation of the three items described in the corrective action plan reported in the 2019-20 Single Audit Report, Social Services submitted a reasonable cause justification for not meeting the two parent work participation rates in 2019-20 as a result of the pandemic. The Administration for Children and Families (ACF) responded and granted California reasonable cause and therefore a fiscal penalty will not be imposed on California for 2019-20. Social Services will submit a similar request for both 2020-21 and 2021-22 as ACF has shared with states that this flexibility will be granted throughout the current state of emergency. This will also result in a no penalty pass-on to counties who are encouraged to address basic needs of families during the pandemic, leveraging good cause over individual work participation rate.

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Reference Number: **2020-011**

Assistance Listing Number: 93.558

State Administering Department California Department of Social Services (Social Services)

**Audit Finding:** Subrecipient Monitoring. The Office of Audit Services (OAS) of Social Services facilitates the process for monitoring counties that meet the threshold set forth in §200.501 Audit Requirements. Completed subrecipient Single Audit Reports received by OAS from the State Controller’s Office (SCO) are sent to the responsible Social Services division to issue management decisions and follow-up with the subrecipient for any findings and corrective actions. Five out of 38 subrecipient Single Audit Reports received by Social Services for the fiscal year were tested, and for 4 of the Single Audit Reports tested, Social Services did not issue a management decision within six months of the subrecipients single audit acceptance by the Federal Audit Clearinghouse.

Social Services should implement policies and procedures which provide assurance that management decisions are issued within six months after receipt of the subrecipients audit report.

**Status of Corrective Actions** Fully Corrected. To resolve this finding, OAS has hired a dedicated supervisor and a Single Audit Coordinator to manage and facilitate the Single Audit Report review process. Additionally, OAS has updated its procedures and increased the number of program follow-up activities to ensure:

- Single Audit Reports received from the SCO are reviewed timely.
- Management Decision Letters (MDL) sent to the respective program areas state a due date one week prior to SCO's due date to ensure the program area sends the MDL to OAS timely.

Refence Number: **2020-012**

Assistance Listing Numbers: 93.767  
93.778

State Administering Department California Department of Health Care Services (Health Care Services)

Special Tests and Provisions – Refunding of Federal Share of Medicaid/CHIP Overpayments to Providers. There was a difference of \$51,947,058 between the overpayment report (MCC-R-032) of \$152,314,213 and the CMS-64 report of \$100,367,155 for the second quarter of the 2019-20 fiscal year. In addition, all 15 Children’s Health Insurance Program (CHIP)

overpayments tested did not reflect the correct federal share (Federal Financial Participation or FFP rate).

Health Care Services should have a process in place to ensure the reports are not generated prematurely so that the correct amounts are reported on the CMS-64.

Health Care Services should update the system to assign the appropriate FFP rate for each overpayment. With this implementation, CHIP overpayments can be appropriately identified with the correct FFP rate and reported on the CMS-21.

Status of Corrective Action:

Partially Corrected. Prior to the audit finding, in August 2021, a manual adjustment was processed by Health Care Services to return the \$25,973,529 federal share for the Medicaid program via Line 10C on the CMS-64 within the March 2021 Quarter.

The \$26,719 federal share for the Children’s Health Insurance Program was returned by Health Care Services via Line 3 on the CMS-21, by manual adjustment, which is included within the reporting for the March 2022 Quarter.

Third Party Liability and Recovery Division continues to pull the finalized Consolidated Omnibus Budget Reconciliation Act (COBRA) reports to ensure the report is not pulled prematurely, and reports the overpayment amounts to Accounting for CMS reporting.

Supporting documentation, maintained by Health Care Services, demonstrates the successful implementation of System Development Notice (SDN) 20039. Effective September 1, 2021, SDN 20039 made updates to the Claims Processing Accounts Receivable System and COBRA reports, allowing Health Care Services to report the correct FFP rate for overpayments on the CMS-64 and CMS-21.

