Report on the

# Single Audit of Federal Award Programs Performed in Accordance With the Single Audit Act Amendments of 1996 (Public Law 104-156) 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)*

## State of Alabama

## October 1, 2019 through September 30, 2020

**Filed: November 12, 2021**


# Department of Examiners of Public Accounts

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***Rachel Laurie Riddle, Chief Examiner***



**22-031**

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Rachel Laurie Riddle
*Chief Examiner*

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I submit this report on the Single Audit of Federal Award Programs Performed in Accordance with the Single Audit Act Amendments of 1996 (Public Law 104-156) and the audit requirements of Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements for Federal Awards*** (*Uniform Guidance*) for the State of Alabama for the period October 1, 2019 through September 30, 2020.

Respectfully submitted,

James E. Hall, CPA
Examiner of Public Accounts
State Audit Division Director

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22-031

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Department of Labor
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Department of Human Resources
Alabama Medicaid Agency

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Department of
# Examiners of Public Accounts

## SUMMARY

**Single Audit of Federal Award Programs**
**State of Alabama**
**October 1, 2019 through September 30, 2020**

This report presents the results of an audit of federal award programs administered by the State of Alabama contained in the Single Audit of the State of Alabama. This audit was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5A-12.

***Audit of General Purpose Financial Statements***

The audit of the State of Alabama General Purpose Financial Statements for the fiscal year ended September 30, 2020, which is a required component of a Single Audit, was issued by the Department of Examiners of Public Accounts as Report Number 21-241 on April 30, 2021. The audited Basic Financial Statements were included in the State of Alabama ***Annual Comprehensive Financial Report*** prepared and published by the Department of Finance. Included with the ***Annual Comprehensive Financial Report*** are the Independent Auditor's Report and a Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with ***Government Auditing Standards***, both of which are required by ***Government Auditing Standards*** for financial audits.

***Single Audit***

The Single Audit was performed in accordance with the requirements of the Single Audit Act Amendments of 1996 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*). The objective of the Single Audit was to determine whether the State of Alabama has complied with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. The audit was performed in accordance with generally accepted auditing standards and ***Government Auditing Standards***, issued by the Comptroller General of the United States.

This report is a statewide Single Audit report that includes federal award programs administered by state agencies. The Federal programs and administering agencies (component units of the State of Alabama) listed in the table below are not included in the Schedule of Expenditures of Federal Awards and were not included in our audit. These programs were audited in accordance with the *Uniform Guidance* by other auditors.

| Component Unit | Federal Program | CFDA Number | Federal Expenditures |
|---|---|---|---|
| Housing Finance Authority | Home Investment Partnerships Program | 14.239 | $ 9,560,858 |
| Housing Finance Authority | Housing Trust Fund | 14.275 | $ 63,354 |
| Water Pollution Control Authority | Capitalization Grants for Clean Water State Revolving Funds | 66.458 | $17,366,454 |
| Drinking Water Finance Authority | Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | $25,416,084 |

We have also excluded federal award programs administered by state-supported colleges and universities, which are a part of the financial reporting entity of the State of Alabama and included in the Basic Financial Statements. The Single Audits of the state-supported colleges and universities are performed and issued separately for each institution.

Material weaknesses in internal control were found during the audit of the Comprehensive Annual Financial Report. These findings are reported in Exhibit 2, the ***Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards***. Details of the findings and recommendations are included in the Schedule of Findings and Questioned Costs.

Significant deficiencies, a material weakness, and instances of noncompliance with the requirements of federal grant awards were found during the audit of federal award programs (Single Audit). These findings are reported in Exhibit 3, the ***Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***. Details of the findings and recommendations are included in the Schedule of Findings and Questioned Costs.

***Other Comments***

This report includes the following Single Audit schedules and reports required by the *Uniform Guidance*:

- Schedule of Expenditures of Federal Awards;
- Notes to the Schedule of Expenditures of Federal Awards;
- Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with ***Government Auditing Standards***;
- Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*;
- Schedule of Findings and Questioned Costs;
- Summary Schedule of Prior Audit Findings; and
- Auditee Responses/Corrective Action Plans.

The State of Alabama expended $14,994,758,708 in federal awards during the 2019-2020 fiscal year. Federal awards received and expended by state agencies are shown on the Schedule of Expenditures of Federal Awards (Exhibit 1). The federal programs are listed by federal grantor agency. The state agencies administering the programs are shown in a separate column.

***EXIT CONFERENCE***

At the completion of the audit, exit conferences were held with directors, chief financial officers and other staff of agencies that administered major programs. An Auditee Response/Corrective Action Plan for each agency with findings is included as Exhibit 6, Section II - Financial Statement Findings, and Exhibit 7, Section III - Federal Awards Findings and Questioned Costs.

