



*The Legislative Audit Bureau makes 64 recommendations
to State of Wisconsin Agencies*

Department of Administration (p. 33)

We recommend the Wisconsin Department of Administration:

1. update its guidance and instructions to state agencies to reflect the need to evaluate adjustments of all prior-year expenditures and other material negative adjustments to current-year expenditures to ensure the current-year expenditures are reflected accurately (p. 21);
2. consider if there are adjustments needed to its current desk-review procedures when evaluating the agency-level schedules of expenditures of federal awards (p. 21);
3. develop and implement controls to identify when an applicant applies for funding under multiple programs and to assess the appropriateness of whether it would be making payments to an applicant that applies under multiple programs (p. 36);
4. review the specific payments made to the organization we identified and seek repayment of the amount that was made inappropriately (p. 36);
5. establish and implement written procedures for making updates to the benefit calculation parameters in the Home Energy (HE) Plus application (p. 37);
6. reassess its existing procedures for performing a review of the benefit calculation parameters entered into the Home Energy (HE) Plus application, make adjustments to its existing procedures as necessary, and document the performance of each review (p. 38);
7. complete its review of the 605 households that were underpaid heating benefits due to the error and issue supplemental heating benefit payments (p. 38);
8. obtain the required documentation for the 22 individuals we identified or seek to recoup improper benefit payments it made to these individuals (p. 41);
9. closely monitor the documentation being accepted by the community action agencies and Energy Services, Inc., and provide further training to address individual instances of noncompliance with the *Wisconsin Emergency Rental Assistance Program Manual* and guidance from the U.S. Department of the Treasury (p. 41);
10. regularly review and update its procedures to ensure that it is following the guidance from the U.S. Department of the Treasury in administering the Wisconsin Emergency Rental Assistance program (p. 42);
11. further evaluate federal grant expenditures reported in the STAR General Ledger as it prepares its schedule of expenditures of federal awards and ensure it is adjusting expenditures for all prior-year transfers of expenditures in the current year (p. 43);

12. carefully assess the transfer of prior-year expenditures in the current year to determine any potential effects on the total federal expenditures for the prior-year and the effect on the major program expenditures (p. 44);

We recommend the Wisconsin Department of Administration improve its Federal Funding Accountability and Transparency Act reporting procedures to ensure:

13. accurate award information, including the federal award identification number, is being used (p. 46);
14. rejected subaward information is reviewed and communicated to the appropriate program staff for investigation and resolution (p. 46);
15. documentation of rejected subaward information is maintained to demonstrate that the Department of Administration attempted to enter the subaward information (p. 46);
16. all required subawards of \$30,000 or more, including any amendments or modifications to a subaward, are identified and submitted to the Federal Funding Accountability and Transparency Act Subaward Reporting System in a timely manner (p. 46);

We recommend the Wisconsin Department of Administration, Division of Enterprise Technology:

17. develop and complete a process by June 30, 2023, to perform access reviews in accordance with the State of Wisconsin IT Security Policy Handbook, including updating access based on the review and retaining documentation of the review and the updates made to access (p. 88);
18. complete by January 31, 2023, a review of its existing IT security exception process and make revisions to the process, including developing a procedure for escalating noncompliance with established policies to senior management within the Department of Administration and within the particular executive branch agency (p. 92);
19. develop an exception process training program and communicate the relevant training program and exception process procedures and responsibilities to its staff and executive branch agency staff by January 31, 2023 (p. 92);
20. complete and document its review and assessment of processes and configurations that do not comply with established policies, complete approvals of exceptions when changes to processes cannot be made timely, maintain documentation of discussions and meetings with agency staff as the review and assessment of exceptions are completed, and complete this review and approval of exceptions by March 31, 2023 (p. 92);

We recommend the Wisconsin Department of Administration, Division of Enterprise Technology comply with its statutory responsibilities to provide oversight and monitoring of executive branch agency adherence to the State's IT policies by:

21. using its statutory authority to ensure executive branch agencies conform with the State's IT policies and standards or obtain an approved exception by March 31, 2023 (p. 96);
22. developing and communicating to executive branch agencies by March 31, 2023, a monitoring plan to review the effectiveness of agency-reported information in the dashboard, including how the Department of Administration will report results to the agency and expected timelines for agencies to correct the noncompliance with the State's IT policies and standards or obtain an approved exception (p. 96);

23. establishing detailed plans by June 30, 2023, for how it will perform ongoing vulnerability assessments with the new vulnerability management tool, respond to those assessments, and make changes to further strengthen the State's IT environment (p. 96);
24. continuing to update its risk management program including considering the risks related to approved policy exceptions and remediating known vulnerabilities (p. 96);

We recommend the Wisconsin Department of Administration [report to the Joint Legislative Audit Committee](#) by March 31, 2023, on:

25. *revisions made to its access review process, and plans for completing reviews by June 30, 2023;*
26. *revisions made to the information security policy exception process, communications made to agencies regarding the revised process and available training, and steps taken to complete the review of deviations from the State of Wisconsin IT Security Policy Handbook and related standards;*
27. *its monitoring plan for reviewing the effectiveness of agency-reported information in its dashboard, and progress made in developing plans for performing vulnerability assessments and updating its risk management program;*

Department of Health Services (p. 47)

We recommend the Wisconsin Department of Health Services:

28. work with the federal government to determine if the amount of the reduction for the federal fiscal year 2020-21 award for the Medical Assistance Program can yet be provided to the State (p. 20);
29. implement procedures to review future Medical Assistance Program award notices and perform necessary follow-up to confirm the award amounts are appropriate (p. 20);
30. work with the federal government to resolve the \$855,368 in unallowable costs we identified (p. 49);
31. work with the fiscal employer agent that improperly approved the payment we identified to determine how this payment was made, assess whether changes to current processes are needed, document its assessment, and implement corrective actions, as appropriate (p. 51);

We recommend the Wisconsin Department of Health Services further evaluate federal grant expenditures reported in the STAR General Ledger as it prepares its schedule of expenditures of federal awards and ensure it is:

32. properly identifying applicable COVID-19 expenditures (p. 53);
33. adjusting expenditures for prior-year transfers of expenditures in the current year (p. 53);
34. reporting all federal expenditures for each federal grant program, regardless of whether the agency has received reimbursement from the pass-through entity (p. 53);
35. removing repayments of prior-year overpayments of expenditures from current-year expenditures (p. 53);

We recommend the Wisconsin Department of Health Services:

36. update the queries used to identify subawards in the State's accounting system, STAR, that are subject to Federal Funding Accountability and Transparency Act reporting to ensure all required subawards are identified (p. 56);
37. ensure all required subawards of \$30,000 or more, including any amendments or modifications to a subaward, are identified and submitted to the Federal Funding Accountability and Transparency Act Subaward Reporting System in a timely manner (p. 56);
38. develop and implement written policies and procedures for the review and tracking of the quarterly reports used to monitor expenditures under the Local and Tribal Health Department Response and Recovery Support program (p. 59);
39. maintain the quarterly reports, document its review of the quarterly reports, and document its correspondence with the public health departments regarding resolution of reporting variances (p. 59);
40. review the contracts with the public health departments and determine whether any revisions are needed to clarify expectations for documentation and timeliness of filing the quarterly reports (p. 59);
41. ensure it obtains quarterly reports to support the payments it made to the City of Milwaukee Public Health Department (p. 59);
42. review and update the Medicaid Management Information System cost avoidance rules to properly identify and deny payment for claims that may be covered by third-party insurers (p. 86);
43. identify payments made during FY 2021-22 that may have been improper due to inaccurate cost avoidance rules and seek to recover these amounts (p. 86);
44. return to the federal government recovered payments that may have been improper (p. 86);
45. perform an assessment and implement additional procedures to review changes to cost avoidance rules in the future (p. 87).
46. develop and implement additional procedures to evaluate the potential effects of changes in the programs that it administers (p. 98);
47. use the additional procedures to evaluate changes that may require further consideration and adjustments for financial reporting purpose (p. 98);