Refer to finding 2021-015.

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Reference Number:

|          |   |
|----------|---|
| 2019-001 | Fully Corrected                                 |
| 2019-003 | Partially Corrected – refer to finding 2021-008 |
| 2019-005 | Partially Corrected – refer to finding 2021-010 |
| 2019-006 | Partially Corrected – refer to finding 2021-011 |
| 2019-007 | Fully Corrected                                 |

## **Department of Finance Response Letter**

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**Gavin Newsom** ■ **Governor**

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ [www.dof.ca.gov](http://www.dof.ca.gov)

Transmitted via e-mail

June 19, 2024

Macias Gini & O'Connell LLP  
500 Capitol Mall, Suite 2200  
Sacramento, CA 95814

Thank you for the opportunity to respond to the federal compliance audit report for the fiscal year ended June 30, 2021. This report was the result of your examination of the State's administration of federal programs and will be included in the Single Audit Report for this period. California is committed to ensuring all its state entities implement effective accounting, reporting, and operational practices. State entities with findings and recommendations provided responses directly to Macias Gini & O'Connell LLP (MGO). The attached responses and corrective action plans are compiled by MGO and provided to Finance, and include additional findings than the previously issued report dated March 23, 2023. Finance will remind state entities of their responsibility for implementing corrective actions.

Finance appreciates MGO's efforts in completing California's Single Audit. If you have any questions concerning this letter, please contact Cheryl L. McCormick, Chief, Office of State Audits and Evaluations, at (916) 322-2985.

Sincerely,

JOE STEPHENSHAW  
Director

Enclosure

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# **Management's Response and Corrective Action Plan**

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**STATE OF CALIFORNIA  
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Reference No. 2021-003:

The Women, Infants, and Children Division (WIC) of the California Department of Public Health (Public Health) agrees that the WIC WISE system does not currently store eligibility history that should be included in the "Cert History Report." Currently, the initial eligibility data is overwritten when subsequent eligibility information is keyed into WIC WISE.

WIC WISE does include preventative internal stops or check points that do not allow ineligible individuals to be certified and issued benefits (e.g., over income, not a CA resident, no nutrition risk factor, etc.). User acceptance testing vetted these items prior to system implementation.

The certification history condition will be remediated via a system Defect Correction to WIC WISE. WIC has entered Defect Correction #6972 in Team Foundation Services (TFS), the tracking system used to capture system changes and defects. This correction is included in a release that is currently being tested and is targeted for release into production by May 2023. The defect supports a system change to ensure initial eligibility information is retained when subsequent eligibility information is entered into WIC WISE.

Estimated Implementation Date: May 2023

Contact: William Welch, Assistant Division Chief, Operations  
Women, Infants, and Children Division  
California Department of Public Health

Reference No. 2021-004:

Since fiscal year 2020-21, EDD has implemented dozens of strict anti-fraud measures to continue to evaluate and enhance its fraud detection. These measures, described in last year's response to finding Reference Number 2020-005, included, but were not limited to, cross matching claimant information against law enforcement and government databases and implementing rigorous new identity verification procedures. As a result, EDD caught and stopped multiple fraud attempts starting in September 2020.

As previously described, EDD implemented the following measures to address the nationwide fraud attempts perpetrated against the new emergency federal benefit programs in 2020-21:

- Implemented additional cross-matches in September 2020 to detect multiple claims per address.
- Ceased automatically backdating Pandemic Unemployment Assistance (PUA) claims under federal rules in September 2020.
- Strengthened identity verification procedures in October 2020 by implementing ID.me.
- Implemented additional cross-matches in November 2020 against state inmate information.
- Vetted applications against law enforcement databases and other tools provided by Thomson Reuters in December 2020 to further curb identity and non-identity fraud.
- Established a 1099-G call center to help victims of identity theft deal with any tax-related questions.
- Ceased printing Social Security numbers on mailed documents to reduce identity theft risk.
- Enhanced benefit card security with Bank of America.
- Partnered with state, local and federal law enforcement agencies to support thousands of criminal investigations, arrests, prosecutions and convictions.