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **DEPARTMENT OF AGRICULTURE** | | | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | $ 1,346,685 | | $ - | Agriculture and Industries |
| Conservation Reserve Program | 10.069 | 280,042 | | - | Forestry Commission |
| Aquaculture Grants Program | 10.086 | 2,077 | | | Agriculture and Industries |
| Market Protection and Promotion | 10.163 | 30,600 | | - | Agriculture and Industries |
| Specialty Crop Block Grant Program | 10.169 | 568,543 | | - | Agriculture and Industries |
| Trade Mitigation Program Eligible Recipient Agency Operational Funds | 10.178 | 1,006,000 | | 1,006,000 | Education |
| State Mediation Grants | 10.435 | 62,300 | | - | Agriculture and Industries |
| Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 10.475 | 1,527,836 | | - | Agriculture and Industries |
| **Supplemental Nutrition Assistance Program (SNAP) Cluster** | | | | | |
| Supplemental Nutrition Assistance Program | 10.551 | 1,407,199,305 | | - | Human Resources |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 53,732,456 | | - | Human Resources |
| Total SNAP Cluster | | 1,460,931,761 | | - | |
| **Child Nutrition Cluster** | | | | | |
| School Breakfast Program (SBP) | 10.553 | 53,608,604 | | 53,608,604 | Education |
| National School Lunch Program (NSLP) | 10.555 | 243,356,403 | 3A | 243,356,403 | Education |
| Special Milk Program for Children (SMP) | 10.556 | 11,988 | | 11,988 | Education |
| Summer Food Service Program for Children (SFSPC) | 10.559 | 22,241,631 | 3A | 21,920,564 | Education |
| Total Child Nutrition Cluster | | 319,218,626 | | 318,897,559 | |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 106,579,374 | 3B | 4,768,106 | Public Health |
| Child and Adult Care Food Program | 10.558 | 44,788,734 | | 44,469,878 | Education |
| State Administrative Expenses for Child Nutrition | 10.560 | 5,426,546 | | 1,637,494 | Education |
| **Food Distribution Cluster** | | | | | |
| Commodity Supplemental Food Program | 10.565 | 2,085,226 | 3A | 2,053,111 | Education |
| Emergency Food Assistance Program - Administrative Costs | 10.568 | 6,841,753 | | 6,830,569 | Education |
| Emergency Food Assistance Program - Food Commodities | 10.569 | 29,269,591 | 3A | 29,269,591 | Education |
| Total Food Distribution Cluster | | 38,196,570 | | 38,153,271 | |
| CACFP Training Grants | 10.536 | 97,768 | | - | Education |
| WIC Farmers' Market Nutrition Program (FMNP) | 10.572 | 1,171,558 | | - | Agriculture and Industries |
| Farm to School Grant Program | 10.575 | (523) | | - | Agriculture and Industries/Education |
| WIC Grants to States | 10.578 | 637,054 | | - | Public Health |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | 893,729 | | 379,783 | Education |
| Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants | 10.580 | 438,076 | | - | Human Resources |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| Fresh Fruit and Vegetable Program | 10.582 | 2,836,483 | | 2,827,042 | Education |
| Forestry Research | 10.652 | 340,136 | | - | Forestry Commission |
| Cooperative Forestry Assistance | 10.664 | 3,307,928 | | 2,392 | Forestry Commission |
| Schools and Roads - Grants to States | 10.665 | 1,511,129 | | 1,511,129 | Finance |
| Forestry Legacy Program | 10.676 | 61,108 | | - | Forestry Commission |
| Forest Health Protection | 10.680 | 70,445 | | 19,948 | Forestry Commission |
| Good Neighbor Authority | 10.691 | 48,569 | | - | Conservation and Natural Resources/Forestry Commission |
| Resource Conservation and Development | 10.901 | 34,666 | | - | Soil and Water Conservation Committee |
| Soil and Water Conservation | 10.902 | 17,790 | | - | Soil and Water Conservation Committee/Geological Survey |
| Watershed Protection and Flood Prevention | 10.904 | 854,100 | | | Soil and Water Conservation Committee |
| Environmental Quality Incentives Program | 10.912 | 347,087 | | - | Soil and Water Conservation Committee/Conservation and Natural Resources/Forestry Commission |
| Conservation Stewardship Program | 10.924 | 37,277 | | - | Soil and Water Conservation Committee |
| Regional Conservation Partnership Program | 10.932 | 32,770 | | - | Soil and Water Conservation Committee |
| Feral Swine Eradication and Control Pilot Program | 10.934 | 313,017 | | - | Soil and Water Conservation Committee |
| **Other Federal Assistance** | | | | | |
| National Animal Health Lab Network (NAHLN) Agreement | 10.Unknown | 675,390 | | - | Agriculture and Industries |
| Total Department of Agriculture | | 1,993,691,251 | | 413,672,602 | |
| **DEPARTMENT OF COMMERCE** | | | | | |
| Interjurisdictional Fisheries Act of 1986 | 11.407 | 286,405 | | - | Conservation and Natural Resources |
| Coastal Zone Management Administration Awards | 11.419 | 1,325,287 | | 347,663 | Conservation and Natural Resources |
| Coastal Zone Management Estuarine Research Reserves | 11.420 | 867,641 | | 13,738 | Conservation and Natural Resources |
| Cooperative Fishery Statistics | 11.434 | 696,032 | | - | Conservation and Natural Resources |
| Southeast Area Monitoring and Assessment Program | 11.435 | 162,122 | | 127,600 | Conservation and Natural Resources |
| Regional Fishery Management Councils | 11.441 | 35,309 | | - | Conservation and Natural Resources |
| State and Local Implementation Grant Program | 11.549 | 13,549 | | - | Office of Information Technology |
| **Other Federal Assistance** | | | | | |
| Joint Enforcement Contract (NOAA) | 11.Unknown | 311,236 | | - | Conservation and Natural Resources |
| Total Department of Commerce | | 3,697,581 | | 489,001 | |
| **DEPARTMENT OF DEFENSE** | | | | | |
| Navigation Projects | 12.107 | 708,082 | | 809 | Conservation and Natural Resources |
| Basic and Applied Scientific Research | 12.300 | 38,152 | | - | Geological Survey |
| National Guard Military Operations and Maintenance (O&M) Projects | 12.401 | 51,591,031 | | - | Military Department |
| Troops to Teachers Grant Program | 12.620 | 41,303 | | 41,024 | Education |
| Total Department of Defense | | 52,378,568 | | 41,833 | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | | | | |
| Manufactured Home Dispute Resolution | 14.171 | 347,119 | | - | Manufactured Housing Commission |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 24,094,220 | | 23,054,528 | Economic and Community Affairs |
| Emergency Solutions Grant Program | 14.231 | 2,527,804 | | 2,378,037 | Economic and Community Affairs |
| Shelter Plus Care | 14.238 | 273,610 | | 273,610 | Mental Health |
| Housing Opportunities for Persons with AIDS | 14.241 | 1,513,882 | | 1,455,239 | Economic and Community Affairs |
| Continuum of Care Program | 14.267 | 385 | | 385 | Mental Health |
| Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) | 14.269 | 723,168 | | 615,471 | Economic and Community Affairs |
| Total Department of Housing and Urban Development | | 29,480,188 | | 27,777,270 | |
| **DEPARTMENT OF INTERIOR** | | | | | |
| Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | 15.250 | 1,282,497 | | - | Surface Mining Commission |
| Abandoned Mine Land Reclamation (AMLR) | 15.252 | 3,659,178 | | - | Department of Labor |
| **Fish and Wildlife Cluster** | | | | | |
| Sport Fish Restoration | 15.605 | 5,678,641 | | 979,451 | Conservation and Natural Resources/ Environmental Management |
| Wildlife Restoration and Basic Hunter Education | 15.611 | 9,791,023 | | 322,490 | Conservation and Natural Resources |
| Total Fish and Wildlife Cluster | | 15,469,664 | | 1,301,941 | |
| Marine Minerals Activities | 15.424 | 46,333 | | - | Geological Survey |
| Mineral Leasing Act | 15.437 | 1,042,863 | | - | Finance |
| Fish and Wildlife Management Assistance | 15.608 | 53,522 | | - | Conservation & Natural Resources |
| Cooperative Endangered Species Conservation Fund | 15.615 | 11,305,033 | | 336,560 | Conservation & Natural Resources |
| Enhanced Hunter Education and Safety | 15.626 | 182,911 | | - | Conservation & Natural Resources |
| Partners for Fish and Wildlife | 15.631 | 14,180 | | - | Conservation & Natural Resources |
| State Wildlife Grants | 15.634 | 711,584 | | 350,682 | Conservation & Natural Resources |
| Research Grants | 15.650 | 15,129 | | 14,933 | Conservation & Natural Resources/Geological Survey |
| Endangered Species Conservation - Recovery Implementation Funds | 15.657 | 23,182 | | - | Conservation & Natural Resources |
| U .S. Geological Survey Research and Data Collection | 15.808 | 41,482 | | - | Geological Survey |
| National Cooperative Geologic Mapping | 15.810 | 135,367 | | - | Geological Survey |
| National Geological and Geophysical Data Preservation | 15.814 | 39,931 | | - | Geological Survey |
| Historic Preservation Fund Grants-In-Aid | 15.904 | 847,365 | | 21,349 | Historical Commission |
| Outdoor Recreation Acquisition, Development and Planning | 15.916 | 1,326,747 | | 1,325,656 | Economic and Community Affairs |
| National Ground-Water Monitoring Network | 15.980 | 79,360 | | - | Geological Survey |
| Water Use and Data Research | 15.981 | 56,563 | | - | Economic and Community Affairs |
| Total Department of Interior | | 36,332,891 | | 3,351,121 | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **DEPARTMENT OF JUSTICE** | | | | | |
| Sexual Assault Services Formula Program | 16.017 | 377,245 | | 358,949 | Economic and Community Affairs |
| Coronavirus Emergency Supplemental Funding Program | 16.034 | 1,712,555 | | 1,648,387 | Economic and Community Affairs |
| Joint Law Enforcement Operations (JLEO) | 16.111 | 11,181 | | - | Alabama Law Enforcement Agency |
| Juvenile Justice and Delinquency Prevention | 16.540 | 373,834 | | 252,576 | Economic and Community Affairs/Prosecution Services |
| Missing Children's Assistance | 16.543 | 264,952 | | - | Alabama Law Enforcement Agency |
| State Justice Statistics Program for Statistical Analysis Centers | 16.550 | 206,248 | | - | Alabama Law Enforcement Agency |
| National Criminal History Improvement Program (NCHIP) | 16.554 | 217,420 | | - | Alabama Law Enforcement Agency |
| Crime Victim Assistance | 16.575 | 37,988,096 | | 26,089,141 | Economic and Community Affairs |
| Crime Victims Compensation | 16.576 | 1,375,000 | | - | Crime Victims Compensation |
| Crime Victim Assistance/Discretionary Grants | 16.582 | 28,339 | | - | Economic and Community Affairs |
| Violence Against Women Formula Grants | 16.588 | 2,196,705 | | 1,778,057 | Economic and Community Affairs |
| Residential Substance Abuse Treatment for State Prisoners | 16.593 | 484,500 | | - | Economic and Community Affairs |
| Project Safe Neighborhoods | 16.609 | 262,547 | | 202,073 | Economic and Community Affairs |
| Public Safety Partnership and Community Policing Grants | 16.710 | 307,134 | | - | Alabama Law Enforcement Agency |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2,992,089 | | 2,184,892 | Economic and Community Affairs |
| DNA Backlog Reduction Program | 16.741 | 1,278,312 | | - | Forensic Sciences |
| Paul Coverdell Forensic Sciences Improvement Grant Program | 16.742 | 272,357 | | - | Economic and Community Affairs |
| Support for Adam Walsh Act Implementation Grant Program | 16.750 | 170,968 | | - | Prosecution Services |
| Harold Rogers Prescription Drug Monitoring Program | 16.754 | 767,301 | | 398,286 | Mental Health/Public Health |
| Second Chance Act Reentry Initiative | 16.812 | 13,307 | | - | Pardons and Paroles |
| NCIS Act Record Improvement Program | 16.813 | (530) | | - | Alabama Law Enforcement Agency |
| Emergency Law Enforcement Assistance Grant | 16.824 | 696,073 | | 696,073 | Economic and Community Affairs |
| Swift, Certain, and Fair (SCF) Supervision Program: Including Project HOPE | 16.828 | 209,320 | | - | Pardons and Paroles |
| Comprehensive Opioid Abuse Site-Based Program | 16.838 | 67,810 | | 56,143 | Mental Health |
| STOP School Violence | 16.839 | 29,197 | | 26,222 | Education |
| Equitable Sharing Program | 16.922 | 423,677 | | - | Alabama Law Enforcement Agency |
| **Other Federal Assistance** | | | | | |
| Drug Enforcement Agency Cooperative Agreements | 16.Unknown | 173,094 | | - | Alabama Law Enforcement Agency |
| Federal Bureau of Investigation | 16.Unknown | 30,706 | | - | Alabama Law Enforcement Agency |
| United States Marshals | 16.Unknown | 32,127 | | - | Alabama Law Enforcement Agency |
| Total Department of Justice | | 52,961,564 | | 33,690,799 | |
| **DEPARTMENT OF LABOR** | | | | | |
| Labor Force Statistics | 17.002 | 1,114,809 | | - | Department of Labor |
| Compensation and Working Conditions | 17.005 | 91,781 | | - | Department of Labor |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **Employment Service Cluster** | | | | | |
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | 7,544,862 | | - | Department of Labor |
| Disabled Veterans' Outreach Program (DVOP) | 17.801 | 2,852,202 | | - | Department of Labor |
| Total Employment Service Cluster | | 10,397,064 | | - | |
| Unemployment Insurance | 17.225 | 3,471,910,878 | 3C | - | Department of Labor |
| Senior Community Service Employment Program | 17.235 | 1,428,717 | | 1,368,287 | Senior Services |
| Trade Adjustment Assistance | 17.245 | 3,966,534 | | - | Department of Labor |
| **WIOA Cluster** | | | | | |
| WIOA Adult Program | 17.258 | 18,931,541 | | 15,067,477 | Commerce |
| WIOA Youth Activities | 17.259 | 13,591,894 | | 10,349,333 | Commerce |
| WIOA Dislocated Worker Formula Grants | 17.278 | 24,552,128 | | 17,431,396 | Commerce |
| Total WIOA Cluster | | 57,075,563 | | 42,848,206 | |
| Workforce Data Quality Initiative Grant | 17.261 | 997,369 | | - | Department of Labor |
| Reentry Employment Opportunities | 17.270 | 85,000 | | - | Department of Labor |
| WIOA National Dislocated Worker Grants/Workforce Investment Act (WIA) National Emergency Grants | 17.277 | 994,695 | | - | Commerce |
| Apprenticeship USA Grants | 17.285 | 34,833 | | 28,451 | Commerce |
| Total Department of Labor | | 3,548,097,243 | | 44,244,944 | |
| **DEPARTMENT OF TRANSPORTATION** | | | | | |
| Airport Improvement Program | 20.106 | 28,196 | | - | Transportation |
| Highway Research and Development Program | 20.200 | 111,649 | | - | Transportation |
| **Highway Planning and Construction Cluster** | | | | | |
| Highway Planning and Construction | 20.205 | 893,772,575 | | 5,428,968 | Transportation |
| Recreational Trails Program | 20.219 | 3,060,817 | | 1,882,433 | Economic and Community Affairs |
| Appalachian Development Highway System | 23.003 | 213,646 | | - | Transportation |
| Total Highway Planning and Construction Cluster | | 897,047,038 | | 7,311,401 | |
| **FMCSA Cluster** | | | | | |
| Motor Carrier Safety Assistance | 20.218 | 7,002,172 | | - | Alabama Law Enforcement Agency |
| Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements | 20.237 | 166,131 | | - | Alabama Law Enforcement Agency |
| Total FMCSA Cluster | | 7,168,303 | | - | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| Performance and Registration Information Systems Management | 20.231 | 43,702 | | - | Alabama Law Enforcement Agency |
| Commercial Driver's License Program Implementation Grant | 20.232 | 326,392 | | - | Alabama Law Enforcement Agency |
| Safety Data Improvement Program | 20.234 | 261,056 | | - | Alabama Law Enforcement Agency |
| Railroad Safety | 20.301 | 2,304 | | - | Public Service Commission |
| Capital Assistance to States - Intercity Passenger Rail Service | 20.317 | 38,671 | | - | Economic and Community Affairs |
| **Federal Transit Cluster** | | | | | |
| Federal Transit Capital Investment Grants | 20.500 | 1,210,363 | | 1,210,363 | Transportation |
| Federal Transit Formula Grants | 20.507 | 4,730,456 | | 4,730,456 | Transportation |
| Total Federal Transit Cluster | | 5,940,819 | | 5,940,819 | |
| Formula Grants for Rural Areas | 20.509 | 24,063,161 | | 17,477,402 | Transportation |
| **Transit Services Programs Cluster** | | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | 2,105,463 | | 2,105,463 | Transportation |
| Job Access and Reverse Commute Program | 20.516 | 50,716 | | 50,716 | Transportation |
| New Freedom Program | 20.521 | 406,604 | | 406,604 | Transportation |
| Total Transit Services Programs Cluster | | 2,562,783 | | 2,562,783 | |
| **Highway Safety Cluster** | | | | | |
| State and Community Highway Safety | 20.600 | 4,100,883 | | 2,622,981 | Economic and Community Affairs |
| National Priority Safety Programs | 20.616 | 3,304,093 | | 2,639,582 | Economic and Community Affairs |
| Total Highway Safety Cluster | | 7,404,976 | | 5,262,563 | |
| National Highway Traffic Safety Administration (NHTSA) Discretionary Grants and Cooperative Agreements | 20.614 | 60,045 | | - | Alabama Law Enforcement Agency |
| Pipeline Safety Program State Base Grant | 20.700 | 747,000 | | - | Public Service Commission |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | 335,850 | | 259,936 | Emergency Management |
| PHMSA Pipeline Safety Underground Natural Gas Storage Grant | 20.725 | 2,952 | | - | Public Service Commission |
| Total Department of Transportation | | 946,144,897 | | 38,814,904 | |
| **DEPARTMENT OF THE TREASURY** | | | | | |
| Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States | 21.015 | 10,898,784 | | 10,742,960 | Conservation and Natural Resources |
| Equitable Sharing | 21.016 | 172,718 | | - | Alabama Law Enforcement Agency |
| COVID-19 Coronavirus Relief Fund Under CARES Act | 21.019 | 825,610,459 | | 169,783,598 | Finance |
| Total Department of the Treasury | | 836,681,961 | | 180,526,558 | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **APPALACHIAN REGIONAL COMMISSION** | | | | | |
| Appalachian Area Development | 23.002 | 5,660,875 | | 5,238,269 | Economic and Community Affairs/Transportation |
| Total Appalachian Regional Commission | | 5,660,875 | | 5,238,269 | |
| **GENERAL SERVICES ADMINISTRATION** | | | | | |
| Donation of Federal Surplus Personal Property | 39.003 | 7,337,713 | 3D | 3,607,457 | Economic and Community Affairs |
| Total General Services Administration | | 7,337,713 | | 3,607,457 | |
| **NATIONAL AERONAUTICS AND SPACE ADMINISTRATION** | | | | | |
| Aeronautics | 43.002 | 192,911 | | 190,221 | Space Science Exhibit |
| Total National Aeronautics and Space Administration | | 192,911 | | 190,221 | |
| **NATIONAL ENDOWMENT FOR THE ARTS** | | | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | 512,900 | | 512,900 | Council on the Arts |
| Total National Endowment for the Arts | | 512,900 | | 512,900 | |
| **INSTITUTE OF MUSEUM AND LIBRARY SERVICES** | | | | | |
| Grants to States | 45.310 | 2,624,745 | | 861,374 | Public Library Service |
| Total Institute of Museum and Library Services | | 2,624,745 | | 861,374 | |
