



State of Wisconsin FY 2021-22 Single Audit

As a condition of receiving federal funds, state agencies must meet the audit requirements of the federal Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Single Audit Act of 1984, as amended. The Single Audit Act requires there to be one comprehensive audit of federal programs.

Report 23-4 focused on 22 federal programs that accounted for 58.9 percent of the federal financial assistance administered by state agencies in fiscal year (FY) 2021-22. This single audit also incorporates our annual audit of the State's FY 2021-22 financial statements. These financial statements were included in the Annual Comprehensive Financial Report (ACFR) issued in December 2022 by the Department of Administration (DOA). We provided an unmodified opinion on federal compliance for 21 of the programs we reviewed.

State agencies administered \$20.2 billion in federal financial assistance during FY 2021-22

The federal financial assistance administered by state agencies during FY 2021-22 included \$17.4 billion in cash assistance, \$2.7 billion in noncash assistance, and \$107.8 million in outstanding loan balances. Seven agencies administered 94.8 percent of the federal expenditures during FY 2021-22: the Department of Health Services (DHS), the University of Wisconsin (UW) System; Department of Public Instruction (DPI), Department of Transportation (DOT), DOA, Department of Workforce Development (DWD), and the Department of Children and Families (DCF).

Federal Financial Assistance Administered by State Agencies
FY 2021-22

More than \$10.0 billion
 \$1.0 billion to \$9.9 billion
 Less than \$1.0 billion

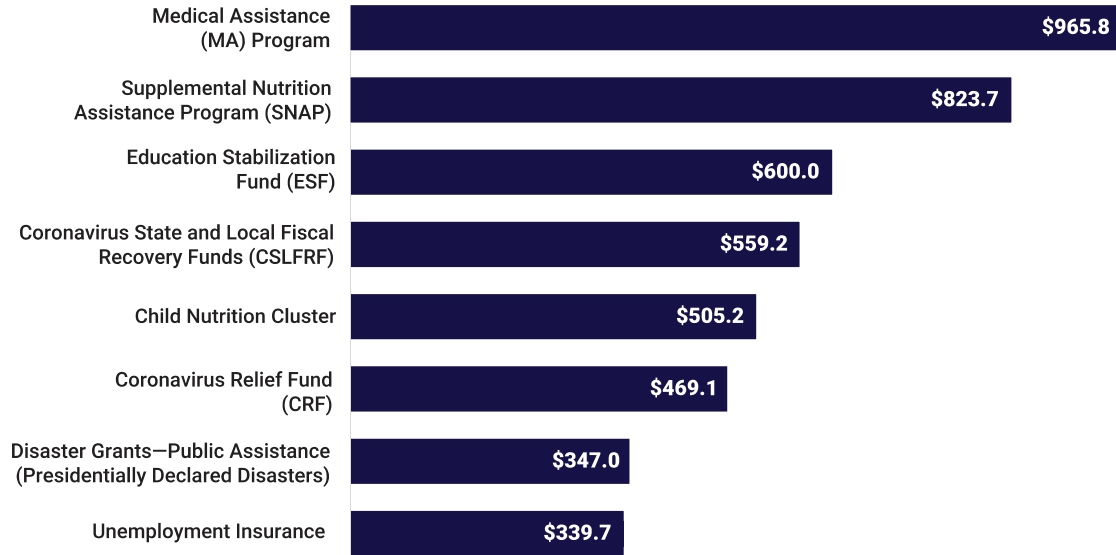
DHS \$11.9 billion	UW System \$2.0 billion	DPI \$1.5 billion	
	DOA \$1.0 billion	DCF \$0.8 billion	
	DOT \$1.0 billion	Other \$0.6 billion	DOR \$0.5 billion
	DWD \$0.9 billion		

Total: \$20.2 billion

During FY 2021-22, state agencies reported \$5.9 billion in federal expenditures related to the public health emergency

