



FISCAL YEAR 2025

State of Georgia

Single Audit Report Part II

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts





May 6, 2026

The Honorable Brian P. Kemp
Governor of Georgia
and
Members of the General Assembly
Citizens of the State of Georgia

We are pleased to present the State of Georgia's (State) Single Audit Report – Part II for the year ended June 30, 2025. The single audit satisfies the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Historically, we have presented the State's financial statements and our report thereon in one report, and all of the remaining information required for the single audit in a second report. However, for Fiscal Year 2025, we are providing this information in three separate reports as noted below.

The State's financial statements and our report thereon, are included in the State of Georgia Annual Comprehensive Financial Report (ACFR), which was issued under separate cover on February 11, 2026.

The Single Audit Report – Part I contains financial reporting information based on our audit of the State's ACFR for the year ended June 30, 2025. That report was issued under separate cover on March 24, 2026.

The Single Audit Report – Part II contains federal award reporting information and includes our:

- Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance;
- Schedule of Findings and Questioned Costs;
- Corrective Action Plan for Current Year findings; and
- Summary Schedule of Prior Audit Findings.

We would like to express our appreciation to all those involved in the preparation and completion of this report. We believe the results of this statewide audit provide valuable information to the State's decision makers and others interested in the activities of the State of Georgia.

Respectfully submitted,

Greg S. Griffin
State Auditor



STATE OF GEORGIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

	<u>Page No.</u>
Independent Auditor's Reports	
Report on Compliance for Each Major Federal Program, and on Internal Control Over Compliance	A-1
Schedule of Findings and Questioned Costs	
Section I - Summary of Auditor's Results	B-3
Section II - Financial Statement Findings	B-6
Section III - Federal Award Findings and Questioned Costs.....	B-7
Corrective Action Plan for Current Year Findings.....	C-1
Summary Schedule of Prior Audit Findings	D-1





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE**

The Honorable Brian P. Kemp, Governor of Georgia
and
Members of the General Assembly of the State of Georgia

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Georgia's (State) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2025. The State's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Qualified Opinions on Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559, 10.582), Highway Safety Cluster (20.600, 20.616), Unemployment Insurance (17.225), Social Services Block Grant (93.667), Children's Health Insurance Program (93.767), Block Grants for Community Mental Health Services (93.958), and Disability Insurance/SSI Cluster (96.001, 96.006)

In our opinion, except for the noncompliance described in the "Basis for Qualified and Unmodified Opinions" section of our report, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559, 10.582), Highway Safety Cluster (20.600, 20.616), Unemployment Insurance (17.225), Social Services Block Grant (93.667), Children's Health Insurance Program (93.767), Block Grants for Community Mental Health Services (93.958), and Disability Insurance/SSI Cluster (96.001, 96.006) for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the reports of other auditors, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2025.

As stated in our report on the basic financial statements, we did not audit the financial statements of the State entities listed below nor did we audit compliance for the major federal programs or percentages of these federal programs at the State entities identified in the table on the following page.

Augusta University Foundation, Inc. and Subsidiaries
 Augusta University Real Estate Corporation
 Augusta University Real Estate Foundation, Inc.
 Augusta University Research Institute, Inc.
 Employees' Retirement System of Georgia
 Georgia Advanced Technology Ventures, Inc. and Subsidiaries
 Georgia Building Authority
 Georgia Environmental Finance Authority
 Georgia Gwinnett College Foundation, Inc.
 Georgia Housing and Finance Authority
 Georgia Lottery Corporation
 Georgia Ports Authority
 Georgia Southern University Housing Foundation, Inc. and Subsidiaries
 Georgia State Financing and Investment Commission
 Georgia State University Athletic Association, Inc.
 Georgia State University Foundation, Inc.
 Georgia State University Research Foundation, Inc.

Georgia Tech Athletic Association
 Georgia Tech Facilities, Inc.
 Georgia Tech Foundation, Inc.
 Georgia Tech Research Corporation
 Kennesaw State University Foundation, Inc.
 Medical College of Georgia Foundation, Inc.
 Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
 Teachers Retirement System of Georgia
 The University of Georgia Foundation
 University of Georgia Athletic Association, Inc.
 University of Georgia Research Foundation, Inc. and Subsidiaries
 University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
 UWG Real Estate Foundation, Inc.
 University System of Georgia Foundation, Inc. and Affiliates
 VSU Auxiliary Services Real Estate Foundation, Inc.

The financial statements of the above-mentioned State entities and the compliance for the federal programs/clusters identified in the table below were audited by other auditors whose reports, including reports on compliance and internal control over compliance, have been furnished to us. This report includes our consideration of the results of the other auditors' testing of compliance and internal control over compliance that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

State Entity	Assistance Listing Number(s)	Program or Cluster Title	% of Program or Cluster Audited by Other Auditors
University System of Georgia Foundation, Inc. and Affiliates	10.766	Community Facilities Loans and Grants	100%
Georgia Housing and Finance Authority	14.239	Home Investment Partnerships Program	100%
Department of Community Affairs	14.HVC ¹	Housing Voucher Cluster	100%

The federal award expenditures audited by Other Auditors comprise .92 percent of the State's total expenditures of federal awards.

¹The Assistance Listing Numbers included in the cluster are identified in the Schedule of Expenditures of Federal Awards.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559, 10.582), Highway Safety Cluster (20.600, 20.616), Unemployment Insurance (17.225), Social Services Block Grant (93.667), Children’s Health Insurance Program (93.767), Block Grants for Community Mental Health Services (93.958), and Disability Insurance/SSI Cluster (96.001, 96.006)

As described in the accompanying *Schedule of Findings and Questioned Costs*, in findings 2025-016, 2025-020, 2025-023, 2025-025, 2025-029, 2025-030, 2025-032, and 2025-034 the State did not comply with requirements regarding the following:

<i>Finding No.</i>	<i>Assistance Listing No. and Program (or Cluster) Title</i>	<i>Compliance Requirement</i>
2025-016	10.553, 10.555, 10.556, 10.559, 10.582 Child Nutrition Cluster	Reporting
2025-020	93.767 Children’s Health Insurance Program	Eligibility
2025-023	93.958 Block Grants for Community Mental Health Services	Matching, Level of Effort, Earmarking
2025-025	93.667 Social Services Block Grant	Reporting
2025-029, 2025-030	17.225 Unemployment Insurance	Special Tests and Provisions
2025-032	20.600, 20.616 Highway Safety Cluster	Reporting
2025-034	96.001, 96.006 Disability Insurance/SSI Cluster	Allowable Costs/Cost Principles

Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to those programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying *Schedule of Findings and Questioned Costs* in findings 2025-018, 2025-019, 2025-021, 2025-024, and 2025-027. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* in findings 2025-016, 2025-020, 2025-022, 2025-023, 2025-025, 2025-026, 2025-028, 2025-029, 2025-030, 2025-031, 2025-032, and 2025-034 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* in findings 2025-017, 2025-018, 2025-019, 2025-021, 2025-024, 2025-027, and 2025-033 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

May 6, 2026

Schedule of Findings and Questioned Costs

The *Schedule of Findings and Questioned Costs* (Schedule) was prepared in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule contains the following sections:

Section I - Summary of Auditor's Results

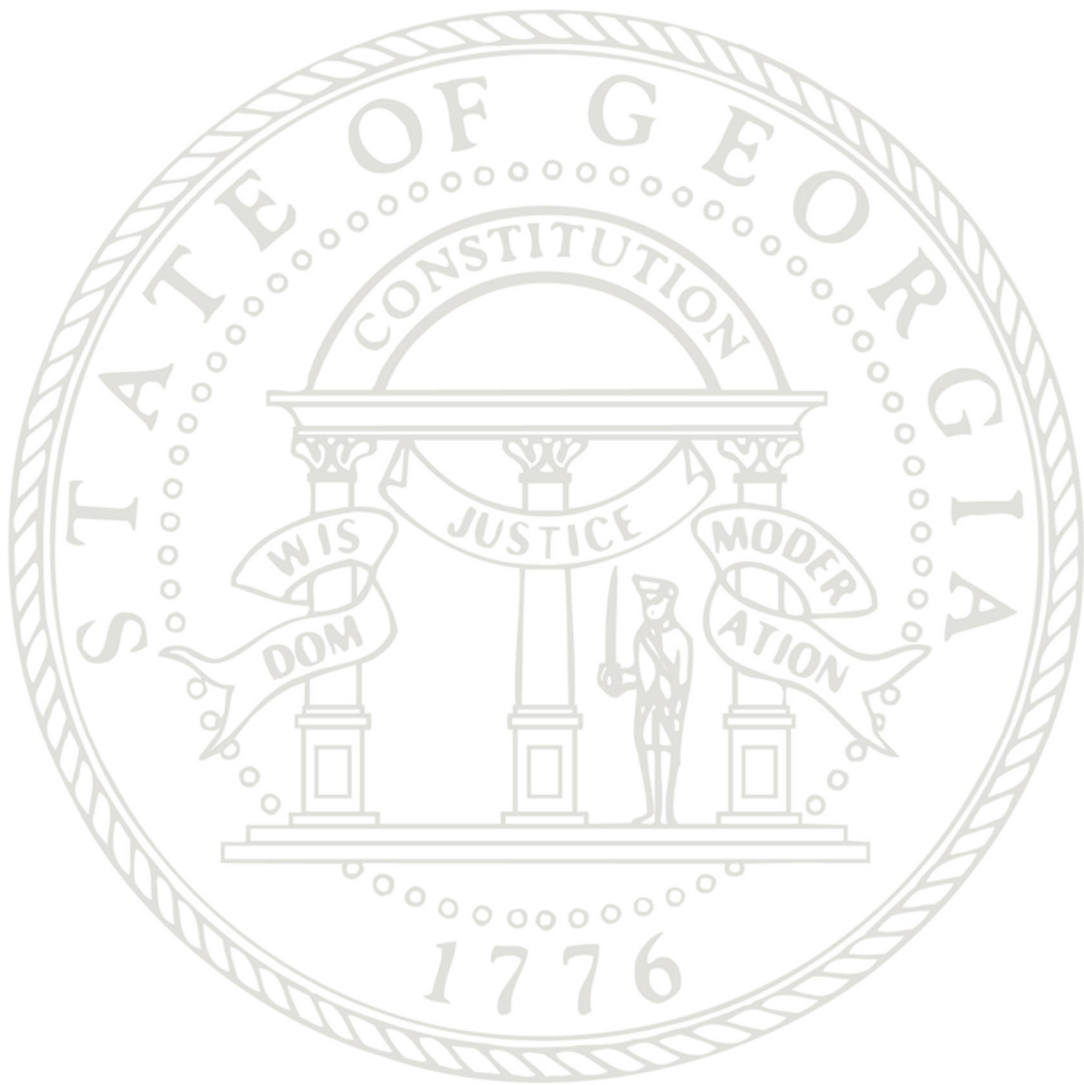
A summary of the results of our audit and a list of the State's major federal programs are presented in this section of the Schedule.