The EDD will continue to evaluate and enhance the fraud detection/prevention tools that have been put in place.

Estimated Implementation Date: September 2020

Contact: Diane Underwood, Division Chief  
Unemployment Insurance Branch  
California Employment Development Department

Reference No. 2021-005:

Given the unprecedented volume of unemployment insurance claims during the federal disaster - approximately 20 million claims compared to 3.8 million during the Great Recession - EDD took action to speed payments to eligible claimants whenever possible. For example, EDD launched in July 2021 a Conditional Payment Program to speed payments to claimants who certified for benefits and already received at least one week of benefits in the past but whose payments were later pending for more than two weeks. EDD also boosted its capacity to process workloads, prioritized timely payments, and employed automation among other measures.

As reported in Reference Number 2020-006 in fiscal year 2019-2020, EDD began automatically cross-matching EDD wage records and Franchise Tax Board (FTB) records in November 2020 to assist in verifying the income of PUA claimants. Claimants who could not be automatically verified through the FTB wage record match were required to submit additional documentation to EDD for a manual review.

Regarding the manual processing of the income documents to substantiate the PUA weekly benefit amounts that have been increased above the minimum California weekly benefit amount (WBA) of \$167, in June 2022, the EDD submitted a blanket waiver application to the U.S. Department of Labor (DOL), pursuant to the DOL Unemployment Insurance Program Letter 20-21, Change 1. EDD's application is pending the DOL's determination. If approved, our blanket waiver application would cover any overpayments for claimants who, through no fault of their own, failed to provide proof of income substantiation to support the increase or whose WBA will be decreased because the proof they provided was insufficient.

Regarding the verification of employment or self-employment substantiation (known in California as "Self-employment/Employment Substantiation" or "SEES"), this verification process is being implemented in two phases. Phase 1 of the SEES effort was implemented on November 10, 2021, and involved notifying claimants registered in California's UI Online (UIO) system by email and text of their requirement to provide SEES documentation. Phase 2 will involve notifying claimants who did not respond to the UIO request for SEES documentation, and those who are not registered in UIO, via a paper notice mailed through the United States Postal Service (USPS). EDD submitted a blanket overpayment waiver application in June 2022 to DOL regarding this issue. EDD will assess further implementation based on the DOL's decision. If approved, our blanket waiver application would cover any overpayments for claimants who, through no fault of their own, provided insufficient documentation or did not provide any documentation.

Estimated Implementation Date: To be determined once the DOL provides a decision on the waiver application.

Contact: Diane Underwood, Division Chief  
Unemployment Insurance Branch  
California Employment Development Department

Reference No. 2021-006:

The EDD resumed adjudicating all potential eligibility issues as of January 2021 and will complete any remaining retroactive workload by April 30, 2023.

Estimated Implementation Date: January 2021

Contact: Diane Underwood, Division Chief  
Unemployment Insurance Branch  
California Employment Development Department

Reference No. 2021-007:

California Business, Consumer Services and Housing Agency (BCSH)

The California Interagency Council on Homelessness (Cal ICH), an entity under the BCSH, would like to acknowledge a finding from the fiscal year 2020-21 Statewide Federal Compliance Audit of the State of California. This audit finding identifies lack of communication of required subaward information to Cal ICH subrecipients of the Coronavirus Relief Fund (CRF) program at the time of the subaward, or when the State became aware of changes in subaward information, including identification that the subaward funds represented federal funding.

Cal ICH agrees with this finding and the recommendation to review all subawards provided which were funded using CRF program funds and determine whether the subrecipients properly reported their CRF awards and related expenditures in their respective schedule of expenditures of federal awards pursuant to [Title 2 Code of the Federal Regulations 200.502](#). Additionally, while formal communication identifying that the subaward fund represented federal funding was not provided, many informal conversations were had with CRF grantees. These conversations were held during bi-weekly online Office Hours and through one-on-one calls with individual subrecipients and discussions of the substitution of federal awards with grantees originally provided with State funds could have occurred.

