



State of Wisconsin FY 2014-15 Single Audit

Background

As a condition of receiving federal funds, state agencies must meet the audit requirements of the federal Single Audit Act of 1984, as amended, and of federal Office of Management and Budget Circular A-133. The Single Audit Act requires there to be one audit of federal grant programs. This audit also incorporates our annual audit of the State's financial statements, which were included in the [Comprehensive Annual Financial Report \(CAFR\)](#) issued by the Department of Administration (DOA). We performed the single audit for fiscal year (FY) 2014-15 at the request of state agencies that administered federal financial assistance. This audit also assists us in fulfilling our audit responsibilities under s. 13.94, Wis. Stats.

During FY 2014-15, [state agencies administered \\$12.0 billion in federal financial assistance](#), including \$10.6 billion in cash assistance; \$1.2 billion in noncash assistance, such as food commodities; and \$209.0 million in outstanding federal loan balances. We audited [24 federal programs](#) that accounted for 88.2 percent of the federal financial assistance administered by state agencies in FY 2014-15. We evaluated internal controls, tested for compliance with federal requirements, and followed up on findings from the [FY 2013-14 single audit \(report 15-2\)](#).

Audit Results and Key Findings

We provided [an unmodified opinion on federal compliance](#) for 23 of the 24 federal programs we reviewed but qualified our opinion on compliance with federal requirements for the Money Follows the Person Rebalancing Demonstration (MFP) program, which is administered by the Department of Health Services (DHS). Although state agencies generally complied with federal requirements, [we questioned nearly \\$2.0 million](#) in costs charged to federal programs.

We found:

- DHS inappropriately charged [\\$920,539 of unallowable costs to the MFP program](#) during FY 2014-15.
- DHS did not refer certain caregiver misconduct cases to the Medicaid Fraud Control and Elder Abuse Unit in the Wisconsin Department of Justice.
- The University of Wisconsin-Madison [did not reduce costs charged to federal awards by the amount of purchasing card rebates](#) it received and did not take these rebates into account when developing its indirect cost rate proposal.
- The State could have retained \$1.9 million for use directly on federal grant programs if DOA had [better monitored its centralized services balances and not lapsed funds](#) to the State's General Fund.
- DOA made incremental [improvements in its administration of certain housing and economic development programs](#). However, we remain concerned that we identified nine findings to report for FY 2014-15, many of which were repeat findings, and substantiated a report to our Fraud, Waste, and Mismanagement Hotline related to overall administration of federal funds provided by HUD.

Audit Recommendations

We made 29 recommendations to improve the administration of federal programs, including 10 new recommendations and 19 recommendations to address concerns from the prior single audit that remained unresolved. In addition, our report contains [4 internal control concerns](#) related to our [audit of the State's FY 2014-15 financial statements](#). Agency responses and corrective action plans are included in the report. The federal government will work with state agencies to resolve the concerns we identified.