Section II - Financial Statement Findings

This section presents findings related to the financial statements, including any material weaknesses or significant deficiencies in internal control over financial reporting and noncompliance and other matters that are required to be reported in accordance with *Government Auditing Standards*. Financial statement findings are organized by State entity (entity number).

Section III - Federal Award Findings and Questioned Costs

This section presents federal award findings and questioned costs. Findings are reported for material weaknesses or significant deficiencies in internal control over compliance and material noncompliance with the compliance requirements that have a direct and material effect on each of the State's major federal programs and other findings and questioned costs that are required to be reported pursuant to Title 2 CFR 200.516(a). Federal award findings are organized by federal agency, State entity (entity number), federal program, and compliance requirement.



STATE OF GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I – SUMMARY OF AUDITOR’S RESULTS
 YEAR ENDED JUNE 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor’s report issued:

Governmental Activities; Aggregate Discretely Presented Component Units; Governmental – General Fund; Governmental – Capital Projects Fund; Enterprise – Higher Education Fund; Enterprise – State Health Benefit Fund; and Aggregate Remaining Fund Information	Unmodified
Business-Type Activities and Enterprise - Unemployment Compensation Fund	Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?
Yes
- Significant deficiency(ies) identified?
Yes

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
Yes
- Significant deficiency(ies) identified?
Yes

Type of auditor’s report issued on compliance for major programs:

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559, 10.582)	Qualified
Unemployment Insurance Program (17.225)	Qualified
Highway Safety Cluster (20.600, 20.616)	Qualified
Social Services Block Grant (93.667)	Qualified
Children’s Health Insurance Program (93.767)	Qualified
Block Grants for Community Mental Health Services (93.958)	Qualified
Disability Insurance/SSI Cluster (96.001, 96.006)	Qualified
All other major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Dollar threshold used to distinguish between Type A and Type B programs: \$49,030,228

Auditee qualified as low-risk auditee? No

Identification of Major Programs:

The table on the following page lists the major programs in order by Assistance Listing number (ALN). For each cluster, the first ALN in the cluster designates its placement within the table.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION I – SUMMARY OF AUDITOR’S RESULTS
YEAR ENDED JUNE 30, 2025

Major Programs

Federal Agency	Program or Cluster Title	ALN
U.S. Department of Agriculture	Child Nutrition Cluster*	10.553, 10.555, 10.556, 10.559, 10.582
	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
	Community Facilities Loans and Grants	10.766
U.S. Department of Housing and Urban Development	Community Development Block Grants/State’s program and Non-Entitlement Grants in Hawaii	14.228
	Home Investment Partnerships Program	14.239
	Housing Voucher Cluster*	14.871, 14.879
U.S. Department of Labor	Unemployment Insurance	17.225
	WIOA Cluster*	17.258, 17.259, 17.278
U.S. Department of Transportation	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106
	Federal Transit Cluster*	20.500, 20.507, 20.525, 20.526
	Highway Safety Cluster	20.600, 20.616
U.S. Department of the Treasury	Coronavirus State and Local Fiscal Recovery Funds	21.027
U.S. Department of Education	Special Education Cluster (IDEA)*	84.027, 84.173
	Rehabilitation Services Vocational Rehabilitation Grants to States	84.126
	Twenty-First Century Community Learning Centers	84.287
	Comprehensive Literacy Development	84.371
	Student Support and Academic Enrichment Program	84.424
U.S. Department of Health and Human Services	Aging Cluster*	93.044, 93.045, 93.053
	Temporary Assistance for Needy Families	93.558
	Low-Income Home Energy Assistance	93.568
	CCDF Cluster*	93.489, 93.575, 96.596

STATE OF GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION I – SUMMARY OF AUDITOR’S RESULTS
 YEAR ENDED JUNE 30, 2025

Major Programs (continued)

Federal Agency	Program or Cluster Title	ALN
U.S. Department of Health and Human Services (continued)	Adoption Assistance	93.659
	Social Services Block Grant	93.667
	Children’s Health Insurance Program	93.767
	Medicaid Cluster*	93.775, 93.777, 93.778
	Opioid STR	93.788
	HIV Care Formula Grants	93.917
	Block Grants for Community Mental Health Services	93.958
	Block Grants for Prevention and Treatment of Substance Abuse	93.959
U.S. Social Security Administration	Disability Insurance/SSI Cluster*	96.001, 96.006
<i>*See SEFA for a detail of each AL Number and Title included in the Cluster</i>		

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION II – FINANCIAL STATEMENT FINDINGS
YEAR ENDED JUNE 30, 2025

**FINANCIAL STATEMENT FINDINGS REPORTED UNDER
GOVERNMENT AUDITING STANDARDS**

See the 2025 State of Georgia Single Audit Report – Part I for Financial Statement findings 2025-001 through 2025-015.

STATE OF GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

TABLE OF CONTENTS

FEDERAL AGENCY	STATE¹ ENTITY	FINDING NUMBER AND TITLE	PAGE NUMBER
U.S. DEPARTMENT OF AGRICULTURE			
414	Department of Education	2025-016 Improve Controls over Transparency Act Reporting	B-9
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
419	Department of Community Health	2025-017 Continue to Strengthen Application Risk Management Program 2025-018 Improve Controls over Medicaid Eligibility Determinations for Ex Parte Members	B-12
427	Department of Human Services	2025-019 Improve Controls over Eligibility Determinations	B-17
419 & 427	Department of Community Health & Department of Human Services	2025-020 Improve Controls over Eligibility Determinations 2025-021 Improve Controls over Medicaid Eligibility Determinations for Non-SSI Members	B-19
441	Department of Behavioral Health and Developmental Disabilities	2025-022 Improve Controls over Transparency Act Reporting 2025-023 Improve Controls over Earmarking Requirements 2025-024 Improve Controls over Earmarking Requirements	B-24
427 & 441	Department of Human Services & Department of Behavioral Health and Developmental Disabilities	2025-025 Improve Controls over Transparency Act Reporting	B-33
U.S. DEPARTMENT OF LABOR			
415	Technical College System of Georgia	2025-026 Improve Controls over Transparency Act Reporting	B-35
440	Department of Labor	2025-027 Improve Controls over Eligibility Determinations 2025-028 Improve Controls over Performance Reporting 2025-029 Improve Controls over Employer Tax Form and Payment Submissions 2025-030 Improve Controls over the Identification, Recording, and Reporting of Overpayments	B-38

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

U.S. DEPARTMENT OF TRANSPORTATION

466	Department of Public Safety	B-52
	2025-031 Strengthen Controls over Matching, Earmarking, and Period of Performance	
	2025-032 Improve Controls over Transparency Act Reporting	

U.S. DEPARTMENT OF THE TREASURY

427	Department of Human Services	B-56
	2025-033 Improve Controls over the Procurement Process	

U.S. SOCIAL SECURITY ADMINISTRATION

412	Georgia Vocational Rehabilitation Agency.....	B-58
	2025-034 Improve Controls over Indirect Cost Rate Plan	

¹The entity number represents the control number that was assigned to each State entity.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE

STATE ENTITY: DEPARTMENT OF EDUCATION

2025-016 Improve Controls over Transparency Act Reporting

Compliance Requirement:	Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	None
AL Numbers and Titles:	10.553 – School Breakfast Program 10.555 – National School Lunch Program 10.556 – Special Milk Program for Children 10.582 – Fresh Fruit and Vegetable Program
Federal Award Numbers:	245GA324N1099 (Year: 2024), 245GA324N1199 (Year: 2024), 245GA324L11603 (Year: 2024), 255GA324N1099 (Year: 2025), 255GA324N1199 (Year: 2025), 255GA324L1603 (Year: 2025)
Questioned Costs:	None Identified
Repeat of Prior Year Findings:	2024-014, 2023-012

Description:

The Georgia Department of Education should improve internal controls to ensure that subaward information associated with the Federal Funding Accountability and Transparency Act is reported appropriately and timely.

Background Information:

The Child Nutrition Cluster (CNC) is comprised of various programs that are intended to assist states in administering and overseeing food service program operators that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer programs. This Cluster of programs also fosters healthy eating habits in children by providing fresh fruits and fresh vegetables to children attending elementary and schools and encourages the domestic consumption of nutritious agricultural commodities.

Funds associated with the CNC program are provided to the Georgia Department of Education (GaDOE) for allocation to eligible subrecipients. Because the GaDOE subgrants program funds to various entities, the GaDOE must comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The FFATA requirements were signed into law on September 26, 2006 in an effort to give the American public access to information on how their tax dollars are being spent. This information, including information associated with the use of CNC program funds, is accessible via the USAspending.gov website.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Criteria:

As a recipient of federal awards, the GaDOE is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Under the FFATA (Public Law 109-282), as codified in Title 2 CFR Part 170, *Reporting Subaward and Executive Compensation Information*, recipients of grants or cooperative agreements, including the GaDOE, who make first-tier subawards of \$30,000 or more are required to register in the System for Award Management (SAM.gov). Subaward data, such as the subaward date, subawardee Unique Entity Identifier number, amount of subaward, subaward obligation/action date, date of report submission, and subaward number, are submitted through SAM.gov and accessible to the general public through the USASpending.gov website.

Condition:

Our examination of reporting requirements associated with CNC revealed that the GaDOE failed to submit subaward data to the SAM.gov. Therefore, all first-tier subawards of \$30,000 or more, and the associated subaward data, were not reflected on the USASpending.gov website as required.

