

Audit Report Highlights

JFS Benefits Compliance Review

Total Potential Recoveries¹ None Total Cost Savings² None

2021 HHS Jobs and Family Services Budget³ = \$81 million County Annual Budget⁴ = \$1.4 billion

Why DIA Did This Audit



An audit was conducted to assess progress on management action plans developed in response to findings and recommendations by federal and state audits. The audit was approved as part of the 2021 audit plan. The audit period under review was 1/1/2019-1/6/2021. The purpose of this audit was to determine whether progress towards completion of management action plans is:

1. Tracked by a system or set of processes adequately designed to enable management to monitor progress.
2. Sufficiently monitored by management through follow-up with process owners to ensure timely completion.
3. Adequately addressing the audit findings with timely corrective action and implementation of controls effective in ensuring compliance with requirements.
4. Supported by documented evidence that demonstrates the corrective action and implementation of controls.

What DIA Found

The JFS Benefits' progress on management action plans in response to federal and state audits appears well managed. Based on DIA's review of the evidence, it appears JFS Benefits adequately addressed the audit findings with timely corrective action and implementation of controls that promoted compliance. DIA disclosed no findings or areas of concerns relative to appropriate progress on management action plans by Cuyahoga County Job and Family Services for audit reports received during the audit period.

Recommendations have been rated by priority: High, Moderate or Low.
The report contains 0 recommendations:
0 **High** – 30 days to complete
0 **Moderate** – 90 days to complete
0 **Low** – 180 days to complete

¹ Total amount that could potentially be recovered from overpayments or other revenue sources.
The amount the County could potentially save annually by implementing recommendations. Cost savings may not be identified.
³ Budget amount reported on OBM's 2021 Adopted Departmental Budget Summary.
⁴ The County Annual Budget includes operating appropriations from all County funds.

Audit Report Highlights

JFS Benefits Compliance Review

October 2021

Background

JFS promotes economic self-sufficiency and personal responsibility for families and individuals by providing access to jobs, benefits, and community services through a range of quality services that include Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Prevention, Retention, and Contingency (PRC), Child Care Assistance, and Workforce Programs.

JFS is subject to Federal and State level audits. Some of which are mandated by the Code of Federal Regulations or Ohio Revised Code. This includes both the ODJFS Management Evaluation of SNAP and annual financial audit by the Auditor of State.

JFS provides Management Action Plans to address findings and recommendations by federal and state audits.

What DIA Recommended

There appears to be proactive continuous monitoring of implementing corrective action plans for audits including adequate review and training to ensure compliance with JFS program requirements. JFS Benefits follows the best business practices and therefore DIA did not note any areas for possible business process improvement recommendations.

Although there were some repeat findings in audit reports, based on DIA's review of the evidence it appears that timely corrective action occurred. Based on our comparative analysis of the audit reports released in 2019 and 2020, there was minimal net change in the overall number of errors or findings. However, DIA noted that based on the audit release dates and the time needed to adequately develop and implement management action plans, the repeat findings were unavoidable and reasonable. Effective implementation of management action plans should ensure net reduction of errors or findings in future audit reports.

DIA also realizes there were considerable hurdles in 2019-2020 due to ERP implementation and in 2020 due to significant departmental changes in response to the COVID pandemic, so we commend JFS for its persistence with implementing thoughtful management action plans which should continue to reduce findings in future years.



Internal Audit would like to express our appreciation for the cooperation and assistance received from JFS during this audit. The strides made help improve the County's efficiency and accountability.

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

JFS Benefits Compliance Review
Cuyahoga County Jobs & Family Services
January 1, 2019 – January 6, 2021

**Director of Internal Auditing: Monica Houston, CPA,
CGMA, CFE, CIDA**

Audit Manager: Joshua Ault, CIA

Staff Auditor: Tom Schneider, CPA

Staff Auditor: Dawn Meredith



Release Date 11/12/2021



**CUYAHOGA COUNTY
DEPARTMENT OF INTERNAL AUDITING**

**INTERNAL AUDIT REPORT
JFS Benefits Compliance Review
Cover Letter**

October 15, 2021

To: Kevin Gowan, Job and Family Services Administrator, and current management of the Cuyahoga County Job and Family Services

The Department of Internal Auditing (DIA) has conducted the JFS Benefits Compliance Review for the period of January 1, 2019 through January 6, 2021. Our main objective was to assess progress on management action plans developed in response to findings and recommendations by federal and state audits. Also, that the progress is sufficiently monitored by management and supported by sufficient documented evidence.