| **SMALL BUSINESS ADMINISTRATION** | | | | | |
| State Trade Expansion | 59.061 | 56,157 | | - | Commerce |
| Total Small Business Administration | | 56,157 | | - | |
| **TENNESSEE VALLEY AUTHORITY** | | | | | |
| **Other Federal Assistance** | | | | | |
| Other Federal Assistance-TVA | 62.Unknown | 314,759 | | - | Emergency Management Agency/Conservation and Natural Resources |
| Total Tennessee Valley Authority | | 314,759 | | - | |
| **DEPARTMENT OF VETERANS AFFAIRS** | | | | | |
| Grants to States for Construction of State Home Facilities | 64.005 | 876,842 | | - | Veterans' Affairs |
| Veterans Prescription Service | 64.012 | 524,897 | | - | Veterans' Affairs |
| Veterans State Domiciliary Care | 64.014 | 1,469,910 | | - | Veterans' Affairs |
| Veterans State Nursing Home Care | 64.015 | 35,709,153 | | - | Veterans' Affairs |
| Burial Expenses Allowance for Veterans | 64.101 | 234,629 | | - | Veterans' Affairs |
| Veterans Cemetery Grants Program | 64.203 | - | | - | Veterans' Affairs |
| Total Department of Veterans Affairs | | 38,815,431 | | - | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **ENVIRONMENTAL PROTECTION AGENCY** | | | | | |
| State Indoor Radon Grants | 66.032 | 69,031 | | - | Public Health |
| Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act | 66.034 | 736,623 | | - | Environmental Management |
| State Clean Diesel Grant Program | 66.040 | 128,994 | | - | Environmental Management |
| Lead Testing in School and Child Care Program Drinking Water | 66.444 | 53,716 | | - | Environmental Management |
| Water Quality Management Planning | 66.454 | 139,921 | | - | Environmental Management |
| Regional Wetland Program Development Grants | 66.461 | 60,721 | | - | Environmental Management |
| Gulf of Mexico Program | 66.475 | 393,332 | | - | Forestry Commission |
| Performance Partnership Grants | 66.605 | 10,914,638 | | 1,416,634 | Environmental Management |
| TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals | 66.707 | 699,505 | | 185,486 | Public Health |
| Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements | 66.802 | 203,129 | | - | Environmental Management |
| Underground Storage Tank Prevention, Detection and Compliance Program | 66.804 | 501,074 | | - | Environmental Management |
| Leaking Underground Storage Tank Trust Fund Corrective Action Program | 66.805 | 932,285 | | - | Environmental Management |
| Superfund State and Indian Tribe Core Program Cooperative Agreements | 66.809 | 47,287 | | - | Environmental Management |
| State and Tribal Response Program Grants | 66.817 | 5,857 | | - | Environmental Management |
| **Other Federal Assistance** | | | | | |
| Cooperative Pesticide Recordkeeping | 66.Unknown | 438,000 | | - | Agriculture and Industries |
| Total Environmental Protection Agency | | 15,324,113 | | 1,602,120 | |
| **DEPARTMENT OF ENERGY** | | | | | |
| State Energy Program | 81.041 | 740,029 | | 367,702 | Economic and Community Affairs |
| Weatherization Assistance for Low-Income Persons | 81.042 | 2,361,191 | | 2,075,719 | Economic and Community Affairs |
| Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions | 81.106 | 114,126 | | - | Emergency Management |
| State Energy Program Special Projects | 81.119 | 87,096 | | 37,739 | Economic and Community Affairs |
| **Other Federal Assistance** | | | | | |
| Petroleum Violation Escrow | 81.Unknown | (287,915) | | (288,049) | Economic and Community Affairs |
| Total Department of Energy | | 3,014,527 | | 2,193,111 | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **DEPARTMENT OF EDUCATION** | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 245,525,702 | | 241,266,463 | Education |
| Migrant Education State Grant Program | 84.011 | 1,615,802 | | 1,177,160 | Education |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | 84.013 | 305,768 | | 301,389 | Education |
| **Special Education Cluster (IDEA)** | | | | | |
| Special Education Grants to States | 84.027 | 181,302,969 | | 172,994,476 | Education |
| Special Education Preschool Grants | 84.173 | 4,785,871 | | 4,769,313 | Education |
| Total Special Education Cluster (IDEA) | | 186,088,840 | | 177,763,789 | |
| Career and Technical Education - Basic Grants to States | 84.048 | 19,216,944 | | 16,769,666 | Education |
| Rehabilitation Services Vocational Rehabilitation Grants to States | 84.126 | 65,142,704 | 3F | - | Rehabilitation Services |
| Migrant Education Coordination Program | 84.144 | 38,299 | | 3,249 | Education |
| Rehabilitation Services Client Assistance Program | 84.161 | 157,700 | | - | Rehabilitation Services |
| Rehabilitation Services Independent Living Services for Older Individuals Who are Blind | 84.177 | 419,916 | | - | Rehabilitation Services |
| Special Education - Grants For Infants and Families | 84.181 | 8,778,009 | | 1,527,365 | Rehabilitation Services |
| Supported Employment Services for Individuals with the Most Significant Disabilities | 84.187 | 374,388 | | - | Rehabilitation Services |
| Education for Homeless Children and Youth | 84.196 | 1,231,724 | | 1,153,254 | Education |
| Twenty-First Century Community Learning Centers | 84.287 | 11,609,892 | | 11,213,227 | Education |
| Special Education - State Personnel Development | 84.323 | 1,346,032 | | 1,119,391 | Education |
| Rural Education | 84.358 | 3,720,752 | | 3,508,752 | Education |
| English Language Acquisition State Grants | 84.365 | 3,502,249 | | 3,323,164 | Education |
| Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants) | 84.367 | 30,019,253 | | 29,476,010 | Commission on Higher Education/Education |
| Grants for State Assessments and Related Activities | 84.369 | 1,403,339 | | 134,041 | Education |
| School Improvement Grants | 84.377 | 2,727,777 | | 2,664,436 | Education |
| Education Innovation and Research | 84.411 | 188,632 | | 110,952 | Education |
| Student Support and Academic Enrichment Program | 84.424 | 14,980,157 | | 14,934,923 | Education |
| Education Stabilization Fund | 84.425 | 27,231,440 | | 23,351,002 | Education |
| Total Department of Education | | 625,625,319 | | 529,798,233 | |
| **GULF COAST ECOSYSTEM RESTORATION COUNCIL** | | | | | |
| Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program | 87.051 | 1,209,584 | | 710,372 | Conservation and Natural Resources/Geological Survey |
| Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program | 87.052 | 559,364 | | - | Conservation and Natural Resources |
| Total Gulf Coast Ecosystem Restoration Council | | 1,768,948 | | 710,372 | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **NATIONAL ARCHIVES AND RECORDS ADMINISTRATION** | | | | | |
| National Historical Publications and Records Grants | 89.003 | 97,889 | | - | Archives and History |
| Total National Archives and Records Administration | | 97,889 | | - | |
| **ELECTIONS ASSISTANCE COMMISSION** | | | | | |
| Help America Vote Act Requirements Payments | 90.401 | 269,756 | 3E | - | Secretary of State |
| 2018 HAVA Election Security Grants | 90.404 | 4,911,884 | 3E | - | Secretary of State |
| Total Elections Assistance Commission | | 5,181,640 | | - | |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | | | |
| Special Programs for the Aging - Title VII, Chapter 3: Programs for Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | 76,198 | | 76,198 | Senior Services |
| Special Programs for the Aging - Title VII, Chapter 2: Long-Term Care Ombudsman Services for Older Individuals | 93.042 | 330,217 | | 330,217 | Senior Services |
| Special Programs for the Aging - Title III, Part D: Disease Prevention and Health Promotion Services | 93.043 | 287,975 | | 269,349 | Senior Services |
| **Aging Cluster** | | | | | |
| Special Programs for the Aging - Title III, Part B: Grants for Supportive Services and Senior Centers | 93.044 | 5,687,704 | | 5,278,735 | Senior Services |
| Special Programs for the Aging - Title III, Part C: Nutrition Services | 93.045 | 15,839,194 | | 15,004,418 | Senior Services |
| Nutrition Services Incentive Program | 93.053 | 3,485,040 | | 3,485,040 | Senior Services |
| Total Aging Cluster | | 25,011,938 | | 23,768,193 | |
| Special Programs for the Aging - Title IV and Title II - Discretionary Projects | 93.048 | 304,392 | | 232,207 | Alabama Medicaid Agency/Senior Services/ Human Resources |
| National Family Caregiver Support, Title III Part E | 93.052 | 2,895,640 | | 2,757,060 | Senior Services |
| Public Health Emergency Preparedness | 93.069 | 6,706,665 | | 662,228 | Public Health |
| Medicare Enrollment Assistance Program | 93.071 | 471,302 | | 448,355 | Senior Services |
| Lifespan Respite Care Program | 93.072 | 236,183 | | 220,385 | Senior Services |
| Birth Defects and Developmental Disabilities - Prevention and Surveillance | 93.073 | 7,826 | | - | Public Health |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 93.079 | 30,553 | | - | Education |
| Guardianship Assistance | 93.090 | 2,496,574 | | - | Human Resources |
| Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 | 338,679 | | 32,228 | Public Health |
| Food and Drug Administration Research | 93.103 | 2,379,132 | | 11,374 | Ag and Industries/Public Health |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | 291,809 | | 189,303 | Mental Health/Public Health/Rehabilitation Services |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | 891,438 | | 164,741 | Public Health |
| Acquired Immunodeficiency Syndrome (AIDS) Activity | 93.118 | 101,240 | | 60,331 | Public Health |
| Emergency Medical Services for Children | 93.127 | 133,514 | | - | Public Health |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | 93.130 | 170,979 | | - | Public Health |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | 2,628,160 | | 914,317 | Public Health |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 594,541 | | 594,541 | Mental Health |
| Disabilities Prevention | 93.184 | 234,140 | | 39,233 | Public Health |
| Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 93.197 | 496,486 | | 132,783 | Public Health |
| Family Planning - Services | 93.217 | 5,507,757 | | 945,198 | Public Health |
| Traumatic Brain Injury State Demonstration Grant Program | 93.234 | 101,298 | | - | Rehabilitation Services |
| Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program | 93.235 | 846,042 | | 237,440 | Public Health |
| State Rural Hospital Flexibility Program | 93.241 | 381,108 | | 307,407 | Public Health |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 8,245,462 | | 6,869,689 | Education/Mental Health/Public Health |
| Universal Newborn Hearing Screening | 93.251 | 190,756 | | 73,575 | Public Health |
| Immunization Cooperative Agreements | 93.268 | 65,210,735 | 3G | 1,550,074 | Public Health |
| Viral Hepatitis Prevention and Control | 93.270 | 150,165 | | 21,520 | Public Health |
| Centers for Disease Control and Prevention Investigations and Technical Assistance | 93.283 | 4,690,887 | | 579,247 | Public Health |
| State Partnership Grant Program to Improve Minority Health | 93.296 | 146,389 | | 67,180 | Public Health |
| Small Rural Hospital Improvement Grant Program | 93.301 | 3,817,835 | | 3,798,889 | Public Health |
| PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in Part by 2018 Prevention and Public Health funds (PPHF) | 93.305 | 972,565 | | 105,900 | Public Health |
| Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program | 93.314 | 138,561 | | 26,028 | Public Health |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | 3,351,034 | | 4,500 | Public Health |
| State Health Insurance Assistance Program | 93.324 | 763,146 | | 697,558 | Senior Services |
| Behavioral Risk Factor Surveillance System | 93.336 | 269,690 | | 269,690 | Public Health |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | 3,698,033 | | - | Public Health |
| Flexible Funding Model - Infrastructure Development and Maintenance for State Manufacture Food Regulatory Program | 93.367 | 144,490 | | - | Public Health |
| ACL Independent Living State Grants | 93.369 | 157,598 | | 138,569 | Senior Services |
| Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke - Financed in Part by 2018 Prevention and Public Health Funds | 93.426 | 1,672,625 | | 469,272 | Public Health |
| Every Student Succeeds Act/Preschool Development Grants | 93.434 | 8,979,156 | | 7,278,336 | Early Childhood Education |
| Well-Integrated Screening and Evaluation for Women Across the Nation | 93.436 | 780,375 | | 372,236 | Public Health |
| ACL Assistive Technology | 93.464 | 415,292 | | - | Rehabilitation Services |
| Pregnancy Assistance Fund Program | 93.500 | 842,697 | | 721,049 | Early Childhood Education |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| Promoting Safe and Stable Families | 93.556 | 4,701,816 | | - | Human Resources |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 89,079,172 | | - | Human Resources |
| Child Support Enforcement | 93.563 | 41,204,943 | 3H | - | Human Resources |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 53,943 | | - | Alabama Medicaid Agency |
| Low-Income Home Energy Assistance | 93.568 | 50,836,497 | | 48,006,466 | Economic and Community Affairs |
| Community Services Block Grant | 93.569 | 15,734,692 | | 14,871,154 | Economic and Community Affairs |
| **Child Care Development Cluster** | | | | | |
| Child Care and Development Block Grant | 93.575 | 163,755,099 | | - | Human Resources |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 44,228,562 | | - | Human Resources |
| Total Child Care Development Cluster | | 207,983,661 | | - | |
| State Court Improvement Program | 93.586 | 485,479 | | - | Administrative Office of Courts |
| Community-Based Child Abuse Prevention Grants | 93.590 | 394,414 | | 315,531 | Child Abuse and Neglect Prevention |
| Grants to States for Access and Visitation Programs | 93.597 | 139,795 | | - | Administrative Office of Courts |
| Chafee Education and Training Vouchers Program (ETV) | 93.599 | 577,624 | | - | Human Resources |
| Head Start | 93.600 | 10,500,632 | | - | Early Childhood Education/Human Resources |
| Adoption and Legal Guardianship Incentive Payments | 93.603 | 414,869 | | - | Human Resources |
| Developmental Disabilities Basic Support and Advocacy Grants | 93.630 | 1,087,956 | | 662,224 | Mental Health |
| Children's Justice Grants to States | 93.643 | 141,433 | | - | Human Resources |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 5,240,166 | | - | Human Resources |
| Foster Care - Title IV-E | 93.658 | 38,158,828 | | - | Human Resources |
| Adoption Assistance | 93.659 | 25,783,688 | | - | Human Resources |
| Social Services Block Grant | 93.667 | 23,807,510 | | - | Human Resources |
| Child Abuse and Neglect State Grants | 93.669 | 542,202 | | - | Human Resources |
| Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 93.671 | 1,606,924 | | 1,511,679 | Economic and Community Affairs |
| Chafee Foster Care Independence Program | 93.674 | 1,512,194 | | - | Human Resources |
| Ending the HIV Epidemic: A Plan for America -- Ryan White HIV/AIDS Program Parts A and B | 93.686 | 25,000 | | 25,000 | Public Health |
| State Public Health Approaches for Ensuring Quitline Capacity Funded in Part by Prevention and Public Health Funds (PPHF) | 93.735 | 311,770 | | 289,443 | Public Health |
| Elder Abuse Prevention Interventions Program | 93.747 | 89,648 | | | Human Resources |
| PPHF: Health Care Surveillance/Health Statistics Surveillance Program State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke | 93.757 | 1,846,537 | | - | Public Health |
| Children's Health Insurance Program | 93.767 | 228,704,446 | | 42,838 | Public Health |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **Medicaid Cluster** | | | | | |
| State Medicaid Fraud Control Units | 93.775 | 1,088,231 | | - | Attorney General |
| State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 93.777 | 7,008,429 | | 493 | Alabama Medicaid Agency/Public Health |
| Medical Assistance Program | 93.778 | 5,389,229,948 | | 45,284,215 | Alabama Medicaid Agency |
| Total Medicaid Cluster | | 5,397,326,608 | | 45,284,708 | |
| Opioid STR | 93.788 | 9,129,937 | | 7,834,312 | Mental Health |
| Money Follows the Person Rebalancing Demonstration | 93.791 | 2,520,139 | | - | Alabama Medicaid Agency |
| Organized Approaches to Increase Colorectal Cancer Screening | 93.800 | 357,243 | | 198,665 | Public Health |
| Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities | 93.817 | 164,814 | | 157,810 | Public Health |
| Maternal, Infant and Early Childhood Home Visiting Grant Program | 93.870 | 6,571,579 | | 6,367,118 | Early Childhood Education |
| National Bioterrorism Hospital Preparedness Program | 93.889 | 1,795,322 | | 1,076,625 | Public Health |
| Grants to States for Operation of State Offices of Rural Health | 93.913 | 110,792 | | - | Public Health |
| HIV Care Formula Grants | 93.917 | 15,045,295 | | 15,045,295 | Public Health |
| HIV Prevention Activities - Health Department Based | 93.940 | 6,360,154 | | 4,538,024 | Public Health |
| Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | 93.944 | 553,203 | | - | Public Health |
| Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs | 93.946 | 137,744 | | 24,336 | Public Health |
| Block Grants for Community Mental Health Services | 93.958 | 11,534,757 | | 10,409,261 | Mental Health |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 31,198,985 | | 29,529,166 | Mental Health |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants | 93.977 | 1,678,134 | | 90,000 | Public Health |
| Preventive Health and Health Services Block Grant | 93.991 | 2,079,310 | | 285,089 | Public Health |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 10,964,441 | | 612,955 | Public Health |
| **Other Federal Assistance** | | | | | |
| CLIA | 93.Unknown | 340,276 | | - | Public Health |
| Mammography Quality Standards-HHS Contract 223-95-4400 | 93.Unknown | (34,723) | | - | Public Health |
| Tennessee Valley Authority - Contract TV-62313A | 93.Unknown | 4,283 | | (4,499) | Public Health |
| Food Inspections-Contract 223-96-4036 | 93.Unknown | 87,845 | | - | Public Health |
| COVID-19 FEMA Donation (Hand Sanitizer) | 93.Unknown | 10,800 | | - | |
| Total Department of Health and Human Services | | 6,407,492,054 | | 242,609,600 | |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE** | | | | | |
| State Commissions | 94.003 | 297,184 | | - | Governor's Office of Volunteer Services |
| AmeriCorps | 94.006 | 1,389,323 | | 1,389,323 | Governor's Office of Volunteer Services |
| Commission Investment Fund | 94.008 | 220,564 | | 1,600 | Governor's Office of Volunteer Services |
| Total Corporation for National and Community Service | | 1,907,071 | | 1,390,923 | |