Cause:

The GaDOE had established procedures in place to comply with the FFATA reporting requirements for federal awards, but the GaDOE ceased FFATA reporting when it was removed from the Office of Management and Budget (OMB) Compliance Supplement in anticipation of the transition to the proposed new federal reporting model. When FFATA reporting reappeared in the OMB Compliance Supplement, the GaDOE reinstated FFATA reporting procedures for all federal programs and hired a new staff member in June 2022 to solely assist with bringing all FFATA reporting up to date for all federal programs. However, reporting for CNC proved to be challenging due to the continuously changing award amounts based on the number of claims each month. The GaDOE submitted a request to the USDA to report FFATA information on an annual basis, but that request was denied. Consequently, at fiscal year-end, the GaDOE was still formulating a method that will allow for compliance with CNC FFATA monthly reporting requirements in a more efficient manner.

Additionally, during fiscal year 2025, the FFATA reporting system changed from the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) to SAM.gov. This website required new interface software for uploading large amounts of data; however, the GaDOE did not have this information technology (IT) capability. Therefore, due to personnel changes and the absence of the required IT system interface, the GaDOE has experienced delays in completing CNC FFATA reporting.

Effect:

The deficiencies noted in the FFATA reporting process resulted in noncompliance with federal regulations. Without effective controls in place to ensure compliance with federal reporting requirements, the transparency objective associated with the FFATA requirements was not achieved as the general public was unable to review expenditure data associated with the State of Georgia's CNC programs.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Recommendation:

We recommend that the GaDOE:

- Finalize processes and procedures associated with the CNC FFATA reporting requirements;
- Incorporate additional oversight, training, and/or staff to aid in the identification of subawards to be reported and the reporting of appropriate data elements, as applicable, in a timely manner; and
- Maintain documentation of subaward agreements and the determination of whether each subaward should be entered into SAM.gov in compliance with the FFATA reporting requirements.

Views of Responsible Officials:

The Georgia Department of Education concurs with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATE ENTITY: DEPARTMENT OF COMMUNITY HEALTH

2025-017 Continue to Strengthen Application Risk Management Program

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Numbers and Titles:	93.767 – Children’s Health Insurance Program 93.767 – COVID-19 – Children’s Health Insurance Program 93.778 – Grants to States for Medicaid 93.778 – COVID -19 – Grants to States for Medicaid
Federal Award Numbers:	2405GA5021 (Year: 2024), 2505GA5021 (Year: 2025), 2405GA5MAP (Year: 2024), 2405GA5ADM (Year: 2024), 2505GA5MAP (Year: 2025), 2505GA5ADM (Year: 2025)
Questioned Costs:	None Identified
Repeat of Prior Year Findings:	2024-023, 2023-018, 2022-018, 2021-031, 2020-028, 2019-024, 2018-026, 2017-037, 2016-044

Description:

The Department of Community Health should continue to strengthen controls over its application risk management program.

Background Information:

See Financial Finding at 2025-002.

Criteria:

See Financial Finding at 2025-002.

Condition:

See Financial Finding at 2025-002.

Cause:

See Financial Finding at 2025-002.

Effect:

See Financial Finding at 2025-002.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Recommendation:

See Financial Finding at 2025-002.

Views of Responsible Officials:

The Department of Community Health (DCH) concurs with the finding and recognizes the need to further strengthen and formalize elements of its enterprise application risk management and System Security Review (SSR) processes. While progress has been made in FY25, DCH acknowledges gaps in documented SSRs and in evidence of SOC report review and complementary user entity control (CUEC) validation. DCH remains committed to addressing these deficiencies through a structured, risk-based, and auditable approach.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (*continued*)

STATE ENTITY: DEPARTMENT OF COMMUNITY HEALTH (*continued*)

2025-018 Improve Controls over Medicaid Eligibility Determinations for Ex Parte Members

Compliance Requirement:	Eligibility
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Number and Title:	93.778 – Grants to States for Medicaid
Federal Award Numbers:	2405GA5MAP (Year: 2024); 2505GA5MAP (Year: 2025)
Questioned Costs:	\$5,247
Repeat of Prior Year Finding:	2024-028

Description:

The Department of Community Health and Department of Human Services did not have effective internal controls in place to ensure the required continuing Medicaid eligibility determinations were performed for Supplemental Security Income Ex Parte members.

Background Information:

The Department of Community Health (DCH) administers the State’s Medicaid program that provides payments for medical assistance to low-income individuals. Medicaid is one of Georgia’s largest public assistance programs with federal and state funds totaling approximately \$18 billion for fiscal year 2025.

Eligibility for the Medicaid program is determined by the Division of Family and Children Services (DFCS), a division within the Department of Human Services (DHS), which has offices in each of the 159 counties in the State of Georgia. Individuals who are eligible for Supplemental Security Income (SSI) are also eligible for the Medicaid benefits, and those whose SSI benefits are terminated or denied by the Social Security Administration are SSI Ex Parte members for the Medicaid program. For those members, the DCH makes temporary determinations of continued eligibility under a new Ex Parte Medicaid Class of Assistance in the Georgia Medicaid Management Information System (GAMMIS).

The DFCS is responsible for performing a Continuing Medicaid Determination (CMD) for each new SSI Ex Parte member. The DFCS uses the daily Ex Parte Determination Reports generated by GAMMIS to identify the new SSI Ex Parte members that require a CMD. GAMMIS also generates monthly Ex Parte Non-Confirmation Reports, which identify all entries from the Ex Parte Determination Reports that are over 30-days old and have not yet been acted upon.

When a CMD is complete, the DFCS enters the individual in the Georgia Gateway eligibility system, and an approval or denial notice is generated. GAMMIS is updated through the Georgia Gateway interface when eligibility for a member is approved. When eligibility is denied, the

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

DFCS sends the denial notice to the DCH, which triggers the removal of the denied member from GAMMIS.

Criteria:

As recipients of federal awards, both the DCH and the DHS are required to establish, document, and maintain effective internal controls over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Section 200.303 – Internal Controls.

The eligibility determination requirements for SSI Ex Parte members are addressed in Chapter 2700, Section 50 - DCH Reports - Ex Parte Lists of the DHS Medicaid Manual. In accordance with provisions reflected in the Medicaid Manual, the DFCS is required to perform eligibility determinations of those members whose SSI benefits are terminated or denied.

Condition:

Our audit of the Medicaid program revealed deficiencies in the performance of eligibility determinations for SSI Ex Parte members. During fiscal year 2025, the DCH paid Medicaid SSI Ex Parte members benefits totaling \$51,119,147 for 9,082 members. We used a nonstatistical sampling method to select a random sample of 60 Ex Parte benefit payments from this population and tested the sample to determine if eligibility determinations were performed appropriately. The following deficiencies were identified:

- 45 members were denied by the DFCS in Georgia Gateway but remained active in GAMMIS in error.
- GAMMIS reflected one member as deceased; however, benefit payments continued to be made.
- Eligibility determinations were not performed for six members tested.

Questioned Costs:

Known questioned costs of \$5,247 were identified for benefit payments to the 52 ineligible SSI Ex Parte members. The Federal and State share of questioned cost is approximately \$3,464 and \$1,783, respectively. Using the total population amount of \$51,119,147, we project the likely questioned costs to be approximately \$30,958,586. The Federal and State share of likely questioned costs is approximately \$20,438,675 and \$10,519,911, respectively.

Cause:

The processes that the DFCS performed did not ensure the required eligibility determinations were made for all SSI Ex Parte members. Also, while the DCH has systems in place to automate the eligibility process, the Georgia Gateway and GAMMIS systems were not properly interfaced. This resulted in a failure to effectively update member eligibility data between the two platforms.

Effect:

The deficiencies in eligibility determinations resulted in noncompliance with federal regulations. Also, grant provisions allow the grantor to penalize the DCH for noncompliance by

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

suspending or terminating the award or withholding future awards. In addition, the DCH may be providing Medicaid benefits to ineligible individuals and claiming federal reimbursement for unallowable expenditures.

Recommendation:

The DCH and DHS management should strengthen oversight of the DFCS eligibility determinations for SSI Ex Parte members to make certain they are being performed timely and accurately. Specifically, management should:

- Dedicate the necessary resources to ensure that the Georgia Gateway and GAMMIS systems are interfaced properly;
- Review settings within GAMMIS to prevent payments associated with deceased individuals;
- Oversee a reconciliation process between members with completed CMDs to members listed on the daily and monthly Ex Parte Determination Reports; and
- Continue to provide training associated with these compliance requirements to all staff.

We also recommend that management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

We concur with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

STATE ENTITY: DEPARTMENT OF HUMAN SERVICES

2025-019 Improve Controls over Eligibility Determinations

Compliance Requirement:	Eligibility
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Number and Title:	93.558 – Temporary Assistance for Needy Families
Federal Award Numbers:	2101GATANF (2021), 2201GATANF (2022), 2301GATANF (2023), 2401GATANF (2024), 2501GATANF (2025)
Questioned Costs:	\$2,379

Description:

The Department of Human Services should improve internal controls and monitoring over eligibility requirements to ensure that only eligible individuals receive benefits from the Temporary Assistance for Needy Families Program.

Background Information:

The Department of Human Services (DHS) delivers a wide range of services designed to promote self-sufficiency, safety, and well-being for all Georgians. In delivering these services, the DHS is awarded funding associated with the Temporary Assistance for Needy Families (TANF) program. The TANF program was designed to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; to end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; to prevent and reduce the incidence of out-of-wedlock pregnancies, including establishing prevention and reduction goals; and to encourage the formation and maintenance of two-parent families.

The TANF program has specific eligibility requirements that must be satisfied by beneficiaries to receive TANF assistance. As part of the application process, applicants are required to complete and submit various forms to document eligibility information, including the Form 354, Expense Statement, which is used to verify income for the purpose of determining initial and ongoing eligibility for TANF benefits.

Criteria:

As a recipient of federal awards, the DHS is required to establish, document, and maintain effective internal control over federal awards that provide reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Section 200.303 – Internal Controls.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Eligibility determination requirements for the TANF program are addressed in Section 1300 of the DHS TANF Policy Manual. In accordance with provisions reflected in the TANF Policy Manual, benefits should only be paid to recipients who meet applicable eligibility criteria.