Cal ICH will conduct review of the CRF subawards during mandatory desk reviews to verify that subrecipients properly reported their CRF awards and that expenditures of the federal awards were made pursuant to [Title 2 Code of Federal Regulations 200.502](#). Additionally, Cal ICH has developed an improved communication system between leadership and program staff that will ensure changes are clearly communicated. This will also ensure the Council's subrecipients are notified in a timely manner upon any changes in subaward information, such as identifying if subaward funds represent federal funding so that expenditures are spent in accordance with Federal statutes, regulations, and the terms and conditions of federal awards.

Additionally, if in the future funding is changed, CDE will provide updated information to all recipients; this will ensure that expenditures are in line with the terms and conditions of the grant and/or funding source.

Estimated Implementation Date: May 2023

Contact: Ellen Meuchel, Monitoring Unit  
Cal ICH Grant Operations and Support

### California Department of Education

Concur. Education will review the relevant subawards funded under the CRF program and determine whether the subrecipients properly reported their CRF awards pursuant to 2 CFR 200.501.

Estimated Implementation Date: July 31, 2023

Contact: Kelly Levario, External Audits Coordinator  
Audits and Investigations Division

### California Department of Social Services

The California Department of Social Services (CDSS) acknowledges the Single Audit finding regarding the delayed communication of subaward information to the Department's subrecipients of the Coronavirus Relief Fund (CRF) program. On December 21, 2022, CDSS released [County Fiscal Letter 22/23-31](#) on the subject of "Federal Coronavirus Relief Funds That Replaced General Fund for COVID-19 Related Activities for Fiscal Years 2019-20 and 2020-21" to County Welfare Departments (CWDs) and federally recognized Tribal governments in California. This letter served as a formal documentation of the portion of expenditures that were funded with federal CRF.

Additionally, although formal notice was not provided until December 21, 2022, informal notices and conversations took place between CDSS and the County Welfare Directors Association, as well as with CWDs, regarding possible situations in which the substitution of federal awards with grants originally provided with State funds could occur. On September 21, 2021, CDSS sent a notice to subrecipients requesting for their Data Universal Number System for the purpose of CRF federal subawards; thereby, communicating the use of CRF on the subrecipients' behalf.

CDSS will conduct a review of the CRF subawards during on-site fiscal monitoring reviews to verify that subrecipients properly reported their CRF awards and that expenditures of the federal awards were made pursuant to [Title 2 Code of Federal Regulations 200.502](#). Moreover, CDSS will ensure that the Department's subrecipients are notified in a timely manner upon any changes in subaward information, such as identifying if subaward funds represent federal funding so that expenditures are spent in accordance with Federal statutes, regulations, and the terms and conditions of federal awards.

Estimated Implementation Date: April 2023 through June 2024

Contact: Elisa Tsujihara, Chief  
Fiscal Policy and Analysis Bureau

### Reference No. 2021-008:

Health Care Services agrees with the recommendation and implemented corrective action by October 31, 2022.

Health Care Services, or DHCS, published Behavioral Health Information Notice (BHIN) 22-045 which outlines Health Care Services sanctions policy. The BHIN states "Under state and federal law DHCS must enforce compliance with the terms of the DHCS' contracts with Mental Health Plans and Drug Medi-Cal Organized Delivery System counties, as well as ensure compliance with applicable state and federal laws and regulations, in accordance with its authority and obligations under state and federal requirements." Lastly, under the section titled 'Exhibit A - Attachment 3' of the County Mental Health Plan Contract counties are required to submit cost reports timely which would allow Health Care Services to impose sanctions on counties who do not submit cost reports in a timely manner. This BHIN resolves the finding.