To accomplish our objectives DIA conducted interviews with management and staff regarding the progress on management action plans. Additionally, we conducted substantive testing by reviewing the management action plans and requesting support documentation to verify that the audit findings were addressed adequately through timely corrective action and implementation of controls that effectively ensured compliance with requirements.

Our audit procedures disclosed no findings or areas of concerns relative to appropriate progress on management action plans by Cuyahoga County Job and Family Services for audit reports received during the audit period. We commend Cuyahoga Job and Family Services for the establishment of and adherence to processes and procedures that ensure effective resolution of audit findings.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to Cuyahoga County Job and Family Services (referred to within this report as JFS) staff and management that assisted throughout the process for their courtesy and cooperation during this audit especially as such occurred during a time of significant crisis for the County. A draft report was provided to JFS management for review.

Respectfully,

A handwritten signature in black ink, appearing to read 'Monica Houston', written in a cursive style.

Monica Houston, CPA, CGMA, CFE, CIDA
Director of Internal Auditing

Cc: Cuyahoga County Council
William Mason, Chief of Staff
Greg Huth, Law Director
Michael C. O'Malley, Cuyahoga County Prosecutor
Catherine Tkachyk, Executive Audit Liaison

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Glossary

County Financial Audit	As a public office, the County is audited each fiscal year pursuant to “The Single Audit Act of 1984” and Ohio Revised Code 117.11. The County provides management responses to address noncompliance and internal control over compliance findings and recommendations. Each reporting period is January 1 through December 31.
Cuyahoga Job and Family Services (JFS)	County agency providing the following programs: Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Prevention, Retention, and Contingency (PRC), Child Care Assistance, and Workforce Programs, in accordance with Federal, State, and County regulations.
Management Action Plans	Management responses to address findings and recommendations by federal and state audits. Also referred to as “corrective action”, “corrective action plans”, or “continuous improvement plans”.
ODJFS Management Evaluation (ME) of SNAP Review	As a large project area, the County is reviewed annually by Ohio Department of Job and Family Services’ (ODJFS) Management Evaluation Unit to ensure compliance with SNAP program requirements pursuant to Code of Federal Regulations Title 7 Part 275. The County provides management responses to address findings (referred to as Continuous Improvement Plans). Each reporting period is October 1 through September 30, referred to as the Federal Fiscal Year (FFY).
Schedule of Expenditures of Federal Awards (SEFA)	The SEFA is a supplemental schedule to an organization’s financial statements recapping expenditures of federal awards during the organization’s fiscal year by federal agency and program. Auditors also use the SEFA to determine which programs listed are major programs and require testing in the County Financial Audit.

Report Details

Purpose

The purpose of this audit was to assess progress on management action plans developed in response to findings and recommendations by federal and state audits.

The Audit Committee approved DIA's 2021 Audit Plan to include the JFS Benefits Compliance Review. JFS was identified as an area of high risk on the Annual Risk Assessment due to prior audit results, significant departmental changes in response to the COVID pandemic, economic sensitivity, and stakeholder pressure. We conducted our review through inquiry, observation, and substantive testing of management action plans. DIA evaluated management action plan processes for existence and effectiveness of controls as well as compliance with existing policies and applicable legal statutes and guidance.

Audit Objectives

The objectives of this audit were to determine whether progress towards the completion of management action plans is:

- Tracked by a system or set of processes adequately designed to enable management to monitor progress.
- Sufficiently monitored by management through follow-up with process owners to ensure timely completion.
- Adequately addressing the audit findings with timely corrective action and implementation of controls effective in ensuring compliance with requirements.
- Supported by documented evidence that demonstrates the corrective action and implementation of controls.

Scope

To accomplish our objectives, we utilized an audit period of January 1, 2019 through January 6, 2021 and selected state and federal audit reports released during that period for review. Interviews with management and staff were conducted to document the controls in place over monitoring completion of management action plans. Additionally, substantive testing was performed to determine whether the management action plans were implemented as agreed to. For reports released in 2020, because many of the management action plans had anticipated dates of completion extending into 2021, DIA accepted support documentation dated through the conclusion of its fieldwork as part of its substantive testing.

In determining a population of audit reports, DIA reviewed the following JFS programs for potential federal and state oversight:

- Medicaid
- Supplemental Nutrition Assistance Program (SNAP)
- Temporary Assistance for Needy Families (TANF)
- Prevention, Retention, and Contingency (PRC)
- Child Care Assistance
- Workforce Programs

Accordingly, DIA identified an initial population of 6 audits. However, only two of the six audits had management action plans from JFS and thus were within scope:

- ODJFS Management Evaluation (ME) of SNAP
- County Financial Audit – Single Audit

The remaining four audits were out of scope as they were federal audits over the state's Medicaid program. Although counties are active participants in these audits relative to cases that fall within their jurisdiction, responsibility for addressing findings and recommendations rests solely with the State of Ohio.