## *Schedule of Expenditures of Federal Awards*
## *For the Year Ended September 30, 2020*

| Federal Grantor/ Pass-Through Agency/ Program Title | Federal CFDA Number | Expenditures | Note | Pass-Through to Subrecipients | Agency |
|---|---|---|---|---|---|
| **EXECUTIVE OFFICE OF THE PRESIDENT** | | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | 1,092,981 | | 920,859 | Alabama Law Enforcement Agency |
| Total Executive Office of the President | | 1,092,981 | | 920,859 | |
| **SOCIAL SECURITY ADMINISTRATION** | | | | | |
| Social Security - Disability Insurance | 96.001 | 53,096,122 | | - | Education |
| Social Security - Work Incentives Planning and Assistance Program | 96.008 | 286,140 | | - | Rehabilitation Services |
| Total Social Security Administration | | 53,382,262 | | - | |
| **DEPARTMENT OF HOMELAND SECURITY** | | | | | |
| Boating Safety Financial Assistance | 97.012 | 2,895,855 | | - | Alabama Law Enforcement Agency |
| Community Assistance Program - State Support Services Element (CAP-SSSE) | 97.023 | 305,940 | | - | Economic and Community Affairs |
| Emergency Food and Shelter National Board Program | 97.024 | 38,370 | | - | Human Resources |
| Flood Mitigation Assistance | 97.029 | 69,270 | | 60,743 | Emergency Management Agency |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 24,654,688 | | 23,225,707 | Emergency Management Agency |
| Hazard Mitigation Grant | 97.039 | 6,242,091 | | 5,850,408 | Emergency Management Agency |
| Emergency Management Performance Grants | 97.042 | 5,731,346 | | 2,866,174 | Emergency Management Agency |
| Cooperating Technical Partners | 97.045 | 5,356,530 | | - | Economic and Community Affairs |
| Pre-Disaster Mitigation (PDM) | 97.047 | 276,127 | | 258,799 | Emergency Management Agency |
| Presidential Declared Disaster Assistance to Individuals and Households | 97.050 | 272,863,418 | | | Labor |
| Port Security Grant Program | 97.056 | 989,054 | | - | Alabama Law Enforcement Agency |
| Homeland Security Grant Program | 97.067 | 5,430,667 | | 3,688,426 | Alabama Law Enforcement Agency/Emergency Management |
| **Other Federal Assistance** | | | | | |
| USDHS/US Immigration and Customs Enforcement (ICE) | 97.Unknown | 36,913 | | - | Alabama Law Enforcement Agency |
| Total Department of Homeland Security | | 324,890,269 | | 35,950,257 | |
| TOTAL FEDERAL AWARDS | | $ 14,994,758,708 | | $ 1,568,194,728 | |

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

## *For the Year Ended September 30, 2020*

***Note 1 – Purpose of the Schedule***

Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** *(Uniform Guidance)*, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program identified in the Catalog of Federal Domestic Assistance (CFDA). Because the Schedule presents only a selected portion of the operations of the State of Alabama, it is not intended to and does not present the financial position, changes in net position or cash flows of the State of Alabama.

***Note 2 – Significant Accounting Policies***

A. ***Reporting Entity*** – The accompanying schedule includes federal award programs administered by the State of Alabama for the fiscal year ended September 30, 2020. State agencies that receive separate audits in accordance with the *Uniform Guidance* and federal awards received by state colleges and universities are not included in the schedule.

B. ***Basis of Presentation*** – The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 of the U. S. ***Code of Federal Regulations*** Part 200 *(Uniform Guidance)*.

   1. ***Federal Financial Assistance*** – Pursuant to the Single Audit Act Amendments of 1996 and the Uniform Guidance, federal financial assistance is defined as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

C. ***Basis of Accounting*** – The information presented in the Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting, which is consistent with the other federal grant reports. Under this basis, expenditures are recorded when paid, and revenues are recognized when received. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, ***Cost Principles for State, Local and Indian Tribal Governments***, or the cost principles contained in Title 2 U. S. ***Code of Federal Regulations*** Part 200, ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** *(Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

D. ***Expenditures and Expenses*** – When monies are received by one state agency and transferred to another state agency either for final expenditure or as a reimbursement for services, the federal financial assistance is reflected in the primary receiving/expending state agency's accounts. This is to avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the State of Alabama.

E. ***De Minimis Indirect Cost Rate*** – The State of Alabama elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance* for the following federal programs:

- CFDA #11.549 – State and Local Implementation Grant Program

***Note 3 – Other***

A. Commodities included in the National School Lunch Program (CFDA #10.555), Summer Food Service Program for Children (CFDA #10.559), Commodity Supplemental Food Program (CFDA #10.565), and the Emergency Food Assistance Program (CFDA #10.569) are included in the definition of federal financial assistance for the purpose of the accompanying schedule. Commodities, totaling $60,344,649 were reported in accordance with GASB Statement Number 24 in the basic financial statements of the State of Alabama for the fiscal year ended September 30, 2020.

B. During the fiscal year ended September 30, 2020, the Alabama Department of Public Health received $32,167,864 in cash rebates from infant formula manufacturers on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Program (CFDA #10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefits costs. The rebate contracts allowed the Department to serve 43,609 more persons during the 2019-2020 fiscal year. This number is based on an average gross food package cost of $61.47.

C. Total expenditures for the Unemployment Insurance Program (CFDA #17.225) include state and federal amounts of $793,293,432 and $2,678,617,446 respectively. The state portion of expenditures includes regular unemployment compensation. The federal portion includes administrative costs and unemployment compensation for ex-service members, former federal employees, and extended benefits for eligible individuals who have exhausted their regular unemployment compensation.

D. Donation of Federal Surplus Personal Property (CFDA #39.003) is valued at 23.34% of the acquisition costs in accordance with a directive from the U. S. General Services Administration.

E. Expenditures reported on the schedule include $238,002 of Social Security Administration reimbursements under the Rehabilitation Services - Vocational Rehabilitation Grants to States Program (CFDA #84.126).

F. The amount reported as expenditures for the Immunization Cooperative Agreements (CFDA #93.268) includes the value of immunization vaccines received and distributed in the amount of $60,901,458 during the 2019-2020 fiscal year.

***Note 4 – Medicaid Cluster***

On August 27, 2013, the Alabama Medicaid Agency received a notice from the Office of Inspector General (OIG) recommending a refund of $88,197,498 to the Federal Government. According to the OIG audit report, this refund was required due to Alabama receiving unallowable performance bonus payments under the Children's Health Insurance Program (CHIP) Reauthorization Act. The audit also concluded that Alabama Medicaid overstated current enrollment in its request for bonus payments in fiscal years 2009 and 2010. On April 30, 2019, the Centers for Medicare and Medicaid Services (CMS) issued a demand letter to the Alabama Medicaid Agency for $88,197,498 (reduced to $41,630,638 when offset by the bonus payment amounts restricted in the PMS subaccounts for fiscal year 2011, fiscal year 2012, and fiscal year 2013). Alabama filed an appeal of CMS' decision with the U. S. Department of Health and Human Services Departmental Appeals Board on May 29, 2019. CMS notified Medicaid that a decision had been made to recover funds paid to Medicaid in performance bonus payments as a result of Office of the Inspector General (OIG) audit A-04-12-08014. Medicaid and CMS entered into a settlement agreement. Payments have been made quarterly beginning March 30, 2021.

***Note 5 (Unaudited) – Donated Personal Protective Equipment (PPE)***

During the fiscal year ended September 30, 2020, the Alabama Emergency Management Agency received PPE with a fair value of $33,488,380 from the Federal Government.

# *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*

***Independent Auditor's Report***

Honorable Kay Ivey, Governor
State of Alabama
Montgomery, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the State of Alabama's basic financial statements and have issued our report thereon dated March 31, 2021. Our report includes a reference to other auditors. Below is a list which indicates the financial statements of the agencies and funds audited by other auditors and whether the audits were performed in accordance with ***Government Auditing Standards***. 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.

| Agencies/Funds Audited by Other Auditors | Audit Performed in Accordance with ***Government Auditing Standards*** | Audit Not Performed in Accordance with ***Government Auditing Standards*** |
|---|---|---|
| Alabama Public Health Care Authority | X | |
| Alabama State Port Authority | X | |
| State Employees' Insurance Board | | X |
| Public Education Employees' Health Insurance Fund | | X |
| Alabama Housing Finance Authority | X | |
| Alabama Water Pollution Control Authority | X | |
| Space Science Exhibit Commission | X | |
| Alabama Drinking Water Finance Authority | X | |
| University of Alabama | X | |
| Auburn University | X | |
| Athens State University | X | |
| Jacksonville State University | X | |
| University of South Alabama | X | |
| University of North Alabama | X | |
| University of Montevallo | X | |
| Alabama Fire College & Personnel Standards Commission | X | |
| Retirement Systems of Alabama | | X |
| Employees' Savings Plans (PEIRAF and RSA-1) | | X |
| Retired Education Employees' Health Care Trust | | X |
| Retired State Employees' Health Care Trust | | X |
| Prepaid Affordable College Tuition Program | X | |
| Alabama College Education Savings Plan | X | |

# *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the State of Alabama's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Alabama'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 statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs, as items 2020-001 and 2020-002 to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal controls described in the accompanying Schedule of Findings and Questioned Costs, as Finding 2020-001 and Finding 2020-002, that we consider to be material weaknesses.

The findings related to information technology are being presented in summary form for security reasons. Details of the findings have been communicated to the affected state agencies.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the State of Alabama's financial statements are 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

# *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*

***The State of Alabama's Response to Findings***

The State of Alabama's responses to the findings identified in our audit are described in the accompanying Auditee Responses/Corrective Action Plans. The State of Alabama's responses were not subjected to auditing procedures applied in the audit of the financial statements, 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.

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

March 31, 2021

# *Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*

## ***Independent Auditor's Report***

Honorable Kay Ivey, Governor
State of Alabama
Montgomery, Alabama

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

We have audited the State of Alabama's 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 of Alabama's major federal programs for the year ended September 30, 2020. The State of Alabama's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs.

The State of Alabama's basic financial statements include the operations of the Housing Finance Authority, the Water Pollution Control Authority and the Drinking Water Finance Authority. The federal awards expended by these component units are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2020. Our audit, described below, did not include the operations of these component units because other auditors were engaged to perform audits in accordance with the *Uniform Guidance*. The federal programs administered by these component units and the federal funds expended are as follows:

| Component Unit | Federal Program | CFDA Number | Federal Expenditures |
|---|---|---|---|
| Housing Finance Authority | Home Investment Partnerships Program | 14.239 | $ 9,560,858 |
| Housing Finance Authority | Housing Trust Fund | 14.275 | $ 63,354 |
| Water Pollution Control Authority | Capitalization Grants for Clean Water State Revolving Funds | 66.458 | $17,366,454 |
| Drinking Water Finance Authority | Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | $25,416,084 |

We have also excluded federal award programs administered by state-supported colleges and universities, which are a part of the financial reporting entity of the State of Alabama and included in the Basic Financial Statements. The Single Audits of the state-supported colleges and universities are performed and issued separately for each institution.