Additionally, Health Care Services will not be collecting cost reports for dates of service after State Fiscal Year 2022-23. Under the California Advancing and Innovating Medi-Cal (CalAIM) initiative, and pursuant to Welfare and Institutions Code, Section 14184.403(b), Health Care Services will replace the current Certified Public Expenditures (CPE) reimbursement methodology with an intergovernmental transfer (IGT) reimbursement methodology. The IGT reimbursement methodology will make a single and final payment for services provided to the county, which includes the non-federal portion of the claims. This change will eliminate the requirement for the county submission of cost reports.

Estimated Implementation Date: October 31, 2022

Contact: Wendy Griffe, Chief  
Internal Audits  
California Department of Health Care Services

Reference No. 2021-009:

Office of AIDS (OA) agrees with the finding and has implemented solutions to meet the auditor's recommendation. OA has already taken steps to remedy the issue by using its Support Branch to realign staff and responsibilities to allow for a greater focus on fiscal reporting and invoice processing. The Care Branch has also put an increased emphasis on tracking and reviewing invoices for payment to prevent similar delays. Subsequently, the Ryan White Grant closeouts had all invoices processed and paid prior to the Federal Financial Report closeout deadlines to ensure that drawn cash for invoices was not held for extended timeframes.

Estimated Implementation Date: July 1, 2021

Contact: Joseph Gonzales, Branch Chief  
Office of AIDS Support Branch  
California Department of Public Health

Reference No. 2021-010:

Health Care Services agrees with the finding. The U.S. Centers for Medicare and Medicaid Services (CMS) has confirmed the continuous enrollment requirement is now delinked from the Public Health Emergency (PHE) in the Consolidation Appropriations Act of 2023, (enacted December 29, 2022), which ends on March 31, 2023. Health Care Services will begin the continuous coverage requirement unwinding activities, including the resumption of renewals, on April 1, 2023. Per the current county oversight timeline established within the California Advancing and Innovating Medi-Cal (CalAIM) implementation timeline, the resumption of oversight and monitoring activities shall begin 14 months after the onset of continuous coverage requirement unwinding activities; therefore, the new implementation date to initiate these activities is May 1, 2024.

Estimated Implementation Date: May 1, 2024

Contact: Wendy Griffe, Chief  
Internal Audits  
California Department of Health Care Services

Reference No. 2021-011:

The Office of AIDS (OA) agrees with the finding and recommendation. OA developed and implemented additional, internal quality assurance (QA) processes in April of 2022 to ensure that secondary reviews of AIDS Drug Assistance Program (ADAP) applications are consistently enforcing the existing guidelines, including acceptable supporting documentation and accurate eligibility requirements. During this audit period, and through December 2021, ADAP had issued multiple policy memos to respond to the COVID-19 pandemic, which enabled staff and enrollment workers to defer documentation collection, when necessary, to remain flexible and ensure clients impacted by the pandemic, and associated site closures, did not lose eligibility and access to life saving medications and comprehensive healthcare. These flexibilities in our guidelines were implemented based on guidance received from our federal funder, Health Resources and Services Administration (HRSA), which encouraged ADAPs to reassess their organization's eligibility and recertification policies and procedures, and remove any barriers that may impede social distancing, or other public health strategies, necessary to minimize COVID-19 transmission. This documentation deferral was terminated on December 31, 2021, and since January 1, 2022, full documentation and eligibility requirements have been enforced. This, combined with ongoing QA efforts, will help to mitigate future findings in ADAP applications dated January 1, 2022 onward.

Estimated Implementation Date: Already implemented as of April 2022

Contact: Sharisse Kemp, Branch Chief  
AIDS Drug Assistance Program Branch  
California Department of Public Health

Reference No. 2021-012:

The Department of Aging (Aging) is committed to rectifying this issue and coming into compliance with this reporting requirement effective now. Aging has reworked the roles and responsibilities within the Budget Operations Bureau to ensure that there is a dedicated staff person to enter all FFATA reporting within the required timeframe. This individual has been trained and made aware of the expectations. Aging has begun updating the FFATA records and will continue this effort through the month of March until all reporting has been completed. Moving forward, the dedicated staff person will update the FFATA for each new federal funding award within the required timeframe.

