



State of Wisconsin

FY 2018-19 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 the federal Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit Act requires there to be one audit of federal 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) 2018-19 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 2018-19, state agencies administered \$12.4 billion in federal financial assistance, including \$11.2 billion in cash assistance; \$945.8 million in noncash assistance, such as food commodities; and \$179.6 million in outstanding federal loan balances. We audited 16 federal programs that accounted for 51.2 percent of the federal financial assistance administered by state agencies in FY 2018-19. We evaluated internal controls, tested for compliance with federal requirements, and followed up on findings from the FY 2017-18 single audit (report 19-3).

Audit Results and Key Findings

We provided an unmodified opinion on federal compliance for 13 of the 16 federal programs we reviewed. We qualified our opinion on compliance related to cash management requirements for the other three federal programs. Although state agencies generally complied with federal requirements, we made nine recommendations to improve the administration of federal programs, including at DOA, the Department of Health Services (DHS), the Department of Military Affairs (DMA), and the Department of Public Instruction (DPI).

We found:

- DHS and DPI did not always minimize the time between when federal funds were requested and received and when the agencies disbursed funds for program purposes.
- DHS did not fully comply with federal regulations and state policies and procedures to ensure the security of information technology systems for the Medical Assistance Program.
- DMA could not demonstrate that extension requests were submitted for the National Guard Military Operations and Maintenance Projects program. As a result, we questioned a total of \$271,198 in expenditures.
- DOA and DMA did not have sufficient internal controls related to the preparation of certain federal reports.

Audit Recommendations

In addition to the nine recommendations we made to improve the administration of federal programs, we made five recommendations related to internal controls over financial reporting from our audit of the State's FY 2018-19 financial statements (report 19-30). Agency responses and corrective action plans are included in the report, and the federal government will work with state agencies to resolve the concerns we identified.



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