# *Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the 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 of Alabama'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 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 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 of Alabama'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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Alabama's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the State of Alabama 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 major federal programs identified in the summary of examiner's results section of the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *Uniform Guidance* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, and 2020-008. Our opinion on each major federal program is not modified with respect to these matters.

The State of Alabama's responses to the noncompliance findings identified in our audit are described in the accompanying Auditee Responses/Corrective Action Plans. The State of Alabama's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

***Report on Internal Control Over Compliance***

Management of the State of Alabama 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 of Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 of Alabama'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 identified 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 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 item 2020-006 to be a material weakness.

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 2020-003, 2020-004, 2020-005, 2020-007, and 2020-008 to be significant deficiencies.

The State of Alabama's responses to the internal control over compliance findings identified in our audit are described in the accompanying Auditee Responses/Corrective Action Plans. The State of Alabama'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.

# *Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*

***Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the State of Alabama's basic financial statements. We issued our report thereon dated March 31, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alabama's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Uniform Guidance* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rachel Laurie Riddle
Chief Examiner
Department of Examiners of Public Accounts

Montgomery, Alabama

November 5, 2021, except for our report
on the Schedule of Expenditures of Federal
Awards, for which the date is March 31, 2021

## Section I – Summary of Examiner's Results

***Financial Statements***

| | | |
|---|---|---|
| Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | X Yes | ____ No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | ____ Yes | X None reported |
| Noncompliance material to financial statements noted? | ____ Yes | X No |

***Federal Awards***

| | | |
|---|---|---|
| Internal control over major federal programs: | | |
| Material weakness(es) identified? | X Yes | ____ No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | X Yes | ____ None reported |
| Type of opinion issued on compliance for major federal programs: | Unmodified | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*? | X Yes | ____ No |

Identification of major federal programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants and Children |
| 10.558 | Child and Adult Care Food Program |
| 10.568 and 10.569 | Food Distribution Cluster |
| 17.225 | Unemployment Insurance |
| 20.205, 20.219 and 23.003 | Highway Planning and Construction Cluster |
| 21.015 | Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States |
| 21.019 | Coronavirus Relief Fund Under CARES Act |
| 84.027 and 84.173 | Special Education Cluster (IDEA) |

## Section I – Summary of Examiner's Results

Identification of major programs continued:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.048 | Career and Technical Education – Basic Grants to States |
| 84.367 | Supporting Effective Instruction State Grant |
| 93.268 | Immunization Cooperative Agreements |
| 93.558 | Temporary Assistance for Needy Families (TANF) |
| 93.575 and 93.596 | Child Care Development Cluster |
| 93.600 | Head Start |
| 93.775, 93.777 and 93.778 | Medicaid Cluster |
| 93.917 | HIV Care Formula Grants |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |
| 97.050 | Presidentially Declared Disaster Assistance to Individuals and Households |

Dollar threshold used to distinguish Between Type A and Type B programs: $30,000,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

## Section II – Financial Statement Findings (GAGAS)

**Reference Number:** 2020-001
**Type of Finding:** Internal Control
**Internal Control Impact:** Material Weakness
**Compliance Impact:** None
**Repeat of Prior Year Finding:** 2019-001, 2018-001 and 2011-01 (origination year)

The Alabama Department of Labor does not have an updated disaster recovery plan. Additionally, in the event that certain state agencies' information technology resources were adversely affected by man-made or natural disasters, the Department of Labor's disaster recovery procedures do not have an alternative processing facility in the event the primary site becomes unavailable.

### Finding

We reviewed the internal control policies and procedures affecting the ability of certain state agencies to be able to continue operations in the event the information technology resources of those agencies were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning.

The Alabama Department of Labor had a disaster recovery plan; however, the plan has not been updated to adequately reflect significant changes in hardware, software, and personnel. The Department of Labor also does not have an alternate site that could be used as an alternate processing facility if the primary site becomes unavailable. These conditions increase the risk that the Department of Labor could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

### Recommendation

The Alabama Department of Labor should update all components of its disaster recovery plan. Periodic reviews and updates of the disaster recovery plan should be performed. The Department of Labor should make arrangements for a remote alternate processing facility in a location that is not likely to be affected by a disaster at the primary site.

### Views of Responsible Officials

The Alabama Department of Labor agrees with the finding.

## Section II – Financial Statement Findings (GAGAS)

**Reference Number:** 2020-002
**Type of Finding:** Internal Control
**Internal Control Impact:** Material Weakness
**Compliance Impact:** None
**Repeat of Prior Year Finding:** 2019-002, 2018-002 and 2014-01 (origination year)

A comprehensive disaster recovery plan which includes all functional units of the Department of Finance including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed.

### Finding

We reviewed the internal control policies and procedures affecting the ability of the Department of Finance Information Services Division to be able to continue operations in the event the information technology resources of the Department of Finance were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning. A comprehensive disaster recovery plan which includes all functional units of the Department of Finance including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed. These conditions increase the risk that the Department of Finance could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

### Recommendation

The Department of Finance Information Services Division should update the master disaster recovery plans for all functional units of the Department.

### Views of Responsible Officials

The Department of Finance State Business Systems Division agrees with the finding.

## Section III – Federal Awards Findings and Questioned Costs

| | |
|---|---|
| **Reference Number:** | 2020-003 |
| **Compliance Requirement:** | Matching, Level of Effort, Earmarking |
| **Type of Finding:** | Internal Control and Compliance |
| **Internal Control Impact:** | Significant Deficiency |
| **Compliance Impact:** | Nonmaterial Noncompliance |
| **CFDA Number(s) and Title(s):** | CFDA 93.917 – HIV Care Formula Grants |
| **Federal Awarding Agency:** | Department of Health and Human Services Health Resources and Services Administration (HRSA) |
| **Federal Award Number:** | 6 X07HA00049-29-01 |
| **Pass-through Entity:** | None |
| **Pass-through Award Number:** | None |
| **Questioned Costs:** | None |

**The Department of Public Health did not have procedures in place to maintain and provide supporting documentation for the subrecipient administrative costs for fiscal year 2020.**

### Finding

The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards to 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.

42 USC 300ff-28(b)(3)(B), requires States to allocate amounts received under Section 300ff–21 of this title, and ensure that, of the aggregate amount allocated, the total of the expenditures by the entities for administrative expenses does not exceed 10 percent.

The *Uniform Guidance*, 2 CFR 200.336, requires non-Federal entities to give access to any documents, papers, or other records of the non-federal entity, which are pertinent to the Federal award, to authorized representatives in order to make audits.

When testing compliance with the HIV earmarking requirements, we were not provided with the supporting documentation to determine compliance with the subrecipient administrative expenditure limit. This represented one of the eight earmarking requirement components of the HIV program. The Department of Public Health did not have procedures in place to ensure subrecipient administrative expenditure records are provided for audit review upon request.

The State Department of Public Health did not provide subrecipient administrative expenditure records as requested. Therefore, it was undeterminable as to whether the Department of Public Health ensured the HIV earmarking requirement related to the subrecipient administrative expenditure limit was met. This could result in subrecipient administrative expenses exceeding the 10 percent limit.

**Recommendation**

The Department of Public Health should establish and maintain effective internal controls over subrecipient monitoring to help provide assurance subrecipient administrative expenditure records are maintained.

**Views of Responsible Officials of the Auditee**

The Department of Public Health agrees they were unable to produce the reports that were maintained throughout the grant period showing the subrecipient administrative costs were monitored.

## Section III – Federal Awards Findings and Questioned Costs

| | |
|---|---|
| **Reference Number:** | 2020-004 |
| **Compliance Requirement:** | Reporting |
| **Type of Finding:** | Internal Control and Compliance |
| **Internal Control Impact:** | Significant Deficiency |
| **Compliance Impact:** | Nonmaterial Noncompliance |
| | |
| **CFDA Number(s) and Title(s):** | CFDA 17.225 – Unemployment Insurance |
| **Federal Awarding Agency:** | Department of Labor |
| **Federal Award Number:** | UI-34043-20-55-A-1 |
| **Pass-through Entity:** | None |
| **Pass-through Award Number:** | None |
| | |
| **Questioned Costs:** | None |

**The Alabama Department of Labor did not have procedures in place to ensure the ETA 191 Financial Status report was accurate.**

### Finding

The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards to 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.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, August 2020, requires the Alabama Department of Labor to submit an ETA (Employment and Training Administration) 191 Financial Status report on a quarterly basis which shows the Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service Members (UCX) expenditures and the total amount of benefits paid to claimants of specific federal agencies.

While reviewing the ETA 191 reports for compliance with the Unemployment Insurance reporting requirements, 17 discrepancies were noted between the ETA 191 Financial Status report and the Alabama Department of Labor's financial records for the report period ending September 30, 2020. The Alabama Department of Labor did not have procedures in place to ensure the financial information provided in the ETA 191 Financial Status report was accurate.

The Alabama Department of Labor did not report an accurate total amount of benefits paid to claimants of specific federal agencies on the ETA 191 Financial Status Report. The ETA 191 report is used to bill Federal and military agencies for the recovery of UCFE and UCX benefit payments. This caused incorrect amounts to be reported for benefit payment recovery. This is a significant deficiency in internal control and nonmaterial noncompliance.

**Recommendation**

The Alabama Department of Labor should establish and maintain effective internal controls over reporting to help provide assurance reports are accurate before they are submitted.

**Views of Responsible Officials of the Auditee**

The ETA 191 had noted discrepancies for the quarter ending June 30, 2020. When the error was identified, ADOL notified USDOL Regional office in Atlanta, Georgia of the incorrect information reported on the ETA 191 for the quarter ending June 30, 2020. USDOL confirmed, via email, it was not necessary to provide a corrected report for the quarter ending June 30, 2020. USDOL stated the correct information should be submitted on the next ETA 191 report for the quarter ending September 30, 2020. It has been verified that the correct information was submitted on the ETA 191 for the quarter ending September 30, 2020.

## Section III – Federal Awards Findings and Questioned Costs

| | |
|---|---|
| **Reference Number:** | 2020-005 |
| **Compliance Requirement:** | Reporting |
| **Type of Finding:** | Internal Control and Compliance |
| **Internal Control Impact:** | Significant Deficiency |
| **Compliance Impact:** | Nonmaterial Noncompliance |
| | |
| **CFDA Number(s) and Title(s):** | CFDA 17.225 – Unemployment Insurance |
| **Federal Awarding Agency:** | Department of Labor |
| **Federal Award Number:** | UI-34043-20-55-A-1 |
| **Pass-through Entity:** | None |
| **Pass-through Award Number:** | None |
| | |
| **Questioned Costs:** | None |

**The Alabama Department of Labor did not have procedures in place to ensure the Participant Individual Record Layout Report was accurate.**

**Finding**

The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards to 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.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, August 2020, requires the Alabama Department of Labor to submit a Participant Individual Record Layout report (replaced the Trade Act Participant Report) on participants characteristics, services and benefits received, and outcomes achieved on a rolling four-quarter basis.

While reviewing the 2nd and 3rd quarter for compliance with the Unemployment Insurance reporting requirements for the Participant Individual Record Layout report, 45 discrepancies were noted between the Participant Individual Record Layout report and the Alabama Department of Labor's records.

The Alabama Department of Labor did not have procedures in place to ensure the financial and statistical information provided in Participant Individual Record Layout report was accurate.

The Alabama Department of Labor did not report accurate financial and statistical information on the Participant Individual Record Layout report. This caused incorrect employment, job retention, and wage information to be reported.

**Recommendation**

The Alabama Department of Labor should establish and maintain effective internal controls over reporting to help provide assurance reports are accurate before they are submitted.

**Views of Responsible Officials of the Auditee**

The Participant Individual Record Layout (PIRL) (OMB Number 1205-0521) had noted discrepancies for quarter ending June 30, 2020. When the error was identified, ADOL notified USDOL Regional office in Atlanta, Georgia of the incorrect information reported on the ETA 191 for the quarter ending June 30, 2020. USDOL confirmed, via email, it was not necessary to provide a corrected report for the quarter ending June 30, 2020. USDOL stated the correct information should be submitted on the next PIRL report for the quarter ending September 30, 2020. It has been verified that the correct information was submitted on the PIRL for the quarter ending September 30, 2020. In April 2020 there was a system conversion from AJL to Alabama Works! and ADOL believes this was the cause of the incorrect information. The reports from the new system have been corrected.

## Section III – Federal Awards Findings and Questioned Costs

| | |
|---|---|
| **Reference Number:** | 2020-006 |
| **Compliance Requirement:** | Eligibility |
| **Type of Finding:** | Internal Control and Compliance |
| **Internal Control Impact:** | Material Weakness |
| **Compliance Impact:** | Nonmaterial Noncompliance |
| **CFDA Number(s) and Title(s):** | CFDA 17.225 – Unemployment Insurance<br>CFDA 97.050 – Presidential Declared Disaster Assistance to Individuals and Households |
| **Federal Awarding Agency:** | U. S. Department of Labor<br>U. S Department of Homeland Security |
| **Federal Award Number:** | UI-34043-20-55-A-1 and 4503DRALSPLW |
| **Pass-through Entity:** | None |
| **Pass-through Award Number:** | None |
| **Questioned Costs:** | $116,400.00 |

**The Alabama Department of Labor did not have controls in place to ensure payments were not made to deceased claimants.**

### Finding

The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards (i.e., auditee management) to establish and maintain effective internal controls over the Federal award that provide reasonable assurance that the non-Federal entity is managing the Federal Award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

20 CFR 604.3(a) requires a State to only pay an individual who is able to work and available for work for the week which Unemployment Compensation (UC) is claimed.