Estimated Implementation Date: March 2023

Contact: Kim Elliott, Chief Budget Officer  
Division of Administrative Services  
California Department of Aging

Reference No. 2021-013:

Health Care Services understands the finding that amounts identified in the single audit as Medicaid and CHIP “pass through payments to subrecipients” could be subject to the FFATA. Pursuant to Office of Management and Budget (OMB) Guidance, Title 2 of the CFR, Parts 170 and 200.1, and the OMB Compliance Supplement, a subrecipient is an entity “that receives a subaward from a pass-through entity to carry out part of a Federal award,” and a subaward “does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal Program.” Health Care Services will review current practices for managing subawards and payment classifications to ensure payments subject to FFATA are appropriately reported and update current practices as applicable by June 2024.



Estimated Implementation Date: June 2024

Contact: Wendy Griffe, Chief  
Internal Audits  
California Department of Health Care Services

Reference No. 2021-014:

Public Health agrees with the recommendation. We will establish formal procedures for conducting risk assessments of our subrecipients. Public Health will also develop and implement specific subrecipient monitoring procedures and establish a process for obtaining single audit reports from our subrecipients. Finally, we will develop a monitoring mechanism to track subrecipients' compliance with the single audit mandate.

Estimated Implementation Date: December 2024

Contact: Melissa Relles, Assistant Deputy Director  
Division of Operations  
Center for Preparedness and Response  
California Department of Public Health

Reference No. 2021-015:

Health Care Services agrees with the recommendation. Effective September 1, 2021, System Development Notice (SDN) 20039 made updates to the Claims Processing Accounts Receivable System, requiring the Fiscal Intermediary (FI) to record the FFP rate including the Budget Program (i.e., Medicaid Assistance Program vs. Children's Health Insurance Program) for each overpayment account receivable set up after the effective date. The FFP rate and Budget Program information for each overpayment is provided on the Action Notices to the FI. The SDN also made updates to the California Omnibus Budget Reconciliation Act of 1985 (COBRA) system to enable the system to receive the FFP rate and Budget Program information for each overpayment set up by the FI and updated COBRA reports, thereby allowing Health Care Services to report the correct FFP rate for overpayments on the CMS-64 and CMS-21.

Estimated Implementation Date: September 30, 2021

Contact: Wendy Griffe, Chief  
Internal Audits  
California Department of Health Care Services

Reference No. 2021-016:

Of the 20 claimants the auditor determined to be ineligible for Lost Wages Assistance (LWA) benefits, 17 were Pandemic Unemployment Assistance (PUA) claimants disqualified due to identity issues discovered through the EDD's new fraud enhancements outlined in the response to the finding for Reference Number 2021-003. The other three claimants were receiving regular Unemployment Insurance (UI) benefits (one claimant) and Pandemic Emergency Unemployment Compensation (PEUC) benefits (two claimants). Those three claimants were paid pending the adjudication of potential eligibility issues, which were later found to be disqualifying. EDD has corrected both issues that resulted in the LWA payments being made to ineligible claimants.

Regarding the issue of PUA claimants paid prior to the discovery of the potential identity issues, as outlined in the response to the finding for Reference Number 2021-003, during the years 2020 and 2021, the EDD implemented multiple new fraud prevention measures.

Regarding the issue of the regular UI and PEUC claimants being paid prior to the adjudication of the potential eligibility issues, the EDD resumed adjudicating all potential eligibility issues as of January 2021 and will complete the remaining retroactive workload by April 30, 2023.

Estimated Implementation Date:

September 2020 (Fraud Enhancements) and  
January 2021 (Resumption of Adjudications)

Contact:

Diane Underwood, Division Chief  
Unemployment Insurance Branch  
California Employment Development Department