



## WISCONSIN STATE LEGISLATURE

# Joint Audit Committee

Committee Co-Chairs:

State Senator Robert Cowles

State Representative Samantha Kerkman

NEWS RELEASE  
FOR IMMEDIATE RELEASE  
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### **Audit Reviews State's Administration of Federal Funds in FY 2019-20**

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its Single Audit (report 21-6), which evaluated state agencies' administration of \$16.6 billion in federal financial assistance during fiscal year (FY) 2019-20. Although state agencies generally complied with federal requirements, LAB qualified its opinion on compliance for certain requirements related to the Food Distribution Cluster at the Department of Health Services (DHS), and for certain requirements related to the Child Nutrition Cluster at the Department of Public Instruction.

The State was required to separately identify the federal funding it expended in FY 2019-20 related to the public health emergency, including funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In the Schedule of Expenditure of Federal Awards, which is included in report 21-6, the State reported that it spent \$3.4 billion largely through seven programs, including Unemployment Insurance, the Coronavirus Relief Fund (CRF), and the Higher Education Emergency Relief Fund (HEERF). CRF funding was administered by DOA and expenditures were incurred by 29 state agencies. All UW institutions expended funding under HEERF during FY 2019-20.

Overall, LAB made 22 recommendations to improve the administration of federal programs and to address weaknesses in internal controls over financial reporting that LAB identified in its audit of the State's FY 2019-20 financial statements (report 20-30). In total, 11 of the 22 recommendations made by LAB were related to DHS.

“The work of the Legislative Audit Bureau is critical to meeting federal audit requirements as well as providing legislative oversight of agency operations and expenditures,” said Representative Samantha Kerkman (R-Salem Lakes). “Non-compliance with federal program requirements or inappropriate charges to federal funds represent potential risk to Wisconsin.”

In report 21-6, LAB also identified \$1.6 million in questioned costs that state agencies charged inappropriately to federal funds, including \$741,766 in expenditures charged to the CRF, \$428,765 in expenditures charged to Medical Assistance, and \$400,000 in expenditures charged to HEERF.

“While \$219.8 million of the CRF was spent in FY 20, which was reviewed in Report 21-6, LAB will be reviewing more comprehensive expenditures made in FY 21 as part of the next Single Audit. Furthermore, \$75 million of the \$219.8 million was payment to WEDC to administer grant programs. An audit of WEDC is currently in process and will include a review of costs associated with the COVID pandemic made during the audit period. As Co-chair of the Joint Legislative Audit Committee, I am committed to ensuring that the Legislature review that use of funding provided for Wisconsin's response to the COVID pandemic was expended properly,” said Senator Robert Cowles (R-Green Bay).

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Report 21-6 was submitted to the federal government, which will follow-up with state agencies to resolve LAB's findings. Copies of LAB's report (report 21-6) may be obtained from its website at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab) or by calling (608) 266-2818. To report concerns related to state government activities, including at the University of Wisconsin System and UW institutions, call LAB's toll-free hotline at 1-877-FRAUD-17.

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