Based on data analytics, we identified 1,312 unduplicated claimants. 873 of the unduplicated claimants were determined to be eligible claimants. The remaining 439 consisted of 157 claimants meeting our criteria and 282 claimants that did not meet our criteria. Of the 157 claimants, 75 did not receive any payments, 6 were identified by the Department of Labor, 37 were paid correctly and the remaining 39 claimants received unemployment compensation benefits after records show they were deceased based on our data analytics. This resulted in improper payments totaling $87,540 for the Unemployment Insurance Program CFDA #17.225 and $28,860 for the Federal Emergency Management Agency Lost Wages Assistance CFDA #97.050 for a total of $116,400.00.

The Alabama Department of Labor did not have internal controls in place which were adequately designed to identify deceased claimants in a timely manner, in order to help prevent and/or detect improper payments.

The lack of a well-designed system of internal controls, to identify deceased claimants, will cause the Alabama Department of Labor to continue to pay benefits to claimants who are deceased.

**Recommendation**

The Alabama Department of Labor should establish and maintain effective internal controls to help ensure payments are not made to deceased claimants.

**Views of Responsible Officials of the Auditee**

Fiscal Year 2020 was an extraordinary year for all Unemployment Compensation (UC) programs. ADOL was taxed with servicing an element of the population never encompassed within the UC program. In addition, ADOL was in the throes of UC Modernization as well as budget constraints when the pandemic struck. The sheer volume of claims threw the system into chaos. For the past year, ADOL has attempted to get the necessary programming done to allow the agency to filter unemployment compensation claims through the Integrity Data Hub. The data hub utilizes the "Do Not Pay software" and relays the information back to the states. Unfortunately, programming priorities have repeatedly been steered towards the payment of UC claims and federally mandated programs, as well as providing claimant access to requested data portals.

## Section III – Federal Awards Findings and Questioned Costs

| | |
|---|---|
| **Reference Number:** | 2020-007 |
| **Compliance Requirement:** | Special Test and Provisions |
| **Type of Finding:** | Internal Control/Compliance |
| **Internal Control Impact:** | Significant Deficiency |
| **Compliance Impact:** | Nonmaterial Noncompliance |
| **CFDA Number(s) and Title(s):** | 93.775-State Medicaid Fraud Control Units.<br>93.777-State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare.<br>93.778 Medical Assistance Program (Medicaid; Title XIX). |
| **Federal Awarding Agency:** | U. S. Department of Health and Human Services |
| **Federal Award Number:** | Grant Award Numbers FY2020: 2005AL5MAP and 2005AL5ADM |
| **Pass-through Entity:** | None |
| **Pass-through Award Number:** | None |
| **Questioned Costs:** | None |

**The Medicaid Agency's fiscal agent contract with the Medicaid National Correct Coding Initiative does not include the required confidentiality elements as set out in the Medicaid Technical Guidance Manual.**

### Finding

The Medicaid Agency has one contracted fiscal agent with which it shares data. During our testing of the Medicaid National Correct Coding Initiative (NCCI), the Confidentiality Agreement with the fiscal agent was reviewed and it was determined the Confidentiality Agreement that Medicaid has in place under the fiscal agent contract does not meet the Medicaid Technical Guidance Manuals minimum requirements. According to the Medicaid Technical Guidance Manual 2020, Sections 7.1.1 and 7.1.2, the state Medicaid agency can only share the quarterly state Medicaid NCCI edit files with the contracted fiscal agent that processes its fee-for service claims that is using the Medicaid NCCI methodologies in its processing of claims or encounter data, if appropriate confidentiality agreements are in place that meet the manuals minimum requirements. It also stated that Contracted Parties is defined as a fiscal agent that has a contract with the Medicaid agency for processing its claims which assist with implementation of claims processing or encounter data, and who must use these edit files for processing purposes.

**Finding Continued**

While Medicaid has a contract with the fiscal agent, the section that addresses confidentiality does not include the elements that the manual requires. Rather, Medicaid staff interpreted the manual as allowing disclosure to the Fiscal Agent under the Confidentiality Agreement of the current contract and a different agreement was only required with other contractors involved in NCCI. Not having the proper Confidentiality Agreements may result in leak of confidential information and possible legal action. This is nonmaterial noncompliance and a significant deficiency in internal controls.

**Recommendation**

We recommend Medicaid implement procedures to ensure that the Confidentiality Agreement with the fiscal agent meets the minimum requirements of the Medicaid National Correct Coding Initiative Technical Guidance Manual.

**Views of Responsible Officials**

The Alabama Medicaid Agency agrees that this a nonmaterial noncompliance finding and disagrees that it is a significant deficiency in internal controls. Although the Alabama Medicaid Agency maintains extremely rigorous confidentiality procedures and agreements with all of its contractors so that information is protected at all times in accordance with the many federal regulations applying to the Medicaid Agency and its data, a confidential agreement that specifically reiterates the NCCI Medicaid Technical Guidance Manual's minimum requirements has been developed and sent to the Fiscal Agent for signature. To ensure compliance with the NCCI Medicaid Technical Guidance Manual, Medicaid and the Fiscal Agent will sign the Confidentiality Agreement as soon as possible.

**Examiners' Concluding Remarks**

We have considered the reasons for the Medicaid Agency's disagreement noted above; however, we reaffirm our finding.

## Section III – Federal Awards Findings and Questioned Costs

| | |
|---|---|
| **Reference Number:** | 2020-008 |
| **Compliance Requirement:** | Subrecipient Monitoring |
| **Type of Finding:** | Internal Control/Compliance |
| **Internal Control Impact:** | Significant Deficiency |
| **Compliance Impact:** | Nonmaterial Noncompliance |
| | |
| **CFDA Number(s) and Title(s):** | 21.019 Coronavirus Relief Fund |
| **Federal Awarding Agency:** | U. S. Department of Treasury |
| **Federal Award Number:** | SLT0002 and SLT0223 |
| **Pass-through Entity:** | None |
| **Pass-through Award Number:** | None |
| | |
| **Questioned Costs:** | None |

**The Department of Finance did not notify subrecipients of the audit requirements and it did not ensure audits were performed when subrecipients expended $750,000 or more.**

### Finding

2 CFR Section 200.331(f) states, "Verify that every subrecipient is audited as required by Subpart F--Audit Requirements 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 Section 200.501 Audit Requirements." 2 CFR Section 200.501(a) states, "Audit Required. A non-Federal entity that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part."

During our review of 60 of the 274 subrecipients, we noted the Department of Finance did not require verifications from subrecipients that expended $750,000 or more that they received an audit, nor were subrecipients notified that they were required to have an audit. According to the Department of Finance, they were unaware of the applicability of Subpart F to the Coronavirus Relief Fund (CRF). The audit requirement is to further ensure that subrecipients expending $750,000 or more are in compliance with the regulations of the Coronavirus Relief Fund. Without an audit, Federal funds may not be expended or administered in accordance with the CRF.

**Recommendation**

The Department of Finance should notify subrecipients of the audit requirements and should require subrecipients to provide documentation to verify that the audit has been completed as required.

**Views of Responsible Officials of the Auditee**

Approximately $1.8 Billion in Coronavirus Relief Funds were given to the state in April 2020 with a deadline of December 30, 2020 to disburse the funds. Working on a very tight deadline during a pandemic with limiting and conflicting guidance from the federal government, the Finance Department began the dissemination of the funds. Contracts were created for all "subrecipients" with guidance on requirements. Early guidance and conference calls with U. S. Treasury representative suggested that states might not have to follow Uniform Guidance. Later in the summer, it was clarified that only portions of the Uniform Guidance were required. The federal guidance for these funds was updated almost weekly and, oftentimes, prior guidance decisions were reversed. The early contracts did not reference 2 CFR but later contracts did; however, specific reference to obtaining a Single Audit for amounts over $750,000 was not included in the early CRF contracts. In distributing funds with these early contracting entities, we verbally discussed with the entities that they were subject to the Single Audit and verbally confirmed all were active with their Single Audits. We only chose entities for these distributions that were accustomed to federal funding requirements and current on their audits.

On December 27, 2020, the federal government extended the allowable period for CRF distribution to December 31, 2021. All Coronavirus Relief Funds already obligated all funds at that point and no new contracts will be created. If the Finance Department is charged with distributing federal government funds to subrecipients in the future, all contracts will contain the Single Audit requirements and written verification of Single Audit compliance will be obtained if required.

# *Summary Schedule of Prior Audit Findings*

OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR

STATE OF ALABAMA

DEPARTMENT OF LABOR

FITZGERALD WASHINGTON
SECRETARY OF LABOR

# *Summary Schedule of Prior Audit Findings*
# *Department of Labor*
### *For the Year Ended September 30, 2020*

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Alabama Department of Labor has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2020.

| Finding Ref. No. | Status of Prior Audit Finding |
|---|---|
| *2019-001* | *This is a repeat of Findings 2018-001, 2017-001 and 2011-001 which indicates 2011 as the year the finding originally occurred.* |

***Contingency Planning and Disaster Recovery – Material Weakness***

We reviewed the internal control policies and procedures affecting the ability of certain state agencies to be able to continue operations in the event the information technology resources of those agencies were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning.

The Alabama Department of Labor had a disaster recovery plan; however, the plan has not been updated to adequately reflect significant changes in hardware, software, and personnel. The Department of Labor also does not have an alternate site that could be used as an alternate processing facility if the primary site becomes unavailable. These conditions increase the risk that the Department could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

**Response/ Views:** ADOL agrees with these findings.

**Status of Corrective Action:**
ADOL does have a "formal" disaster recovery (DR) plan, However, it was updated in 2016 and best practice dictates that DR plans be evaluated every 18 months and officially updated every 36 months. ADOL failed to follow these best practices because of lack of resources during the modernization of the Unemployment Insurance system that processes and records benefits, taxes,


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and appeals which started in 2017. This modernization required all of ADOL's IT resources and lasted until early 2020.

Although personnel roles will likely stay the same, the process and procedures because of the modernization will need to be re-engineered to meet the new requirements. ADOL was scheduled to kick off the DR project in late March of 2020, however, the COVID 19 Pandemic state of emergency happened, this state of emergency brought with it unprecedented unemployment claims, and all ancillary projects were halted to meet the demands of the emergency. ADOL is still feeling these demands as of late June 2021. ADOL expects these demands to lessen around October of 2021, at which time ADOL plans to add the formal DR documentation to the list of priorities to be worked.

- PLEASE NOTE: ADOL is only deficient of the proper documentation of the disaster recover. ADOL's team of professionals did successfully negotiate the state of emergency (disaster) that Alabama experienced in March and April of 2020. ADOL had ZERO down time, while other departments in the state were trying to figure out how to work remotely from home. ADOL successfully established remote work for our employees kept UI systems up while facing a 500% increase in workload. ADOL successfully keep our processes secure. ADOL does lack the proper paperwork to prove ADOL has a disaster recovery plan in place, ADOL does plan for disasters while developing systems and procedures when developing systems. ADOL does not have it documented to the standards preferred.

ADOL does have an alternate site for the most critical systems utilized in the Unemployment Insurance processing. ADOL uses the South-Central (Texas) region for the primary region Data Station. ADOL utilizes the paired disaster recover region designated by Microsoft to North-Central (Illinois). ADOL utilizes a database failover group to allow smoother transitions if the need ever arises. ADOL requires the deployment of the same code to the failover site as it makes it to production in efforts to minimize complexity and hopefully a simple failover if the need ever arises. ADOL does need to figure out an alternate print solution, but it will most likely be a service procured at the time it is needed, this will be addressed when the DR project is started later this year.

**Anticipated Completion Date:** Spring of 2022

**Contact Person:** John Demas (John.Demas@labor.alabama.gov)

Fitzgerald Washington

Fitzgerald Washington
Secretary of Labor
Alabama Department of Labor

John Demas | IT Director
Information Systems
Alabama Department of Labor

**State of Alabama**
Department of Finance
State Business Systems

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Kay Ivey
Governor

Bill Poole
Director of Finance

Marty Redden
Acting SBS Director

# *Summary Schedule of Prior Audit Findings*
# *Department of Finance*
***For the Year Ended September 30, 2020***

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Alabama Office of Information Technology has prepared and hereby submits the following Summary Schedule of Prior Audit Findings for the Alabama Department of Finance as of September 30, 2020.

| Finding Ref. No. | Status of Prior Audit Finding |
|---|---|
| 2019-002 | *This is a repeat finding previously reported as Finding 2018-002, 2017-002 and 2014-002 which indicates 2014 as the year the finding originally occurred.*<br><br>***Finding - Disaster Recovery and Contingency Planning – Material Weakness***<br>We reviewed the internal control policies and procedures affecting the ability of the Department of Finance Information Services Division to be able to continue operations in the event the information technology resources of the Department were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning. A comprehensive disaster recovery plan which includes all functional units of the Department including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed. These conditions increase the risk that the Department could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center. |

**Status of Corrective Action:**
The Department of Finance and the Office of Information Technology (OIT) are planning the development and testing of a Disaster Recovery solution that will provide a Recovery Point Objective (RPO) of 24 Hours and a Recovery Time Objective (RTO) of 72 hours. The Office of Technology is in the process of facilitating a Disaster Recovery Center located in Birmingham Alabama. The Department of Finance will enter a partnership with OIT for usage of the Birmingham facility for Disaster Recovery purposes. Documentation will be developed which details the backup, recovery and workflow of Disaster Recovery Procedures. Upon initial configuration the Department of Finance will coordinate and perform periodic testing of the Disaster recovery processes as needed to establish confidence in the newly established process. After implementation it is intended for these tests to be performed annually.

**Reason for the Recurrence:**
The Department of Finance had a limitation of resources due to restructuring of server platforms and transition of software to newer technologies. Also, the Office of Information Technology was in the process of finalizing a suitable Disaster Recover location.