As a note to record, the original audit period before the selection of state and federal audit reports was intended to be those reports released January 1, 2019 through December 31, 2020. However, the ODJFS Management Evaluation (ME) of SNAP Review for 2020 was released on January 6, 2021. To increase the value of this engagement, DIA extended the audit period to include the 2020 audit.

Methodology

DIA made inquiries to gain a general understanding of JFS processes in regard to management's process for monitoring progress of management action plans. DIA reviewed the management action plans within the audit reports released during the audit period:

- ODJFS Management Evaluation (ME) of SNAP
- County Financial Audit – Single Audit

DIA conducted interviews with management and staff to determine the progress with the management action plans and ensure they adequately address the audit findings. DIA conducted substantive testing by reviewing support documentation to verify the progress. DIA used AICPA sample methodology as guidance for sampling support when applicable.

Furthermore, DIA performed a comparative analysis of the audit reports released in 2019 and 2020 (*refer to appendices A and B*) to assess the effect of management action plans in ensuring compliance year-to-year (e.g. corrected deficiencies, reduction of errors or findings).

Background

JFS promotes economic self-sufficiency and personal responsibility for families and individuals by providing access to jobs, benefits, and community services through a range of quality services that include Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Prevention, Retention, and Contingency (PRC), Child Care Assistance, and Workforce Programs. Although these services are audited at the Federal and State level, JFS were only directed to provide management action plans for two audits described below.

ODJFS Management Evaluation (ME) of SNAP Review

The review looks at two main categories of SNAP case processing: eligibility and employment and training (E&T). Per Code of Federal Regulations Title 7 Part 275, the Ohio Department of Job and Family Services' (ODJFS) Management Evaluation Unit performs a review of SNAP in county agencies in 1- to 3- year cycles depending on the size of the county (referred to as project areas). As a large project area, Cuyahoga County is reviewed annually.

Each year, JFS is required to submit Continuous Improvement Plans for review categories with a significant number of errors. Significant is typically defined as an error rate of 20% or greater, or in other circumstances (e.g., prior year Recommendation and lack of error rate reduction).

Recommendations will be made when enough case errors are found to consider a review category at-risk for noncompliance. Although responses or corrective action are not required for Recommendations, DIA noted based on support documentation used for substantive testing that JFS takes a proactive approach of preventing noncompliance by addressing Recommendations through corrective action.

County Financial Audit – Single Audit

Per Ohio Revised Code 117.11, Cuyahoga County shall receive an annual financial audit by the Auditor of State (AOS) or an independent accountant, which during the audit period reviewed was assigned to AOS. The County receives a total of three reports (Government Auditing Standards, Single Audit, and Management Letter) as part of the audit and is required to submit responses to findings for each.

Since most JFS programs (e.g., Medicaid, SNAP, TANF) are funded by Federal grants and are major programs on the Schedule of Expenditures of Federal Awards (SEFA), any JFS related findings generally appear on the Single Audit report. In the subsequent annual audit, the auditor will review JFS' management action plans, in certain circumstances request supporting documentation, and perform related testing, which will determine whether the finding will be repeated or resolved.

Conclusion

Based on our review of support documentation, we concluded that JFS has made adequate progress with implementing all its management action plans as agreed to for both audits and the controls within the management action plan processes were effective in ensuring compliance with requirements.

Based on our comparative analysis of the audit reports released in 2019 and 2020 (*refer to appendices A and B*), there was minimal net change in the overall number of errors or findings. However, DIA noted that based on the audit release dates and the time needed to adequately develop and implement management action plans, the repeat findings were unavoidable and reasonable. Effective implementation of management action plans should ensure net reduction of errors or findings in future audit reports.

Commendable Practices

DIA commends Cuyahoga County Job and Family Services for its timely and conscience efforts in implementing its management action plans. JFS staff seems very



knowledgeable of audit requirements and the environment seems to be at a high level of control consciousness in that management and staff are aware of the various aspects of the controls they perform. In addition, there appears to be proactive continuous monitoring of implementing corrective action plans for audits including adequate review and training to ensure compliance with JFS program requirements.

We commend and thank JFS for their cooperation during the audit especially as such occurred during the challenging crisis created by COVID-19. DIA realizes there were considerable hurdles in 2019-2020 due to ERP implementation and in 2020 due to significant departmental changes in response to the COVID pandemic, so we commend JFS for its persistence with implementing thoughtful management action plans which should continue to reduce findings in future years.