The State was required to separately identify the federal funding it expended related to the public health emergency, including funding provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Recovery Plan Act (ARPA). In its Schedule of Expenditures of Federal Awards (SEFA), the State reported that it spent \$5.9 billion through federal programs or clusters for purposes related to the public health emergency. The largest portion of these expenditures was \$965.8 million for the Medical Assistance (MA) Program. These federal expenditures also included spending through the Supplemental Nutrition Assistance Program, the Education Stabilization Fund, the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), the Child Nutrition Cluster, the Coronavirus Relief Fund (CRF), Disaster Grants—Public Assistance (Presidentially Declared Disasters), and the Unemployment Insurance program.

Federal Expenditures Related to the Public Health Emergency¹
Eight Largest Programs
 FY 2021-22
 (in millions)



¹ Does not include expenditures under an additional 77 programs as reported in the SEFA.

We again qualified our opinion on compliance related to certain requirements for the Emergency Rental Assistance Program

An auditor provides a qualified opinion on compliance when the compliance concerns are material in relation to a specific compliance area tested for a federal program or cluster.

We qualified our opinion on compliance related to eligibility requirements for the Emergency Rental Assistance Program at DOA. Specifically, we found DOA cannot be assured that only those eligible for emergency rental assistance received program benefits. We made recommendations to improve DOA’s administration of the program in this report, in report 22-5 where we also qualified our opinion on compliance, and in report 22-3.

We identified \$43.0 million in additional federal funding the State should claim

In January 2021, DHS received invoices for Medicare premiums due to the federal government on February 1, 2021. The payment DHS made was not received within the allowed grace period. As a result, the federal government issued an MA Program award reduction notice in March 2021 for \$43.0 million. However, DHS did both pay the

February 1, 2021 Medicare premiums and receive an award reduction notice. DHS was unaware that this had occurred until we informed them in March 2023. We recommend that DHS work with the federal government to determine if the \$43.0 million can yet be provided to the State and implement procedures to review future MA Program award notices and confirm the amounts are appropriate.

We made 64 recommendations to state agencies and questioned \$1.3 million in expenditures charged to federal programs

Our 64 recommendations pertained to 26 findings, including 7 findings related to internal control deficiencies we identified in our audit of the State’s Annual Comprehensive Financial Report (report 22-26). We consider one of the findings to be a material weakness and 17 to be significant deficiencies. The remaining eight findings were related to other matters that did not have a related material weakness or significant deficiency.

FY 2021-22 | Findings by Agency

Agency	Type of Finding			Total	Recommendations
	Material Weakness ¹	Significant Deficiency ²	Other ³		
DOA	1	7	1	9	27
DHS		5	3	8	20
UW System		2	4	6	10
DPI		1		1	3
DWD		1		1	1
Board of Commissioners of Public Lands		1		1	3
	1	17	8	26	64

¹ A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over compliance or financial reporting, such that there is a reasonable possibility that a material misstatement or material noncompliance will not be prevented, or detected and corrected, on a timely basis.

² A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over compliance or financial reporting that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

³ A noncompliance finding that does not have a related material weakness or significant deficiency.

We also identified \$1.3 million of questioned costs that state agencies charged inappropriately to federal funds. These questioned costs relate to the Disaster Grants—Public Assistance program, the Higher Education Emergency Relief Fund, the CSLFRF, the Emergency Rental Assistance Program, the MA Program, and the Research and Development Cluster.

FY 2021-22 | Questioned Costs

Federal Program	Questioned Costs
Disaster Grants—Public Assistance	\$ 855,368
Higher Education Emergency Relief Fund	183,842
Coronavirus State and Local Fiscal Recovery Funds	161,363
Emergency Rental Assistance Program	52,562
Medical Assistance Program	1,297
Research and Development Cluster	650
Total	\$1,255,082

Finally, we followed up on the progress of state agencies to address recommendations we made in our FY 2020-21 single audit report (report 22-5). The federal government will work with state agencies to resolve the new and continuing concerns we identified.