Condition:

Our audit of the TANF program revealed deficiencies in the performance of eligibility determinations. The DHS paid TANF benefits totaling \$12,200,599 to 5,338 beneficiaries during the period under review. A sample of 40 individual case files was randomly selected for testing using a nonstatistical sampling method. Auditors performed procedures to determine if eligibility determinations were performed appropriately. Testing revealed that three case files did not include the required Form 354. Therefore, these individuals were deemed to be ineligible for benefits and overpaid by a total of \$2,379.

Questioned Costs:

Upon testing a sample of \$102,055 of TANF benefits payments, known questioned costs of \$2,379 were identified for benefit payments to ineligible TANF recipients. Using the total population amount of \$12,200,599, we project the likely questioned costs to be approximately \$284,408.

Cause:

Through discussion with the DHS, management stated that high staff turnover resulted in increased training demands and caused delays in case processing and caseload management. In addition, established policies and procedures were not consistently followed, which resulted in errors in case processing.

Effect:

The deficiencies in eligibility determinations resulted in noncompliance with federal regulations. Also, grant provisions allow the grantor to penalize the DHS for noncompliance by suspending or terminating the award or withholding future awards. In addition, the DHS may be providing TANF benefits to ineligible individuals and claiming federal reimbursement for unallowable expenditures.

Recommendation:

We recommend that DHS:

- Follow established processes and procedures associated with TANF eligibility determinations.
- Clearly define roles and responsibilities for personnel involved in the eligibility process to ensure compliance with TANF rules and regulations; and
- Incorporate additional oversight, training, and/or staff to aid in the applicant intake and case management process to ensure that only eligible individuals receive benefits.

We also recommend that management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

DHS concurs with the finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**STATE ENTITIES: DEPARTMENT OF COMMUNITY HEALTH &
DEPARTMENT OF HUMAN SERVICES**

2025-020 Improve Controls over Eligibility Determinations

Compliance Requirement:	Eligibility
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Number and Title:	93.767 – Children’s Health Insurance Program
Federal Award Numbers:	2405GA5021 (Year: 2024); 2505GA5021 (Year: 2025)
Questioned Costs:	\$260
Repeat of Prior Year Finding:	2024-027

Description:

The Department of Community Health and Department of Human Services did not have adequate controls in place to ensure that the required continuing eligibility determinations were performed.

Background Information:

The Department of Community Health (DCH) administers the Children’s Health Insurance Program (CHIP) that provides child medical coverage to low-income families who exceed Medicaid income limits. CHIP is a large public assistance program in Georgia with federal and state funds totaling approximately \$761 million for fiscal year 2025.

Eligibility for the CHIP program is determined by the Division of Family and Children Services (DFCS), a division within the Department of Human Services (DHS), which has offices in each of the 159 counties in the State of Georgia. Once eligibility information has been obtained, the DFCS enters the individual into the Georgia Gateway eligibility system, and an approval or denial notice is generated. The Georgia Medicaid Management Information System (GAMMIS) is updated through the Georgia Gateway interface when eligibility for a member is approved. When eligibility is denied, the DFCS sends the denial notice to the DCH, which triggers the removal of the denied member from GAMMIS. Additionally, children covered by public or private health, Third Party Liability (TPL), insurance are ineligible for coverage under CHIP.

Criteria:

As recipients of federal awards, both the DCH and the DHS are required to establish, document, and maintain effective internal controls over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Section 200.303 – Internal Controls.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Chapter 2200, Basic Eligibility Criteria, of the DFCS Medicaid Policy Manual outlines the eligibility determination requirements for CHIP members. Specifically, Section 30 addresses requirements associated with TPLs, and Section 55 addresses age requirements for participation in Family Medicaid. In accordance with these provisions, claims should only be paid on behalf of recipients who meet the eligibility criteria.

Condition:

Our audit of the CHIP program revealed deficiencies in the performance of eligibility determinations. During fiscal year 2025, the DCH paid CHIP benefits totaling \$725,407,936 for 1,382,228 claims transactions. We used a nonstatistical sampling method to select a random sample of 40 benefit payments from this population and tested the sample to determine if eligibility determinations were performed appropriately. Upon completing this testing, it was determined that two members were covered by TPL insurance and therefore, should have been deemed ineligible for benefits.

Questioned Costs:

Known questioned costs of \$260 were identified for benefit payments to the two ineligible CHIP members. The Federal and State share of questioned cost is approximately \$198 and \$62, respectively. Using the total population amount of \$725,407,936, we project the likely questioned costs to be approximately \$60,913,280. The Federal and State share of likely questioned costs is approximately \$46,434,193 and \$14,479,087, respectively.

Cause:

The processes that the DFCS performed did not ensure the correct eligibility determinations were made for all CHIP members. The DCH monitoring was not effective over eligibility information contained in the Georgia Gateway and GAMMIS systems.

Effect:

The deficiencies in eligibility determinations resulted in material noncompliance with federal regulations. Also, grant provisions allow the grantor to penalize the DCH for noncompliance by suspending or terminating the award or withholding future awards. In addition, the DCH may be providing CHIP benefits to ineligible individuals and claiming federal reimbursement for unallowable expenditures.

Recommendation:

The DCH and DHS management should strengthen oversight of the DFCS eligibility determinations for CHIP members to ensure they are being performed as required. Specifically, we recommend that:

- The DCH management should review and improve their procedures for monitoring eligibility, and provide training as necessary to responsible staff; and
- The DHS management should continue to provide training associated with these compliance requirements to all staff.

We also recommend management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

DHS concurs with the finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**STATE ENTITIES: DEPARTMENT OF COMMUNITY HEALTH &
DEPARTMENT OF HUMAN SERVICES (continued)**

2025-021 Improve Controls over Medicaid Eligibility Determinations for Non-SSI Members

Compliance Requirement:	Eligibility
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Number and Title:	93.778 – Grants to States for Medicaid
Federal Award Numbers:	2405GA5MAP (Year: 2024); 2505GA5MAP (Year: 2025)
Questioned Costs:	\$187

Description:

The Department of Community Health and Department of Human Services did not have effective internal controls in place to ensure the required continuing Medicaid eligibility determinations were performed for Non-Supplemental Security Income members.

Background Information:

The Department of Community Health (DCH) administers the State’s Medicaid program that provides payments for medical assistance to low-income individuals. Medicaid is one of Georgia’s largest public assistance programs with federal and state funds totaling approximately \$18 billion for fiscal year 2025.

Eligibility for the Medicaid program is determined by the Division of Family and Children Services (DFCS), a division within the Department of Human Services (DHS), which has offices in each of the 159 counties in the State of Georgia. Once eligibility information has been obtained, the DFCS enters the individual in the Georgia Gateway eligibility system, and an approval or denial notice is generated. The Georgia Medicaid Management Information System (GAMMIS) is updated through the Georgia Gateway interface when eligibility for a member is approved. When eligibility is denied, the DFCS sends the denial notice to the DCH, which triggers the removal of the denied member from GAMMIS.

Criteria:

As recipients of federal awards, both the DCH and the DHS are required to establish, document, and maintain effective internal controls over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Section 200.303 – Internal Controls.

The eligibility determination requirements for Non-Supplemental Security Income (Non-SSI) members are addressed in Chapter 2200, Section 55 – Age (Family Medicaid) of the DHS

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Medicaid Manual. In accordance with provisions reflected in the Medicaid Manual, claims should only be paid on behalf of recipients who meet the eligibility criteria.

Condition:

Our audit of the Medicaid program revealed deficiencies in the performance of eligibility determinations for Non-SSI members. During fiscal year 2025, the DCH paid Medicaid Non-SSI members benefits totaling \$9,047,815,777 for 6,111,754 claims transactions. We used a nonstatistical sampling method to select a random sample of 33 Non-SSI benefit payments from this population and tested the sample to determine if eligibility determinations were performed appropriately. The following deficiencies were identified:

- One member was erroneously determined to be eligible because the incorrect pay frequency was used in the income rate determination.
- One member was a newborn at the time that eligibility was determined, and the required Social Security Number documentation was not updated once the child reached one year of age.
- One member's eligibility was limited to the Public Health Emergency (PHE) period, but their renewal was extended beyond the authorized timeframe.

Questioned Costs:

Known questioned costs of \$187 were identified for benefit payments to the three ineligible Non-SSI members. The Federal and State share of questioned cost is approximately \$123 and \$64, respectively. Using the total population amount of \$9,047,815,777, we project the likely questioned costs to be approximately \$270,771,946. The Federal and State share of likely questioned costs is approximately \$178,780,013 and \$91,991,933, respectively.

Cause:

The processes that the DFCS performed did not ensure the required eligibility criteria were met. Additionally, the process did not ensure PHE-related eligibility was terminated as required. Furthermore, the DCH monitoring process was not adequate to identify data fields that were incomplete or not current in the transmission between the Georgia Gateway and GAMMIS systems.

Effect:

The deficiencies in eligibility determinations resulted in noncompliance with federal regulations. Also, grant provisions allow the grantor to penalize the DCH for noncompliance by suspending or terminating the award or withholding future awards. In addition, the DCH may be providing Medicaid benefits to ineligible individuals and claiming federal reimbursement for unallowable expenditures.

Recommendation:

The DCH and DHS management should strengthen oversight of the DFCS eligibility determinations for Non-SSI members to make certain they are being performed accurately. Specifically, we recommend that:

- The DHS management should implement review procedures that ensure data is entered correctly;

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

- The DHS and DCH management should implement monitoring procedures that target incomplete required data elements;
- The DHS and DCH management should implement monitoring procedures over waiver recipients prior to the end of the waiver period to ensure correct determinations are made; and
- The DHS management should continue to provide training associated with these compliance requirements to all staff.

We also recommend that management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

DHS concurs with the finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**STATE ENTITY: DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL
DISABILITIES**

2025-022 Improve Controls over Transparency Act Reporting

Compliance Requirement:	Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Numbers and Titles:	93.788 – Opioid STR 93.958 – Block Grants for Community Mental Health Services 93.958 – COVID-19 – Block Grants for Community Mental Health Services 93.959 – Block Grants for Prevention and Treatment of Substance Abuse 93.959 – COVID-19 – Block Grants for Prevention and Treatment of Substance Abuse
Federal Award Numbers:	H79TI085741 (Year: 2022), H79TI087737 (Year: 2024), B09SM089617 (Year: 2024), B09SM084001 (Year: 2021), B09SM085388 (Year: 2021), B09SM090335 (Year: 2025), B08TI083934 (Year: 2021), B08TI085799 (Year: 2023), B08TI087031 (Year: 2024), B08TI083530 (Year: 2021), B08TI088098 (Year: 2025)
Questioned Costs:	None Identified
Repeat of Prior Year Findings:	2024-030, 2023-023, 2022-025

Description:

The Georgia Department of Behavioral Health and Developmental Disabilities should improve internal controls over required Federal Funding Accountability and Transparency Act reporting to ensure that information is reported appropriately and timely.