Appendix A: ODJFS Management Evaluation (ME) of SNAP Review Reports Comparison

ERROR TYPE BY REASON	2019		2020		Increase / (Decrease)		CIP Required		Recommendations	
	# of errors in 200 cases	% of errors in 200 cases	# of errors in 250 cases	% of errors in 250 cases	By #	By %	2019	2020	2019	2020
	Known Information Disregarded/Not Applied	36	18%	63	25%	27	7%	✓	✓	-
Policy Incorrectly Applied	40	20%	49	20%	9	0%	✓	✓	-	-
Inconsistent/Incomplete Information Not Verified	10	5%	42	17%	32	12%		✓	✓	-
Required Verification Not in Case Record	75	38%	30	12%	-45	-26%	✓	-	-	✓
Untimely Processing	13	7%	7	3%	-6	-4%	-	-	✓	-
Other	2	1%	0	0%	-2	-1%	-	-	-	-
Untimely or No Appraisal	3	2%	25	10%	22	9%	-	✓	-	-
Participation Status/Exemptions	13	7%	13	5%	0	-1%	✓	-	-	✓
Untimely or No Sanction After Failure	0	0%	6	2%	6	2%	-	-	-	✓
No E&T Assignment or Insufficient Assignment	0	0%	1	0%	1	0%	-	-	-	-
TOTAL NUMBER	192	-	236	-	44	-	4	4*	2	3**

*CIP Summary: 2 Repeat, 2 New, 2 Resolved

**Recommendations Summary: 3 New, 1 Resolved, 1 Escalated to CIP

Appendix B: County Financial Audit – Single Audit Reports Comparison

Error Type	Finding		2018 Title	2019 Title	Programs	Finding Summary			
	2018	2019				Repeat	New	Resolved	Combined
Posting Errors (Mandated Share)	✓	✓	2018-004	2019-004	SNAP, Medicaid	✓	-	-	-
Costs Claimed to Incorrect Cost Pool (Questioned Costs)	✓	✓	2018-005	2019-002	SNAP, TANF, Medicaid	✓	-	-	-
Random Moment Sampling Weakness (SNAP, TANF, Medicaid)	✓	✓	2018-006	2019-003	SNAP, TANF, Medicaid	✓	-	-	-
Allocation of Indirect Costs	✓	✓	2018-007	2019-005	SNAP, TANF, Medicaid	✓	-	-	-
Lack of Evidence of Review/Approval of Federal Expenditures	✓	✓	2018-008	2019-007	SNAP, TANF, Medicaid	✓	-	-	-
Random Moment Sampling Weakness (Adoption Assistance, Foster Care)	✓	-	2018-009	N/A – Combined with 2019-003	Adoption Assistance, Foster Care	-	-	-	✓
Differences Between Cost Allocation Plan and FAMIS System Postings	-	✓	N/A - New for 2019	2019-006	SNAP, TANF, Medicaid	-	✓	-	-
TOTAL NUMBER	6	6	-	-	-	5	1	-	1

Priority Level Criteria for Recommendations

<p>High (P1)</p>	<p>Highest-Ranking Officer's immediate attention is required. Corrective action is strongly recommended (<u>30 days</u>).</p> <ul style="list-style-type: none"> • Financially material loss or potential loss • Lack of or failure of internal controls requiring considerable time and resources to correct • Non-compliance with laws, regulations, and policies resulting in significant loss of funds, fines, or restrictions • Significantly negative effect on the County's reputation or public perception
<p>Moderate (P2)</p>	<p>Senior Management's attention is required. Corrective action is recommended (<u>90 days</u>).</p> <ul style="list-style-type: none"> • Financial loss or potential loss • Internal controls exist but they are not effective, or they are not consistently applied • Non-compliance with laws, regulations, and policies resulting in loss of funds, fines, or restrictions • Negative effect on the County's reputation or public perception
<p>Low (P3)</p>	<p>Management's attention is required. Corrective action is recommended (<u>180 days</u>).</p> <ul style="list-style-type: none"> • Financial loss or potential loss is minimal • Internal controls exist, but could be improved • Non-compliance with laws, regulations, and policies is a minimal risk • No effect on the County's reputation or public perception

In an effort to assist the auditee in making the best use of their resources, we have prioritized the recommendations according to the table above.

Findings and Recommendations

Our audit procedures disclosed no findings or areas of concerns relative to appropriate progress on management action plans by Cuyahoga County Job and Family Services for audit reports received during the audit period.