**Anticipated Completion Date:**
February 28, 2022. The Office of Information Technology intends to have the new Disaster Recovery Datacenter established by December 31, 2021. The Department of Finance anticipates it will take 2 months to configure equipment as needed, test Disaster Recovery processes and develop the necessary documentation for successful completion of the solution.

***Contact Person(s):*** Marty Redden

***Signature of Responsible Official:***

Kay Ivey
*Governor*

State of Alabama
Department of Human Resources

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Post Office Box 304000
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*http://dhr.alabama.gov*

Nancy T. Buckner
*Commissioner*

# *Summary Schedule of Prior Audit Findings*

***For the Year Ended September 30, 2020***

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the (*Department of Human Resources)* has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2020.

| Finding Ref. No. | Status of Prior Audit Finding |
|---|---|
| *2019-003* | *This is a repeat finding previously reported as Finding 2019-003, 2018-004 and 2017-005 which indicates 2017 as the year the finding originally occurred.* |

***Finding:***

The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards (i.e., auditee management) to 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.

The *Uniform Guidance*, 2 CFR Part 200, Appendix VI – Public Assistance Cost Allocation Plans provides for an approved plan to allocate costs to federal awards. The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement from April 2017 provides that charges to federal awards should be in accordance with the approved Public Assistance Cost Allocation Plan.

The Department of Human Resource's Public Assistance Cost Allocation Plan states that "Space cost of public buildings is based on use allowances derived for each building". The Department had numerous facilities for which direct federal program costs were allocated based upon allocation percentages. The Department prepared a worksheet listing these facilities along with the prescribed allocation percentages.

In a sample of 71 allocations, we noted five instances where the rate used did not agree with the Department's worksheet and where the amount posted did not agree with the allocation shown on the worksheet.

The Department had internal controls in place for reviewing the worksheets and allocations; however, the controls did not operate effectively to identify the minor errors

on the worksheets and allocations in these instances. This is a significant deficiency in internal controls.

Not having effective internal controls over these allocations could result in federal awards being incorrectly charged for allocated costs.

***Reason for the Recurrence:*** This finding recurred because we were not made aware that the problem still existed until well into the FY2019 fiscal year.

***Corrective Action Taken:*** Staff training is ongoing as it relates to this finding. General Services has been notified to alert the Finance Division when floor space allocation changes need to be made. We are still expecting the STAARS system to be updated.

***Corrective Action:*** Complete

*2019-004* ***Finding:***

The Uniform Guidance, 2 CFR 200.303, requires non-Federal entities receiving Federal awards (i.e., auditee management) to 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. The Uniform Guidance, 2 CFR 200.301, requires performance to be measured in a way that will help the federal awarding agency and other non-Federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices. Performance reporting frequency and content should be established to not only allow the Federal awarding agency to understand the recipients progress but also to facilitate identification of promising practices among recipients and build the evidence upon which the Federal awarding agency's program and performance decisions are made. According to 45 CFR 261.62(a)(4), to ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report each State must establish and employ internal controls to ensure compliance with the State's Work Verification Plan.

During our testing of TANF beneficiary case files, we noted two errors where casefile information did not match information recorded in the Family Assistance Comprehensive Employment and Training System (FACETS); and, two errors where casefile information did not match what is on the ACF-199 TANF Data report. Another error was noted where supporting worksheet computations did not match information reported on the ACF-199, TANF Data Report. These errors were not prevented, detected, or corrected by the Department of Human Resources' case review process.

The supervisory casefile review process, in place at the Department of Human Resources, is not adequately designed to prevent, detect, and correct the errors timely. Ineffective internal controls over performance reporting affects the ability of the Federal awarding agency to understand the recipients progress and build evidence upon which the Federal awarding agency's program and performance decisions are made. One of the critical areas of the ACF-199, TANF Data Report is the work participation data, which serve as the basis for the Administration for Children and Families (ACF) to determine whether States have met the required work participation rates. A penalty may apply for failure to meet the required rates. This is a material weakness in internal controls over reporting and noncompliance.

***Recommendation:***
The Department of Human Resources should establish and maintain effective internal controls over compliance that provide reasonable assurance the Department maintains reliable records used as the basis for performance reports.

***Response/Views:*** . While no payment errors can be attributed to this finding, we concur with the finding.

***Corrective Action Taken:*** The primary internal control to ensure compliance is the Supervisory Review Process. While we believe it is the best way to monitor accuracy of information entered in our system, it is not designed to review information prior to entry into the system. We reviewed the errors cited to determine what other processes might be needed to increase the effectiveness of our internal controls and ensure accuracy of records/data.

***Anticipated Completion Date:*** **Completed**

***Contact Person(s):*** Avis Hunter/Fannie Ashley/Beverly Shields

***Signature of Responsible Official:***

Nancy L Schloh

# Alabama Medicaid Agency

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KAY IVEY
Governor

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334-242-5000 1-800-362-1504

STEPHANIE MCGEE AZAR
Commissioner


## *Summary Schedule of Prior Audit Findings*

***For the Year Ended September 30, 2020***

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Alabama Medicaid Agency has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2020.

| Finding Ref. No. | Status of Prior Audit Finding |
|---|---|
| ***2019-005*** | The Uniform Guidance, 2 CFR 200.303, requires non-Federal entities receiving Federal awards (i.e., auditee management) to establish and maintain effective internal controls over the Federal award that provide 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. The Alabama Medicaid Agency is required to ensure that the State accurately reports overpayment recoveries resulting from the Medicaid Fraud Control Unit (MFCU) activities on the CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program.<br><br>During the review of the Medicaid Agency's Special Test and Provisions procedures, we determined that the Medicaid Agency did not report the correct amounts for the overpayment recoveries collected as a result of MFCU activities in the CMS-64 report for three of the four quarters for the fiscal year 2019. We determined these errors constituted a significant deficiency in internal controls and noncompliance.<br><br>These errors resulted because the control procedures at the Alabama Medicaid Agency did not include a validation step to ensure that overpayment recoveries resulting from the Medicaid Fraud Control Unit (MFCU) activities agreed to the amounts reported on the CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program. As a result of not having adequate controls in place, inaccurate amounts were reported to the federal government on the CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program.<br><br>Alabama Medicaid Agency's Finance division has created reports to verify MFCU information is correct before entering it onto the CMS-64. Verification of this data was implemented quarter four 2020 after the Examiner's finding. |

**Procedures for Reporting Program Integrity Collections on the CMS 64.9C1 Form – New Effective 10/01/2020**

The Program Integrity Department sends a spreadsheet at the end of each quarter that details collections by type:

- Data Mining
- Provider Integrity Audits
- Investigations Unit
- Provider Review Self Audits
- MFCU Investigations
- Settlements and Judgements
- Civil Monetary Penalties
- CMS MIC
- Other – RAC

This report gives the following information for each collection transaction:

- Provider Name
- Recouped Amount
- Month Recouped
- Method of Payment

The transactions on this report should be validated using the following reports:

- Data Mining – SUR Log (Report from DXC)
- Provider Integrity Audits – SUR Log
- Investigations Unit – Reports from Recipient A/R System (URC transactions)
- Provider Review Self Audits – SUR Log
- MFCU Investigations – Court Order Settlements Report
- Settlements and Judgements – SUR Log and COS Report
- Civil Monetary Penalties – General Ledger
- CMS MIC - General Ledger
- Other – General Ledger

After the Program Integrity Report is validated then the numbers are summarized and entered into the CMS 64.9C1 form in the MBES System.

# *Auditee Response/Corrective Action Plan*

## *Section II – Financial Statement Findings (GAGAS)*

OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR

STATE OF ALABAMA

DEPARTMENT OF LABOR

FITZGERALD WASHINGTON
SECRETARY OF LABOR

# *Auditee Response/Corrective Action Plan*
# *Section II – Financial Statement Findings (GAGAS)*
# *Department of Labor*

***For the Year Ended September 30, 2020***

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Department of Labor has prepared and hereby submits the following Corrective Action Plan for the finding which will be included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

| Finding Ref. No. | Corrective Action Plan Details |
|---|---|
| ***2020-001*** | *This is a repeat of Findings 2019-001, 2018-001, 2017-001 and 2011-001 which indicates 2011 as the year the finding originally occurred.*<br><br>***Contingency Planning and Disaster Recovery – Material Weakness***<br><br>We reviewed the internal control policies and procedures affecting the ability of certain state agencies to be able to continue operations in the event the information technology resources of those agencies were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning.<br><br>The Alabama Department of Labor had a disaster recovery plan; however, the plan has not been updated to adequately reflect significant changes in hardware, software, and personnel. These conditions increase the risk that the Department could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center. |

***Recommendation***

The Alabama Department of Labor should update all components of its disaster recovery plan. Periodic reviews and updates of the disaster recovery plan should be performed.

***Response/Views:*** We agree with this finding.

***Corrective Action Planned:*** ADOL's disaster recovery plan is currently being reviewed to analyze the possibility for our existing plan to be converted to cloud based electronic system. This system would reflect updates to hardware, software, and personnel on a regular basis. ADOL personnel currently operates from a cloud platform daily, which allows ADOL to work from any alternate location with a secure network. This drastically decrease the risk of any major disruptions in service if there is a catastrophic event at or near our primary data processing center.

***Reason for the Recurrence:*** Since March of 2019 ADOL has been handling a very high volume of work. The secure and effective processing of UI claims has been ADOL's main goal. ADOL's has not had the resources to review or update the DR plan submitted for this audit. The addition of new technologies and the effort to keep the DR plan relevant to ADOL's current environment has resulted in ADOL's inability to keep the DR up-to date with the changing technologies. ADOL hopes to have an updated plan by the end of 2nd quarter 2021.

***Anticipated Completion Date:*** July 1, 2021

***Contact Person(s):*** John Demas (john@alabama.gov)

***Signature of Responsible Official:*** Place your signature as the Responsible Official here.

Fitzgerald Washington

**STATE OF ALABAMA**
# Office of Information Technology

64 North Union Street, Suite 200
Montgomery, AL 36130
Telephone (334) 242-3800

**KAY IVEY**
**Governor**

**HENRY M. REDDEN**
**Secretary**

**Response and Corrective Action Plan to finding 2020-002**

## *Auditee Response/Corrective Action Plan*
***For the Year Ended September 30, 2020***

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Office of Information Technology has prepared and hereby submits the following Corrective Action Plan for the finding which will be included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

| Finding Ref. No. | Corrective Action Plan Details |
|---|---|
| 2020-002 . | This is a repeat of Findings 2019-002, 2018-002, 2017-002, and 2014-001, which indicates 2014 as the year the finding originally occurred. |

***Disaster Recovery and Contingency Planning – Material Weakness***

We reviewed the internal control policies and procedures affecting the ability of the Department of Finance Information Services Division to be able to continue operations in the event the information technology resources of the Department of Finance were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning. A comprehensive disaster recovery plan which includes all functional units of the Department of Finance including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed. These conditions increase the risk that the Department of Finance could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

***Recommendation***

The Office of Information Technology should update the master disaster recovery plans for all functional units of the Department.

***Response/Views:*** We agree with the finding.

**STATE OF ALABAMA**
# Office of Information Technology

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Telephone (334) 242-3800

**KAY IVEY**
**Governor**

**HENRY M. REDDEN**
**Secretary**

***Corrective Action Planned:*** The Office of Information Technology (OIT) has negotiated a lease with a 3rd party Data Center provider in Birmingham, AL to facilitate Disaster Recovery services. OIT has finalized the network design and will order the necessary infrastructure to provide "warm site" recovery at this location for selected services. All data currently being backed up/stored at the Tuscaloosa site will be migrated to this location.

Once all infrastructure and services are consolidated into the Birmingham facility, OIT will continue with business continuity planning within OIT and include additional agencies that have a need for this functionality. Once the core services and functionality are available, OIT will coordinate and perform periodic Disaster Recovery tests for our services in conjunction with the participating Agencies that we support. These tests will be performed annually, with more frequent incremental testing for selected services.

***Reason for the Recurrence:*** The limitation of fiscal resources to duplicate network, compute, and security resources has delayed the implementation of full disaster recovery functionality for OIT and the customers supported.

***Anticipated Completion Date:*** December 31th, 2021. The consolidation of Tuscaloosa into Birmingham will be completed by this date. This will allow OIT and supported customer to fully develop business continuity plans and identify key services and applications along with their dependencies needed to fully operate in the event of a natural or man-made disaster.

***Contact Person(s):*** Marty Redden
Secretary of Information Technology

***Signature of Responsible Official:***

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# *Auditee Response/Corrective Action Plan*

## *Section III – Federal Awards Findings and Questioned Costs*

Scott Harris, M.D., M.P.H.
STATE HEALTH OFFICER

***Auditee Response/Corrective Action Plan***
***Section III – Federal Awards Findings and Questioned Costs***
***Department of Public Health***
***For the Year Ended September 30, 2020***

*As required by the* ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards****, 2 CFR 200.511(c), the Department of Public Health has prepared and hereby submits the following Corrective Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.*

| ***Finding Ref. No.*** | ***Corrective Action Plan Details*** |
|---|---|
| ***2020-003*** | |

***FINDING:***

The Uniform Guidance, 2 CFR 200.303, requires non-Federal entities receiving Federal awards to 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.

42 USC 300ff-28(b)(3)(B) requires States to allocate amounts received under section 300ff–21 of this title, and ensure that, of the aggregate amount allocated, the total of the expenditures by the entities for administrative expenses does not exceed 10 percent.