Background Information:

The Block Grants for Community Mental Health Services Block Grant (MHBG) program was created to provide funds to states and territories to enable them to carry out their respective plans for providing comprehensive community-based mental health services for adults with serious mental illness and children with serious emotional disturbances. MHBG program funds are allocated to individual states based upon a formula. This funding may be distributed to cities, counties, or service providers within each state to carry out activities associated with the state plan.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

The objective of the Substance Abuse Prevention and Treatment Block Grant (SABG) program is to provide funds to states, territories, and one Indian tribe for the purpose of planning, carrying out, and evaluating activities to prevent and treat, Substance Abuse (SA) and other related activities as authorized by the statute.

The objective of the Opioid STR (OSTR) program is to provide funds to states and Tribes for the purpose of addressing the opioid crisis within their communities. OSTR program funds are for carrying out activities that supplement opioid-related activities and these activities are undertaken by the state agency that administers the SABG program.

Funds associated with the MHBG, SABG, and OSTR programs are provided to the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) for allocation to eligible entities, including local health agencies, community-based organizations, and other public or private entities, through subgrants. Because the DBHDD subgrants MHBG, SABG, and OSTR program funds to various entities, the DBHDD must comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The FFATA requirements were signed into law on September 26, 2006 in an effort to give the American public access to information on how their tax dollars are being spent. This information, including information associated with the use of MHBG, SABG, and OSTR program funds, is accessible via the USAspending.gov website.

Criteria:

As a recipient of federal awards, the DBHDD is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Under the FFATA (Public Law 109-282), as codified in Title 2 CFR Part 170, *Reporting Subaward and Executive Compensation Information*, recipients of grants or cooperative agreements, including the DBHDD, who make first-tier subawards of \$30,000 or more are required to register in the System for Award Management (SAM.gov). Subaward data, such as the subaward date, subawardee Unique Entity Identifier number, amount of subaward, subaward obligation/action date, date of report submission, and subaward number, are submitted through SAM.gov and accessible to the general public through the USAspending.gov website.

Condition:

Our audit of the MHBG, SABG, and OSTR programs revealed there was no evidence of review and approval or a comparable internal control over the FFATA reports.

Additionally, upon performing testing over FFATA reporting, auditors noted the following deficiencies:

- From a population of 99 first-tier subawards or subaward modifications of \$30,000 or more associated with the MHBG program, a sample of 15 subawards or subaward modifications totaling \$3,185,584 was randomly selected for testing using a non-statistical sampling method. Auditors examined documentation to determine if the subrecipient's information was properly reported on the USAspending.gov website.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Testing revealed that all 15 subawards or subaward modifications tested were not reported timely.

- From a population of 279 first-tier subawards or subaward modifications of \$30,000 or more associated with the SABG program, a sample of 40 subawards or subaward modifications totaling \$9,156,749 was randomly selected for testing using a non-statistical sampling method. Auditors examined documentation to determine if the subrecipient's information was properly reported on the USAspending.gov website. Testing revealed that 37 subawards or subaward modifications totaling \$8,303,493 were not reported timely.
- From a population of 48 first-tier subawards or subaward modifications of \$30,000 or more associated with the OSTR program, a sample of seven subawards or subaward modifications totaling \$2,607,200 was randomly selected for testing using a non-statistical sampling method. Auditors examined documentation to determine if the subrecipient's information was properly reported on the USAspending.gov website. Testing revealed that one subaward or subaward modification totaling \$550,700 was reported under the incorrect federal award identification number and five subawards or subaward modifications totaling \$2,015,000 were not reported timely.

Cause:

Formal internal control processes for FFATA reporting were established but not implemented correctly during the fiscal year under review. As a result, noncompliance occurred with respect to FFATA reporting.

Effect:

The deficiencies noted in the FFATA reporting process resulted in noncompliance with federal regulations. Without effective controls in place to ensure compliance with federal reporting requirements, the transparency objective associated with the FFATA requirements may not be achieved as the general public was unable to review timely expenditure data associated with the State of Georgia's MHBG, SABG, and OSTR programs.

Recommendation:

We recommend that the DBHDD:

- Implement and document established processes and procedures associated with the FFATA reporting requirements.
- Incorporate additional oversight, training, and/or staff to aid in the identification of subawards to be reported and the reporting of appropriate data elements, as applicable, in a timely manner; and
- Review, update, and maintain documentation of subaward agreements and the determination of whether each subaward should be entered into SAM.gov in compliance with the FFATA reporting requirements.

Views of Responsible Officials:

DBHDD agrees with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**STATE ENTITY: DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL
DISABILITIES (continued)**

2025-023 Improve Controls over Earmarking Requirements

Compliance Requirement:	Matching, Level of Effort, Earmarking
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Numbers and Titles:	93.958 – Block Grants for Community Mental Health Services 93.958 – COVID-19 – Block Grants for Community Mental Health Services
Federal Award Numbers:	B09SM085388 (Year: 2021), B09SM087284 (Year: 2021), B09SM087352 (Year: 2023)
Questioned Costs:	\$2,872,330

Description:

The Georgia Department of Behavioral Health and Developmental Disabilities should improve internal controls to ensure that earmarking requirements associated with federal programs are met.

Background Information:

The Community Mental Health Services Block Grant (MHBG) program was created to provide funds to states and territories to enable them to carry out their respective plans for providing comprehensive community-based mental health services for adults with serious mental illness and children with serious emotional disturbances. MHBG program funds are allocated to individual states based upon a formula. This funding is provided to the Georgia Department of Behavioral Health and Development Disabilities (DBHDD) and may be distributed by the DBHDD to cities, counties, or service providers within the State of Georgia to carry out activities associated with the state plan.

In carrying out the state plan and providing community mental health services, the DBHDD must meet specific earmarking requirements to ensure that MHBG funds are used for specifically designated purposes or activities. Therefore, the DBHDD is responsible for implementing adequate controls to ensure that earmarking requirements are met and earmarked funds are accurately recorded, monitored, and reported.

Criteria:

As a recipient of federal awards, the DBHDD is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR)

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 42 of the U.S. Code (USC) §300x-9(c)(1) require states to “expend not less than 10 percent of the amount the State receives... each fiscal year to support evidence-based programs that address the needs of individuals with early serious mental illness, including psychotic disorders, regardless of the age of the individual at onset.” Provisions included in Title 42 USC §300x-9(c)(2) provide that “in lieu of expending 10 percent of the amount the State receives..., a State may elect to expend not less than 20 percent of such amount by the end of such succeeding fiscal year.”

Further, provisions included in Title 42 USC §300x-9(d)(1) require states to “expend at least 5 percent of the amount the State receives... each fiscal year to support evidenced-based programs that address the crisis care needs of individuals with serious mental illnesses and children with serious emotional disturbances, which may include individuals (including children and adolescents) experiencing mental health crises demonstrating serious mental illness or serious emotional disturbance, as applicable.” Provisions included in Title 42 USC §300x-9(d)(3) provide that “in lieu of expending 5 percent of the amount the State receives..., a State may elect to expend not less than 10 percent of such amount to support such programs by the end of two consecutive fiscal years.”

Condition:

Upon review of award documentation associated with the MHBG program, auditors identified three MHBG awards for which closeout procedures were performed during the fiscal year under review. Therefore, these awards were specifically tested to ensure that earmarking requirements were met with regards to administrative expenses, evidence-based programs that address early serious mental illness, and evidenced-based programs that address crisis care. The following deficiencies were noted upon testing the earmarking requirements for award number B09SM085388, which was awarded a total of \$30,385,390:

- The DBHDD was required to expend at least 10 percent of amounts received, or \$3,038,539, to support evidenced-based programs that address early serious mental illness. The DBHDD only expended \$1,685,479 for this purpose. Therefore, the DBHDD should have expended an additional \$1,353,060 to meet this earmarking requirement.
- The DBHDD was required to expend at least 5 percent of amounts received, or \$1,519,270, to support evidenced-based programs that address crisis care. However, no funds were expended for this purpose, and the DBHDD did not meet this earmarking requirement.

Questioned Costs:

Known questioned costs of \$2,872,330 were identified for funding that should have been expended to satisfy earmarking requirements but was expended for other purposes.

Cause:

Per discussions with the DBHDD management, the complexity of administering multiple supplemental grant awards, along with the termination of one award prior to the original liquidation date, contributed to inconsistent monitoring of earmarking requirements. As a result, communication gaps and coordination challenges arose between program and finance management.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Effect:

The deficiencies noted with MHBG earmarking requirements resulted in noncompliance with federal regulations. Also, grant provisions allow the grantor to penalize the DBHDD for noncompliance by suspending or terminating the award or withholding future awards.

Recommendation:

We recommend that the DBHDD strengthen controls over earmarking requirements by ensuring established policies and procedures are consistently followed. Management should also enhance monitoring procedures over grant awards with multiple supplemental awards to ensure earmarked funds are accurately tracked and expended in accordance with applicable requirements. In addition, management should provide training to program and finance staff to improve coordination between departments, understanding of earmarking requirements, and timely identification of issues.

We also recommend that management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

DBHDD agrees with the finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)

**STATE ENTITY: DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL
DISABILITIES (continued)**

2025-024 Improve Controls over Earmarking Requirements

Compliance Requirement:	Matching, Level of Effort, Earmarking
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Numbers and Titles:	93.959 – Block Grants for Prevention and Treatment of Substance Abuse 93.959 – COVID-19 – Block Grants for Prevention and Treatment of Substance Abuse
Federal Award Numbers:	B08TI083934 (Year: 2021), B08TI083530 (Year: 2021), B08TI085799 (Year: 2023)
Questioned Costs:	\$3,015,691

Description:

The Georgia Department of Behavioral Health and Developmental Disabilities should improve internal controls to ensure that earmarking requirements associated with federal programs are met.