Department of Public Instruction (p. 61)

We recommend the Wisconsin Department of Public Instruction:

48. report in a timely manner all applicable subawards greater than \$30,000 and subject to Federal Funding Accountability and Transparency Act reporting when initiated in the Federal Funding Accountability and Transparency Act Subaward Reporting System (p. 63);
49. ensure all rejected submissions are detected and corrected in a timely manner (p. 63);

50. continue to enhance the internal controls it implemented to its Federal Funding Accountability and Transparency Act submission process to ensure all required subawards of \$30,000 or more, including any amendments or modifications to a subaward, are identified in a timely manner and submitted to the Federal Funding Accountability and Transparency Act Subaward Reporting System (p. 63);

Department of Workforce Development (p. 65)

51. We recommend the Wisconsin Department of Workforce Development continue to make progress in developing and implementing adequate procedures for the preparation and review of the Unemployment Insurance program's performance reports to ensure the accuracy of the amounts reported to the federal government (p. 67);

University of Wisconsin System (p. 69)

We recommend the University of Wisconsin-Madison:

52. conduct physical inventories of federal equipment as required by federal regulations and its existing policies and procedures, or seek a waiver from the federal cognizant agency (p. 71);

We recommend the University of Wisconsin-La Crosse

53. ensure that all expenses charged to the Higher Education Emergency Relief Fund (HEERF) program are allowable, such as performing an additional review of those costs allocated to HEERF and document the performance of such a review (p. 73);

We recommend the University of Wisconsin-Platteville:

54. work with the federal government to resolve the \$23,500 in unallowable costs that we identified (p. 75);
55. ensure that all expenses charged to the Higher Education Emergency Relief Fund (HEERF) program are allowable, such as performing an additional review of those costs allocated to HEERF and document the performance of such a review (p. 75);

We recommend the University of Wisconsin-Superior:

56. ensure that all expenses charged to the Higher Education Emergency Relief Fund (HEERF) program are allowable, such as performing an additional review of those costs allocated to HEERF and document the performance of such a review (p. 76);

We recommend the University of Wisconsin-Madison:

57. provide guidance and training to staff to ensure all costs are properly charged to federal award accounting codes and only costs allowable under federal regulations are charged to federal funds (p. 78);

We recommend the University of Wisconsin System Administration improve its oversight of the ShopUW+ application by:

58. developing a written requirement for University of Wisconsin institutions to periodically review ShopUW+ approval access and communicating this requirement to all University of Wisconsin institutions (*p. 103*);
59. developing a procedure to monitor the compliance of all University of Wisconsin institutions with the requirement for periodic review of ShopUW+ approval access (*p. 103*);
60. developing a policy to require periodic review of the adequacy of certain cloud-based third-party vendors' internal controls, such as by assigning the responsibility to obtain a service organization audit report and ensuring such reports are reviewed (*p. 103*);
61. annually obtaining and reviewing relevant service organization audit reports (*p. 103*);

Board of Commissioners of Public Lands (*p. 98*)

We recommend the Wisconsin Board of Commissioners of Public Lands:

62. complete and document an assessment of its reliance on its custodian bank (*p. 100*);
63. determine and implement internal controls as appropriate to ensure the accuracy of information it receives from the custodian bank (*p. 100*); or
64. obtain a service organization audit report from its custodian bank, assess and document its review of the effectiveness of the custodian bank's internal controls as reported in the service organization audit report, and assess and document its review of the service organization audit report to ensure appropriate and sufficient internal controls are present at the Board of Commissioners of Public Lands to complement the internal controls at the custodian bank (*p. 100*).