The Uniform Guidance, 2 CFR 200.336, requires non-Federal entities to give access to any documents, papers, or other records of the non-federal entity, which are pertinent to the Federal award, to authorized representatives in order to make audits.

When testing compliance with the HIV earmarking requirements, we were not provided with the supporting documentation to determine compliance with the subrecipient administrative expenditure limit. This represented one of the eight earmarking requirement components of the HIV program. The Department of Public Health did not have procedures in place to ensure subrecipient administrative expenditure records are provided for audit review upon request.

The State Department of Public Health did not provide subrecipient administrative expenditure records as requested. Therefore, it was undeterminable as to whether the Department of Public Health ensured the HIV earmarking requirement was met. This could result in subrecipient administrative expenses exceeding the 10 percent limit. This is a significant deficiency in internal control and nonmaterial noncompliance.

**RECOMMENDATION:**
The Department of Public Health should establish and maintain effective internal controls over subrecipient monitoring to help provide assurance subrecipient administrative expenditure records are maintained.

**Corrective Action:** Internal controls will be established for improved and effective internal controls over subrecipient monitoring to ensure administrative expenditure records are maintained by the subrecipient and the grantee. By April 2022, the new FY 2022 federal grant year, all changes are expected to be fully implemented.

Contact Person: Vontrese McGhee, Director
Ryan White Part B Program
Office of HIV Prevention and Care (OHPC)
Alabama Department of Public Health (ADPH)
RSA Tower, Suite 1200
Vontrese.McGhee@adph.state.al.us Tel. 334.206.2615

**Corrective Action Planned:** Hiring of essential dedicated financial staff within the Ryan White (RW) Program: Fiscal Administrator (Health Service Administrator II) and Accountant level staffing positions.
**Anticipated Completion Date:** November 2022 **Responsible Party:** Vontrese McGhee

**Corrective Action Planned:** ADPH Finance will work closely with the OHPC, RW program to maintain communication and to develop variance reports supplemental to existing financial reports to provide expenditures versus budgets by required reporting categories.
**Anticipated Completion Date:** January 2022 (ongoing collaboration) **Responsible Party:** Vontrese McGhee, Shaundra Morris, Sharon Jordan

**Corrective Action Planned:** Continued guidance from national contracted RW program consultants on implementing processes and tools used across similar RW programs to capture the required administrative 10% cap.
**Anticipated Completion Date:** December 2022 (re-evaluated as needed) **Responsible Party:** Vontrese McGhee

**Corrective Action Planned:** A tracking system will be implemented within the program to capture details of invoices and earmarked funds for the subrecipient. Reconciliation to STAARS will be done monthly utilizing tasks and sub-tasks created by RWHAP invoicing.
**Anticipated Completion Date:** January 2022 **Responsible Party:** Vontrese McGhee

**Corrective Action Planned:** Further assessment of financial staffing required to fulfill program financial obligations will be determined.
**Anticipated Completion Date:** April 2022 **Responsible Party:** Vontrese McGhee

OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR

STATE OF ALABAMA

DEPARTMENT OF LABOR

FITZGERALD WASHINGTON
SECRETARY OF LABOR

***Corrective Action Plan***
***For the Year Ended September 30, 2020***

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Department of Labor has prepared and hereby submits the following Corrective Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

| Finding Ref. No. | Corrective Action Plan Details |
|---|---|

***2020-004***

**FINDING:**

The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards to 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.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, August 2020, requires the Alabama Department of Labor to submit an ETA (Employment and Training Administration) 191 Financial Status report on a quarterly basis which shows the Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service Members (UCX) expenditures and the total amount of benefits paid to claimants of specific federal agencies.

While reviewing the ETA 191 reports for compliance with the Unemployment Insurance reporting requirements, 17 discrepancies were noted between the ETA 191 Financial Status report and the Alabama Department of Labor's financial records for the report period ending September 30, 2020. The Alabama Department of Labor did not have procedures in place to ensure the financial information provided in the ETA 191 Financial Status report was accurate.

The Alabama Department of Labor did not report an accurate total amount of benefits paid to claimants of specific federal agencies on the ETA 191 Financial Status Report. The ETA 191 report is used to bill Federal and military agencies for the recovery of UCFE and UCX benefit payments. This caused incorrect amounts to be reported for benefit payment recovery. This is a significant deficiency in internal control and nonmaterial noncompliance.

***2020-004 (continued)***

**RECOMMENDATION:**
The Alabama Department of Labor should establish and maintain effective internal controls over reporting to help provide assurance reports are accurate before they are submitted.

**RESPONSE:**
**Name(s) of Contact Person(s) responsible for corrective action:** Terry Knight
**Corrective Action planned:** No action will be taken to correct the information in the quarterly reports reviewed. When the error was identified, ADOL notified USDOL Regional office in Atlanta, GA of the incorrect information reported on the ETA 191 for the quarter ending 6/30/2020. USDOL confirmed, via email, it was not necessary to provide a corrected report for the quarter ending 6/30/2020. USDOL stated the correct information should be submitted on the next ETA 191 report for the quarter ending 09/30/2020. It has been verified that the correct information was submitted on the ETA 191 for the quarter ending 9/30/2020.

**Anticipated Completion Date:** November 14, 2020

***2020-005***

**FINDING:**
The *Uniform Guidance*, 2 CFR 200.303, requires non-Federal entities receiving Federal awards to 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.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, August 2020, requires the Alabama Department of Labor to submit a Participant Individual Record Layout report (replaced the Trade Act Participant Report) on participants characteristics, services and benefits received, and outcomes achieved on a rolling four-quarter basis.

While reviewing the 2nd and 3rd quarter for compliance with the Unemployment Insurance reporting requirements for the Participant Individual Record Layout report, 45 discrepancies were noted between the Participant Individual Record Layout report and the Alabama Department of Labor's records.

The Alabama Department of Labor did not have procedures in place to ensure the financial and statistical information provided in Participant Individual Record Layout report was accurate.

The Alabama Department of Labor did not report accurate financial and statistical information on the Participant Individual Record Layout report. This caused incorrect employment, job retention, and wage information to be reported. This is a significant deficiency in internal control and nonmaterial noncompliance.

**RECOMMENDATION:**
The Alabama Department of Labor should establish and maintain effective internal controls over reporting to help provide assurance reports are accurate before they are submitted.

***2020-005 (continued)***

**RESPONSE:**
**Name(s) of Contact Person(s) responsible for corrective action:** Michele Tatum
**Corrective Action planned:** No action will be taken to correct the information in the quarterly reports reviewed. When the error was identified, ADOL notified USDOL Regional office in Atlanta, GA of the incorrect information reported on the ETA 191 for the quarter ending 6/30/2020. USDOL confirmed, via email, it was not necessary to provide a corrected report for the quarter ending 6/30/2020. USDOL stated the correct information should be submitted on the next PIRL report for the quarter ending 09/30/2020. It has been verified that the correct information was submitted on the PIRL for the quarter ending 9/30/2020. In April 2020 there was a system conversion from AJL to Alabama Works! and ADOL believes this was the cause of the incorrect information. The reports from the new system have been corrected.

**Anticipated Completion Date:** November 14, 2020

***2020-006***

**FINDING:**

The Uniform Guidance, 2 CFR 200.303, requires non-Federal entities receiving Federal awards (i.e., auditee management) to establish and maintain effective internal controls over the Federal award that provide reasonable assurance that the non-Federal entity is managing the Federal Award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

20 CFR 604.3(a) requires a State to only pay an individual who is able to work and available for work for the week which Unemployment Compensation (UC) is claimed.

Based on data analytics, we identified 1,312 unduplicated claimants. 873 of the unduplicated claimants were determined to be eligible claimants. The remaining 439 consisted of 157 claimants meeting our criteria and 282 claimants that did not meet our criteria. Of the 157 claimants, 75 did not receive any payments, 6 were identified by the Department of Labor, 37 were paid correctly and the remaining 39 claimants received unemployment compensation benefits after records show they were deceased based on our data analytics. This resulted in improper payments totaling $87,540 for the Unemployment Insurance Program CFDA # 17.225 and $28,860 for the Federal Emergency Management Agency Lost Wages Assistance CFDA # 97.050 for a total of $116,400.00.

The Alabama Department of Labor did not have internal controls in place which were adequately designed to identify deceased claimants in a timely manner, in order to help prevent and/or detect improper payments.

The lack of a well-designed system of internal controls, to identify deceased claimants, will cause the Alabama Department of Labor to continue to pay benefits to claimants who are deceased. This is considered a material weakness in internal control and nonmaterial noncompliance.

***2020-006 (continued)***

**RECOMMENDATION:**

The Alabama Department of Labor should establish and maintain effective internal controls to help ensure payments are not made to deceased claimants.

**RESPONSE:**

**Name(s) of Contact Person(s) responsible for corrective action:** Thomas Daniel

**Corrective Action planned:** ADOL will make the necessary program changes to allow the unemployment compensation claims to be filtered through the Integrity Data Hub. The data hub utilizes the "Do Not Pay software" and relays the information back to the states. This should identify deceased claimants as well as those with questionable identities.

**Anticipated Completion Date:** March 2022

Fitzgerald Washington
Secretary of Labor

# Alabama Medicaid Agency

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STEPHANIE MCGEE AZAR
Commissioner


## *Corrective Action Plan*

***For the Year Ended September 30, 2020***

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Medicaid Agency has prepared and hereby submits the following Corrective Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

| Finding Ref. No. | Corrective Action Plan Details |
|---|---|

***2020-007***

**FINDING:**

The Medicaid Agency has one contracted fiscal agent with which it shares data. During our testing of the Medicaid National Correct Coding Initiative (NCCI), the Confidentiality Agreement with the fiscal agent was reviewed and it was determined the Confidentiality Agreement that Medicaid has in place under the fiscal agent contract does not meet the Medicaid Technical Guidance Manuals minimum requirements. According to the Medicaid Technical Guidance Manual 2020, Sections 7.1.1 and 7.1.2, the state Medicaid agency can only share the quarterly state Medicaid NCCI edit files with the contracted fiscal agent that processes its fee-for service claims that is using the Medicaid NCCI methodologies in its processing of claims or encounter data, if appropriate confidentiality agreements are in place that meet the manuals minimum requirements. It also stated that Contracted Parties is defined as a fiscal agent that has a contract with the Medicaid agency for processing its claims which assist with implementation of claims processing or encounter data, and who must use these edit files for processing purposes. While Medicaid has a contract with the fiscal agent, the section that addresses confidentiality does not include the elements that the manual requires. Rather, Medicaid staff interpreted the manual as allowing disclosure to the Fiscal Agent under the Confidentiality Agreement of the current contract and a different agreement was only required with other contractors involved in NCCI. Not having the proper Confidentiality Agreements may result in leak of confidential information and possible legal action. This is nonmaterial noncompliance and a significant deficiency in internal controls.

**RECOMMENDATION:**

We recommend Medicaid implement procedures to ensure that the Confidentiality Agreement with the fiscal agent meets the minimum requirements of the Medicaid National Correct Coding Initiative Technical Guidance Manual.

**RESPONSE:**
The Alabama Medicaid Agency agrees that this is a nonmaterial noncompliance finding. Although the Alabama Medicaid Agency maintains extremely rigorous confidentiality procedures and agreements with all of its contractors so that information is protected at all times in accordance with the many federal regulations applying to the Medicaid Agency and its data, a confidential agreement that specifically reiterates the NCCI Medicaid Technical Guidance Manual's minimum requirements has been developed and sent to the Fiscal Agent for signature. To ensure compliance with the NCCI Medicaid Technical Guidance Manual, Medicaid and the Fiscal Agent will sign the Confidentiality Agreement as soon as possible.

**CONTACT PERSON:**
Clay Gaddis, IT Manager II, Fiscal Agent Policy and System Management

**CORRECTIVE ACTION PLANNED:**
To ensure compliance with the NCCI Medicaid Technical Guidance Manual, Medicaid and the Fiscal Agent will sign the Confidentiality Agreement as soon as possible.

**ANTICIPATED COMPLETION DATE:**
December 1, 2021

Stephanie McGee Azar
Commissioner

STATE OF ALABAMA
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Michael G. Hudson, CGFM
Deputy State Comptroller

# *Auditee Response/Corrective Action Plan*
# *Section III – Federal Awards Findings and Questioned Costs*
# *Alabama Department of Finance*
***For the Year Ended September 30, 2020***

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Alabama Department of Finance has prepared and hereby submits the following Corrective Action Plan for the finding which is included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

| **Finding Ref. No.** | **Corrective Action Plan Details** |
|---|---|

***2020-008***

**FINDING:**
2 CFR section 200.331(f) states, "Verify that every subrecipient is audited as required by Subpart F--Audit Requirements 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 section 200.501 Audit Requirements." 2 CFR section 200.501(a) states, "Audit Required. A non-Federal entity that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part."

During our review of 60 of the 274 subrecipients, we noted the Department of Finance did not require verifications from subrecipients that expended $750,000 or more that they received an audit, nor were subrecipients notified that they were required to have an audit. According to the Department of Finance, they were unaware of the applicability of Subpart F to the Coronavirus Relief Fund. The audit requirement is to further ensure that subrecipients expending $750,000 or more are in compliance with the regulations of the Coronavirus Relief Fund. Without an audit, Federal funds may not be expended or administered in accordance with the CRF.

**RECOMMENDATION:**
The Department of Finance should notify subrecipients of the audit requirements and should require subrecipients to provide documentation to verify that the audit has been completed as required.

**Corrective Action Plan:**

If the Finance Department is charged with distributing federal government funds to subrecipients in the future, all contracts will contain the Single Audit requirements and written verification of Single Audit compliance will be obtained.