Background Information:

The objective of the Substance Abuse Prevention and Treatment Block Grant (SABG) program is to provide funds to states, territories, and one Indian tribe for planning, carrying out, and evaluating activities to prevent, treat, and provide recovery services for Substance Abuse (SA) and other related activities as authorized by the statute. SABG program funding is provided to the Georgia Department of Behavioral Health and Development Disabilities (DBHDD) to carry out these activities.

In carrying out these activities, the DBHDD must meet specific earmarking requirements to ensure that SABG funds are used for specifically designated purposes or activities. Therefore, the DBHDD is responsible for implementing adequate controls to ensure that earmarking requirements are met and earmarked funds are accurately recorded, monitored, and reported.

Criteria:

As a recipient of federal awards, the DBHDD is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Provisions included in Title 45 CFR Sections 96.124 (b)(1) require states to “expend not less than 20 percent for programs for individuals who do not require treatment for substance abuse, which programs – (i) educate and counsel the individuals on such abuse; and (ii) provide for activities to reduce the risk of such abuse by the individuals.”

Further, provisions included in Title 42 of the U.S. Code §300x-24(b) define designated states as “any State whose rate of cases of acquired immune deficiency syndrome is 10 or more such cases per 100,000 individuals (as indicated by the number of such cases reported to and confirmed by the Director of the Centers for Disease Control and Prevention for the most recent calendar year for which such data are available)” and require designated states to expend not less than two percent and not more than five percent of the SABG award amount to carry out one or more projects to make available to individuals early intervention services for human immunodeficiency virus (EIS HIV) at the sites where the individuals are undergoing substance abuse treatment.

Condition:

Upon review of award documentation associated with the SABG program, auditors identified three SABG awards for which closeout procedures were performed during the fiscal year under review. Therefore, these awards were specifically tested to ensure that earmarking requirements associated with primary prevention programs for individuals who do not require treatment, carrying out one or more projects to make available to individuals EIS HIV, and administration expenses had been satisfied. The following deficiencies were noted:

- For award number B08TIO83934, which totaled \$38,820,318, the DBHDD was required to expend at least 20 percent of the award amount, or \$7,764,064, to support primary prevention programs for individuals who do not require treatment. The DBHDD only expended \$5,781,988 for this purpose. Therefore, the DBHDD should have expended an additional \$1,982,076 to meet this earmarking requirement.
- For award number B08TIO85799, \$58,922,488 of the total award was subject to EIS HIV earmarking requirements. The DBHDD was required to expend a maximum of five percent of the adjusted award amount, or \$2,946,124, to carry out one or more projects to make available to individuals EIS HIV. However, the DBHDD expended \$3,675,943 for this purpose, exceeding the maximum amount by \$729,819.
- For award number B08TIO83530, which totaled \$50,518,974, the DBHDD was required to expend a maximum of five percent of the award amount, or \$2,525,949 to carry out one or more projects to make available to individuals EIS HIV. However, the DBHDD expended \$2,829,745 for this purpose, exceeding the maximum amount by \$303,796.

Questioned Costs:

Known questioned costs of \$3,015,691 were identified for funding that was expended in excess of earmarking requirements or should have been expended to satisfy earmarking requirements but was expended for other purposes.

Cause:

Per discussions with DBHDD management, the complexity of administering multiple supplemental grant awards, along with the termination of one award prior to its liquidation date, contributed to inconsistent monitoring of earmarking requirements. As a result,

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

communication gaps and coordination challenges arose between program and finance management.

Effect:

The deficiencies noted with SABG earmarking requirements resulted in noncompliance with federal regulations. Also, grant provisions allow the grantor to penalize the DBHDD for noncompliance by suspending or terminating the award or withholding future awards.

Recommendation:

We recommend that the DBHDD strengthen controls over earmarking requirements by ensuring established policies and procedures are consistently followed. Management should also enhance monitoring procedures over grant awards with multiple supplemental awards to ensure earmarked funds are accurately tracked and expended in accordance with applicable requirements. In addition, management should provide training to program and finance staff to improve coordination between departments, understanding of earmarking requirements, and timely identification of issues.

We also recommend that management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

DBHDD agrees with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (*continued*)

**STATE ENTITIES: DEPARTMENT OF HUMAN SERVICES &
DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES**

2025-025 Improve Controls over Transparency Act Reporting

Compliance Requirement:	Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	None
AL Number and Title:	93.667 – Social Services Block Grant
Federal Award Numbers:	2301GASOSR (Year: 2023), 2401GASOSR (Year: 2024), 2501GASOSR (Year: 2025)
Questioned Costs:	None Identified

Description:

The Georgia Department of Human Services and the Georgia Department of Behavioral Health and Developmental Disabilities should improve internal controls over required Federal Funding Accountability and Transparency Act reporting to ensure that information is reported appropriately and timely.

Background Information:

The Social Services Block Grant (SSBG) is a flexible funding source that allows states and territories to tailor social service programming to their population’s needs. Through the SSBG, states provide essential social services that help achieve a myriad of goals to reduce dependency and promote self-sufficiency; protect children and adults from neglect, abuse, and exploitation; and help individuals who are unable to take care of themselves to stay in their homes or to find the best institutional arrangements.

Funds associated with the SSBG program are provided by the Georgia Department of Human Services (DHS) to the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) for allocation to eligible subrecipients. Because the DBHDD subgrants program funds to various entities, the DBHDD must comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The FFATA requirements were signed into law on September 26, 2006 in an effort to give the American public access to information on how their tax dollars are being spent. This information, including information associated with the use of the SSBG program funds, is accessible via the USAspending.gov website.

Criteria:

As a recipient of federal awards, the DBHDD is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Under the FFATA (Public Law 109-282), as codified in Title 2 CFR Part 170, *Reporting Subaward and Executive Compensation Information*, recipients of grants or cooperative agreements, including DBHDD who make first-tier subawards of \$30,000 or more are required to register in the System for Award Management (SAM.gov). Subaward data, such as the subaward date, subawardee Unique Entity Identifier number, amount of subaward, subaward obligation/action date, date of report submission, and subaward number, are submitted through SAM.gov and accessible to the general public through the USAspending.gov website.

Condition:

Our examination of reporting requirements associated with the SSBG program revealed that the DBHDD failed to submit subaward data to SAM.gov. Therefore, all first-tier subawards of \$30,000 or more, and the associated subaward data, were not reflected on the USAspending.gov website as required.

Cause:

Through discussion with the DBHDD and the DHS management, it was noted that the Memorandum of Understanding (MOU) between the entities for the state pass-through of SSBG program funds did not outline specific responsibility for reporting the first-tier subawards of \$30,000 or more. The DBHDD did not provide the DHS with information related to the subawards of \$30,000 or more and the associated subaward data. In addition, staff turnover resulted in internal control processes and procedures not being followed in regard to FFATA reporting.

Effect:

The deficiencies noted in the FFATA reporting process resulted in noncompliance with federal regulations. Without effective controls in place to ensure compliance with federal reporting requirements, the transparency objective associated with the FFATA requirements was not achieved as the general public was unable to review all expenditure data associated with the State of Georgia's SSBG program.

Recommendation:

We recommend that the DHS and the DBHDD:

- Implement and document processes and procedures associated with the FFATA reporting requirements.
- Incorporate additional oversight, training, and/or staff to aid in the identification of subawards to be reported and the reporting of appropriate data elements, as applicable, in a timely manner.
- Maintain documentation of subaward agreements and the determination of whether each subaward should be entered into SAM.gov in compliance with the FFATA reporting requirements.
- Update the MOU between the DHS and the DBHDD to include clear role responsibilities between the entities related to FFATA reporting requirements.

Views of Responsible Officials:

DBHDD agrees with this finding

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF LABOR

STATE ENTITY: TECHNICAL COLLEGE SYSTEM OF GEORGIA

2025-026 Improve Controls over Transparency Act Reporting

Compliance Requirement:	Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Labor
Pass-Through Entity:	None
AL Numbers and Titles:	17.258 WIOA Adult Program 17.259 WIOA Youth Activities 17.278 WIOA Dislocated Worker Formula Grants
Federal Award Numbers:	23A55AA038524-01-04 (Year: 2023), 23A55AT000010-01-01 (Year: 2023), 24A55AT000060-01-01 (Year: 2024), 23A55AY000004-01-00 (Year: 2023), 24A55AY000074-01-00 (Year: 2024), 23A55AW000013-01-01 (Year: 2023), 24A55AW000059-01-01 (Year: 2024)
Questioned Costs:	None Identified

Description:

The Technical College System of Georgia should improve internal controls to ensure that subaward information associated with the Federal Funding Accountability and Transparency Act is reported appropriately and timely.

Background Information:

The Workforce Innovation and Opportunity Act (WIOA) authorizes formula grant programs to states to help job seekers access employment, education, training, and support services to succeed in the labor market. Using a variety of methods, states provide employment and training services through a network of American Job Centers (AJC), also known as One-Stop Centers. The WIOA programs provide employment and training programs for adults, dislocated workers, and youth.

Funds associated with the WIOA programs are provided to the Technical College System of Georgia (TCSG) for allocation to eligible subrecipients. Because the TCSG subgrants program funds to various entities, the TCSG must comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The FFATA requirements were signed into law on September 26, 2006, in an effort to give the American public access to information on how their tax dollars are being spent.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Criteria:

As a recipient of federal awards, the TCSG is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Under the FFATA (Public Law 109-282), as codified in Title 2 CFR Part 170, *Reporting Subaward and Executive Compensation Information*, recipients of grants or cooperative agreements, including the TCSG, who make first-tier subawards of \$30,000 or more are required to register in the System for Award Management (SAM.gov). Subaward data, such as the subaward date, subawardee Unique Entity Identifier number, amount of subaward, subaward obligation/action date, date of report submission, and subaward number, are submitted through SAM.gov and accessible to the general public through the USAspending.gov website.

Condition:

Our audit of the WIOA programs revealed there was no evidence of review and approval or a comparable internal control over the FFATA reports.

