



## State of Wisconsin FY 2016-17 Single Audit

### Background

As a condition of receiving federal funds, state agencies must meet the audit requirements of the federal Single Audit Act of 1984, as amended, and of the federal Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit Act requires there to be one audit of federal grant programs. This audit also incorporates our annual audit of the State's financial statements, which were included in the Comprehensive Annual Financial Report (CAFR) issued by the Department of Administration (DOA). We performed the single audit for fiscal year (FY) 2016-17 at the request of state agencies that administered federal financial assistance. This audit also assists us in fulfilling our audit responsibilities under s. 13.94, Wis. Stats.

During FY 2016-17, state agencies administered **\$11.6 billion in federal financial assistance**, including \$10.4 billion in cash assistance; \$983.2 million in noncash assistance, such as food commodities; and \$196.6 million in outstanding federal loan balances. We audited 15 federal programs that accounted for 58.2 percent of the federal financial assistance administered by state agencies in FY 2016-17. We evaluated internal controls, tested for compliance with federal requirements, and followed up on findings from the FY 2015-16 single audit (report 17-5).

### Audit Results and Key Findings

We provided an **unmodified opinion** on federal compliance for the federal programs we reviewed. Although state agencies generally complied with federal requirements, we made 12 recommendations to improve the administration of federal programs, including at DOA, the Department of Children and Families (DCF), the Department of Health Services (DHS), and the Department of Transportation (DOT).

We found:

- concerns related to compliance with requirements for monitoring subrecipients of federal funding (e.g. local governments) at [DOA](#), [DCF](#), [DHS](#), and [DOT](#); and
- at DHS, 410 participants of the Children's Health Insurance Program (CHIP) who were **older than the age limit of 19**, including 12 participants who were ages 20 to 59.

In addition, we found that DCF resolved a finding first reported in our FY 2009-10 single audit (report 11-4) related to reimbursement of unallowable costs. **DCF returned \$40.2 million** to the federal government as a result of this finding. In anticipation of this repayment, DCF accumulated a cash balance in a program revenue appropriation of \$55.9 million as of June 30, 2016.

### Audit Recommendations

In addition to the 12 recommendations we made to improve the administration of federal programs, we made **9 recommendations related to internal controls** over financial reporting from our audit of the State's FY 2016-17 financial statements (report 18-3). **One of these internal control concerns** also related to federal program administration. Agency responses and corrective action plans are included in the report, and the federal government will work with state agencies to resolve the concerns we identified.

[View Report 18-5 Highlights](#)