

DEPARTMENT OF HUMAN SERVICES

**PRIOR AUDIT FINDINGS**

Federal Compliance Audit Findings:

**Finding No. 19000200801:**

Periodic certifications for employees working on a single federal program were not obtained in accordance with federal regulations.

Auditee's Corrective Action Plan:

Recommendation was implemented.

**Finding No. 19000200802:**

The Vocational Rehabilitation Program Cost Report (Form RSA-2) contained inaccurate information.

Auditee's Corrective Action Plan:

Recommendation was implemented.

**CURRENT AUDIT FINDING AND RECOMMENDATION**

Federal Compliance Audit Finding:

**Finding No. 19000200901:**

Expenditures reported as Medicare – Hospital Insurance were improperly included on the Schedule of Expenditures of Federal Awards.

*CFDA Title:* N/A

*CFDA Number:* N/A

*Federal Award Number:* N/A

*Federal Award Year:* N/A

*Federal Agency:* Department of Health and Human Services

*Type of Finding:* Significant Deficiency

*Category of Finding:* Reporting

Analysis:

OMB Circular A-133 section §\_\_\_\_.205 states:

- (h) Medicare. Medicare payments to a non-Federal entity for providing patient care services to Medicare eligible individuals are not considered Federal awards expended under this part.

DEPARTMENT OF HUMAN SERVICES  
(Continued)

The Department of Human Services accounted for patient care reimbursements from Medicare as a federal grant on the state's accounting system. Expenditures totaling \$3,265,707.24 recorded on the state's accounting system as Medicare – Hospital Insurance were incorrectly reported on the Schedule of Expenditures of Federal Awards. The Schedule of Expenditures of Federal Awards has been corrected.

RECOMMENDATION:

1. We recommend the Schedule of Expenditures of Federal Awards be prepared in accordance with OMB Circular A-133.

Auditee's Corrective Action Plan:

The Department of Human Services (DHS) agrees that federal Medicare expenditures for patient care services should not be reported on the Schedule of Expenditures of Federal Awards; and as such, our corrective action plan will be to assure that these expenditures are not included on future schedules.

However, the DHS disagrees that this is a "Significant Deficiency" under the "Reporting" category of findings. The DHS has included federal Medicare expenditures on the Schedule of Expenditures of Federal Awards for ten years. This schedule has been submitted annually and reviewed and audited by staff from the Department of Legislative Audit each year an audit has been conducted of DHS. There has been no communication or citation of non-compliance or an audit finding, written or oral, regarding DHS expenditure information submitted on our Schedule of Federal Awards.

The DHS does not consider this a material weakness or significant deficiency to warrant a written audit finding. In review of the most recent published Schedule of Expenditures of Federal Awards (FY2008), the Medicare expenditures of \$2,321,044 reported by DHS were 0.12% of the total state of South Dakota federal expenditures of \$1,807,844,711.