Additionally, auditors identified 18 subrecipients with 254 first-tier subawards or subaward modifications of \$30,000 or more during the period under review. A sample of 40 subawards or subaward modifications totaling \$11,058,922 was randomly selected for testing using a non-statistical sampling method. Auditors examined documentation to determine if the subrecipient's information was properly reported on the USAspending.gov website. Upon performing testing over FFATA reporting, auditors noted the following deficiencies:

- Three subawards totaling \$560,792 had not been reported as of the end of audit fieldwork;
- One subaward totaling \$80,000 was not reported timely; and
- Three subawards totaling \$1,004,249 were not reported accurately.

Cause:

Through discussion with management, it was noted that the omissions, untimely reporting, and errors were due to an oversight by personnel and a lack of review.

Effect:

The deficiencies noted in the FFATA reporting process resulted in noncompliance with federal regulations. Without effective controls in place to ensure compliance with federal reporting requirements, the transparency objective associated with the FFATA requirements was not achieved as the general public was unable to review all expenditure data associated with the State of Georgia's WIOA programs.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Recommendation:

We recommend that the TCSG:

- Establish and document processes and procedures associated with the FFATA reporting requirements; and
- Incorporate additional oversight, training, and/or staff to aid in the identification of subawards to be reported and the reporting of appropriate data elements, as applicable, in a timely manner.

Views of Responsible Officials:

We concur with this finding. The Technical College System of Georgia acknowledges the finding associated with the recent DOAA audit. In the past, The TCSG Office of Workforce Development would have a single staff member enter the information from the FFATA into FSRs.gov, in which a receipt of submission would be downloaded and saved to a local shared folder. However, in March 2025, the FFATA reporting was moved to SAM.gov, which does not provide any proof of submission, only a database of reported subawards. Along with staff turnover and leadership transition, OWD recognizes that an adjustment to the FFATA Subaward submission is needed to continue the assurance of effective controls and compliance.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF LABOR (continued)

STATE ENTITY: DEPARTMENT OF LABOR

2025-027 Improve Controls over Eligibility Determinations

Compliance Requirement:	Eligibility
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Labor
Pass-Through Entity:	None
AL Numbers and Titles:	17.225 – Unemployment Insurance 17.225 – COVID-19 – Unemployment Insurance
Federal Award Numbers:	UI347102055A13 (Year: 2020), UI356432155A13 (Year: 2021), UI372182255A13 (Year: 2022), UI379762260A13 (Year: 2022), UI393172355A13 (Year: 2023), 23A60UB000032 (Year: 2023), 23A60UB000074 (Year: 2023), 23A60UB0000103 (Year: 2023), 23A60UB0000117 (Year: 2023), 23A60UD000001 (Year: 2023), 23A60UD000016 (Year: 2023), 23A60UR000037 (Year: 2023), 24A55UI000019 (Year: 2024), 24A55UT000008 (Year: 2024), 25A55UP000019 (Year: 2025), 25A55UI000074 (Year: 2025), 25A60UB000128 (Year: 2025), 25A60UB000156 (Year: 2025), 25A60UB000165 (Year: 2025), 25A60UD000068 (Year: 2025), 25A60UD000070 (Year: 2025)
Questioned Costs:	\$487
Repeat of Prior Year Findings:	2024-032, 2023-028, 2022-028, 2021-035

Description:

The Georgia Department of Labor did not have effective internal controls in place to ensure unemployment benefit payments were made correctly and only to eligible claimants.

Background Information:

The Unemployment Insurance (UI) program, created by the Social Security Act (Pub. L. No. 74-271), provides Unemployment Compensation (UC) benefits to workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways, including providing additional UI provisions.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Title II, Subtitle A of the CARES Act, authorizes the following temporary UI programs:

- Federal Pandemic Unemployment Compensation (FPUC) – The FPUC program provides eligible individuals with \$600 per week in addition to the weekly benefit amount they receive from certain other UC programs.
- Pandemic Emergency Unemployment Compensation (PEUC) – The PEUC program provides up to 13 weeks of benefits to individuals who have exhausted all rights to regular compensation under State law or Federal law with respect to a benefit year that ended on or after July 1, 2019, have no rights to regular compensation with respect to a week under any other State or Federal UC law, are not receiving compensation with respect to such week under the UC law of Canada, and are able to work, available to work, and actively seeking work.
- Pandemic Unemployment Assistance (PUA) – The PUA program provides up to 39 weeks of benefits to those individuals who are not eligible for regular UC or extended benefits under State or Federal law or PEUC, including those who have exhausted all rights to such benefits.

In addition, the State Extended Benefits (SEB) program, which is an extension of UC benefits, becomes available for payment when the State's 13-week insured unemployment rate (IUR) exceeds 5% and pays claimants up to an additional 13 weeks of compensation. Under the SEB program, the State is required to provide 50% of the amounts paid to the majority of eligible SEB claimants, which are those not covered by Federal law or special provisions of State law. However, under the CARES Act, the U.S. Department of Labor will reimburse the State at 100% of eligible costs for the SEB program.

The State of Georgia became eligible to pay SEB May 10, 2020. However, the first payable weekending date (WED) was on July 4, 2020, as the first payable WED of PEUC was April 4, 2020. Further, the last payable WED for SEB was February 6, 2021.

Criteria:

As a recipient of federal awards, the Georgia Department of Labor (DOL) is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in Title 20 CFR Section 604.3(a) state, "A State may pay UC only to an individual who is able to work and available for work for the week for which UC is claimed."

Furthermore, Title II, Subtitle A of the CARES Act provides specific eligibility guidance for the FPUC, PEUC, and PUA programs.

Condition:

Our audit of the Unemployment Compensation Fund (UCF) included a review of benefit payments related to regular UC, SEB, and CARES Act UI programs. A sample of 60 UI benefit

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

payment transactions processed by the DOL was randomly selected for testing using a nonstatistical sampling method. The following deficiencies were identified:

- In one instance, a claimant of the PUA program did not provide proof of wages or income, which resulted in an overpayment of \$316.
- In one instance, a claimant did not self-certify that they are able to work, available for work, and actively seeking work each week they claimed benefits, which resulted in an overpayment of \$171.

Questioned Costs:

Upon testing a sample of \$18,720 in UI program payments, known questioned costs of \$487 were identified. Using the population of UI payments sampled, which totaled \$359,839,058, we project likely questioned costs to be approximately \$6,881,509.

Cause:

The DOL must manually review proof of employment or self-employment or a valid offer to begin employment and proof of wages for all PUA claims. This is a very time-consuming process and the DOL does not have the resources to review the volume of PUA claims in a timely manner.

In addition, DUA program claims are submitted by paper, including weekly certifications by claimants; however, the DOL misplaced the paper copy of the certification for the week tested and could not provide evidence the claimant self-certified for the week in which the claimant received benefits.

Effect:

Without effective controls, the DOL increases its risk of providing benefits to ineligible claimants and not detecting these unallowable payments. The deficiencies in eligibility determinations also resulted in noncompliance with federal regulations and questioned costs. While funds for benefit payments are not provided to states through grant awards, states are awarded funds to administer these programs. Grant provisions allow the grantor to penalize the DOL for noncompliance by suspending or terminating the award or withholding future awards. This may prevent eligible individuals from receiving benefits in the future.

Recommendation:

The DOL management should develop, implement and document internal controls over eligibility and claims processing to ensure procedures are consistently enforced and operate effectively. Management should also provide training on procedures for processing unemployment claims for programs created by the CARES Act. Strong monitoring controls should be implemented, as well, to ensure that the DOL achieves its objectives in complying with the eligibility requirements for the various UC programs.

Additionally, the DOL management should develop and document IT controls to stop the release of payment until eligibility requirements are substantiated and verified. The DOL management should also develop, implement and document procedures to stop or reduce payments when individuals do not provide required documentation.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Views of Responsible Officials:

We concur with this finding. GDOL acknowledges that this is a repeat finding from prior years. In addition, GDOL's current UI Information Technology (IT) system was developed in 1982 using mainframe legacy technology. Due to its age and structural limitations, many automated processes and corrective controls cannot be easily implemented. As a result, numerous tasks, including the validation and processing of all PUA and DUA documentation to determine eligibility, must be performed manually by staff.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF LABOR (continued)

STATE ENTITY: DEPARTMENT OF LABOR (continued)

2025-028 Improve Controls over Performance Reporting

Compliance Requirements:	Reporting Special Tests and Provisions
Internal Control Impact:	Material Weakness
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Labor
Pass-Through Entity:	None
AL Numbers and Titles:	17.225 – Unemployment Insurance 17.225 – COVID-19 – Unemployment Insurance
Federal Award Numbers:	UI347102055A13 (Year: 2020), UI356432155A13 (Year: 2021), UI372182255A13 (Year: 2022), UI379762260A13 (Year: 2022), UI393172355A13 (Year: 2023), 23A60UB000032 (Year: 2023), 23A60UB000074 (Year: 2023), 23A60UB0000103 (Year: 2023), 23A60UB0000117 (Year: 2023), 23A60UD000001 (Year: 2023), 23A60UD000016 (Year: 2023), 23A60UR000037 (Year: 2023), 24A55UI000019 (Year: 2024), 24A55UT000008 (Year: 2024), 25A55UI000074 (Year: 2025), 25A55UP000019 (Year: 2025), 25A60UB000128 (Year: 2025), 25A60UB000156 (Year: 2025), 25A60UB000165 (Year: 2025), 25A60UD000068 (Year: 2025), 25A60UD000070 (Year: 2025)
Questioned Costs:	None Identified

Description:

The Georgia Department of Labor should improve internal controls over required performance reports to ensure the information is reported appropriately and timely.

Background Information:

The Unemployment Insurance (UI) program, created by the Social Security Act (Pub. L. No. 74-271), provides Unemployment Compensation (UC) benefits to workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work.

The Georgia Department of Labor (DOL) is responsible for reporting programmatic data related to UI programs, including those associated with the Reemployment Services and Eligibility Assessments (RESEA) program, to the U.S. Department of Labor's Employment and Training Administration (ETA). Every grant awarded by the ETA requires accurate quarterly and annual

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

reporting as a part of sound financial and management responsibilities. This reporting supports the ETA's ability to measure fund utilization for performance accountability and assess compliance with statutory expenditure requirements. This information also allows for the measurement of successful outcomes for participants, ensures sound service delivery and reporting practices, and helps determine whether the federal funds achieved maximum benefit.

The following performance reports are required to be submitted to the ETA:

- ETA 9050 – Time Lapse of All First Payments except Workshare monthly report,
- ETA 9052 – Nonmonetary Determination Time Lapse Detection monthly report,
- ETA 9055 – Appeals Case Aging monthly report,
- ETA 9128 – RESEA Workload quarterly report, and
- ETA 9129 – RESEA Outcomes quarterly report.

Criteria:

As a recipient of federal awards, the DOL is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

In addition, provisions included in UI Program Letter (UIPL) No. 08-24 and UIPL No. 12-25 require ETA 9128 and 9129 reports to be reviewed by UI staff member(s) for accuracy prior to submission.

Condition:

Our audit of the reporting requirements for the UI program revealed there was no evidence of review and approval or a comparable internal control procedure associated with the ETA 9050, ETA 9052, ETA 9055, ETA 9128, and ETA 9129 performance reports.

Cause:

While a staff member was assigned to complete the performance reports, there was no process in place to have the reports reviewed for accuracy prior to submission due to management oversight.

Effect:

Without properly designed controls in place, the DOL cannot adequately ensure the accuracy of information included in performance reports. In addition, the deficiency in internal control resulted in noncompliance with federal regulations. While funds for benefit payments are not provided to states through grant awards, states are awarded funds to administer these programs. Grant provisions allow the grantor to penalize the DOL for noncompliance by suspending or terminating the award or withholding future awards. This may prevent eligible individuals from receiving timely benefits in the future.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Recommendation:

The DOL should design, implement and document effective controls over performance reporting to ensure that reports are reviewed by an individual, other than the preparer, prior to submission of the reports. The DOL should also establish an audit trail that documents what date the report was reviewed and by whom.

Views of Responsible Officials:

We concur. Due to staffing changes, we failed to document review and approval of these reports by management.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF LABOR (continued)

STATE ENTITY: DEPARTMENT OF LABOR (continued)

2025-029 Improve Controls over Employer Tax Form and Payment Submissions

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Labor
Pass-Through Entity:	None
AL Number and Title:	17.225 – Unemployment Insurance
Federal Award Numbers:	UI356432155A13 (Year: 2021), UI372182255A13 (Year: 2022), UI379762260A13 (Year: 2022), UI393172355A13 (Year: 2023), 23A60UB000032 (Year: 2023), 23A60UB000074 (Year: 2023), 23A60UB0000117 (Year: 2023), 23A60UD000001 (Year: 2023), 23A60UD000016 (Year: 2023), 23A60UR000037 (Year: 2023), 24A55UI000019 (Year: 2024), 24A55UT000008 (Year: 2024), 25A55UI000074 (Year: 2025), 25A60UD000068 (Year: 2025), 25A60UD000070 (Year: 2025)
Questioned Costs:	None Identified

Description:

The Georgia Department of Labor did not maintain adequate documentation of taxes due or taxes received.

Background Information:

The Unemployment Insurance (UI) program, created by the Social Security Act (Pub. L. No. 74-271), provides Unemployment Compensation (UC) benefits to workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work.

Employers meeting any of the following criteria are required to report UI taxes:

- Private employers with a quarterly payroll of \$1,500 or at least one worker in 20 different calendar weeks during a calendar year;
- Agricultural employers with at least \$20,000 in gross payroll for a calendar quarter or with 10 or more workers on any day during 20 different weeks in a calendar year; or
- Domestic employers with a payroll of at least \$1,000 in any calendar quarter.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

State Workforce Agencies, including the Georgia Department of Labor (DOL), are required to maintain employer accounts for UI taxes received or due from individual employers.

Criteria:

As a recipient of federal awards, the DOL is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Section 200.302(b) state, in part, that the DOL’s “financial management system must provide for... maintaining records that sufficiently identify the amount, source, and expenditure of Federal funds... [and] records must be supported by source documentation.”

Condition:

Our audit of the UI program included a review of quarterly tax and wage forms and employer payments received. From a population of 906,391 transactions, a sample of 25 transactions related to the collection of taxes due from employers was randomly selected for testing using a nonstatistical sampling method. The following deficiencies were identified:

- We found no evidence that internal controls had been established, documented, or maintained for the items tested.
- Of the 25 transactions tested, 13 transactions could not be traced to bank statements, and no supporting documentation could be provided for the transactions.

Cause:

The DOL has an antiquated system for recording tax transactions that does not maintain an audit trail of electronic tax forms collected. While physical documentation and payments remitted through the mail are maintained on file, no records of electronic employer submissions are maintained for review by the DOL.

Effect:

The deficiencies in employer tax form and payment submissions resulted in noncompliance with federal regulations. Additionally, without properly designed controls in place, the DOL cannot adequately maintain employer accounts or support the transactions posted to employer accounts. Furthermore, grant provisions allow the grantor to penalize the DOL for noncompliance by suspending or terminating the award or withholding future awards. This may prevent eligible individuals from receiving benefits in the future.

Recommendation:

The DOL should implement internal controls over the documentation of taxes due and received by:

- Ensuring that appropriate documentation is maintained for employer tax submissions, detailing the employer name, wages reported, calculation of taxes, penalties, interest, and FICA costs due, payment remitted (if any) with time stamps.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

- Implementing a process in which the system generates a tax form for each employer submission to be maintained as reviewable evidence of taxes due.
- Maintaining a receipt log by employer, including amount received, date received, and amount per bank statement or ACH transmission file, as documentation of taxes received.

Views of Responsible Officials:

We concur with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF LABOR (continued)

STATE ENTITY: DEPARTMENT OF LABOR (continued)

2025-030 Improve Controls over the Identification, Recording, and Reporting of Overpayments

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Labor
Pass-Through Entity:	None
AL Numbers and Titles:	17.225 – Unemployment Insurance 17.225 – COVID-19 – Unemployment Insurance
Federal Award Numbers:	UI347102055A13 (Year: 2020), UI356432155A13 (Year: 2021), UI372182255A13 (Year: 2022), UI379762260A13 (Year: 2022), UI393172355A13 (Year: 2023), 23A60UB000032 (Year: 2023), 23A60UB000074 (Year: 2023), 23A60UB0000103 (Year: 2023), 23A60UB0000117 (Year: 2023), 23A60UD000001 (Year: 2023), 23A60UD000016 (Year: 2023), 23A60UR000037 (Year: 2023), 24A55UI000019 (Year: 2024), 24A55UT000008 (Year: 2024), 25A55UP000019 (Year: 2025), 25A55UI000074 (Year: 2025), 25A60UB000128 (Year: 2025), 25A60UB000156 (Year: 2025), 25A60UB000165 (Year: 2025), 25A60UD000068 (Year: 2025), 25A60UD000070 (Year: 2025)
Questioned Costs:	None Identified
Repeat of Prior Year Findings:	2024-035, 2023-030, 2022-029, 2021-038, 2020-038

Description:

The Georgia Department of Labor did not maintain adequate controls over the identification, recording, and reporting of benefit overpayments associated with the Unemployment Insurance programs.

Background Information:

The Unemployment Insurance (UI) program, created by the Social Security Act (Pub. L. No. 74-271), provides Unemployment Compensation (UC) benefits to workers who are unemployed through no fault of their own and are seeking reemployment. To receive benefits, claimants must be able to work, available for work, and actively seeking work.

The Georgia Department of Labor (DOL) is responsible for reporting overpayment data related to UI programs to the U.S. Department of Labor's Employment and Training Administration (ETA). Every grant awarded by the ETA requires accurate reporting as a part of sound financial

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

and management responsibilities. This reporting supports the ETA's ability to ensure benefit payments are properly made.

The following reports reflect overpayment data that must be submitted to the ETA:

- ETA 227 – Overpayment Detection and Recovery Activities quarterly report, and
- ETA 902P – Pandemic Unemployment Assistance Activities monthly report.

Criteria:

As a recipient of federal awards, the DOL is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Title 34, Chapter 8, Article 9 of the *Official Code of Georgia Annotated* (OCGA) §34-8-254 defines overpayments as the sum of benefits received by any person while any conditions for the receipt of benefits were not fulfilled or while the person was disqualified from receiving benefits. OCGA §34-8-254 assigns legal responsibility and authority for the collection of overpayments to the Commissioner of the DOL.

Additionally, according to the UI Report Handbook No. 401, the ETA 227 and ETA 902P reports are required to be submitted to the U.S. Department of Labor in a timely and accurate manner. The ETA 227 reports are due quarterly on the first day of the second month after the quarter of reference, and all applicable data on the ETA 227 reports should be traceable to the data regarding overpayments and recoveries in the state's financial accounting system. The ETA 902P report is due on the 30th of the month following the month to which data relate and should contain monthly data on PUA activities.

Condition:

In an effort to assess risk and plan audit procedures, auditors obtained an understanding of the internal controls over the processes for identifying and recording overpayments. In performing these procedures, the DOL stated that crossmatches used to identify possible overpayments are run three to six months after a quarter's benefits have been paid. Additionally, it is our understanding that after the DOL runs a wage crossmatch for a quarter, the quarter is not run again. In this case, if an employer does not report wages for its employee timely to the DOL, the wages would not be in the crossmatch performed.

Based upon this information, auditors requested a complete population of overpayment cases and a reconciliation of the population data to the year-end financial statements. Although the DOL provided a population of overpayment cases, auditors could not summarize the data to match amounts reported on the financial statements. The data provided by the DOL is very limited, reflecting only total overpayments established, paid, and remaining balances by claimant at year-end. All amounts are grouped together and can contain multiple overpayments established on different dates. Auditors could not distinguish important information, such as the date the overpayment was established, week-ending dates for the weeks determined to be overpaid, when the original benefit was paid, and whether the overpayment was caused by fraud.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Auditors planned to select a sample of overpayment cases that the DOL had established during the fiscal year under review and verify that the DOL was properly identifying and processing overpayments. While the DOL provided data related to overpayment cases, the auditors were not able to verify the completeness of the population provided as a \$6.5 million variance was noted between the amount reported in the financial statements and the amount reflected in the population data.

Additionally, upon review of the overpayment information provided, it was determined the underlying data was not mathematically accurate as the sum of all current year activity by claimant did not agree to the ending balance reflected for each claimant. Auditors recalculated the ending balance by claimant based on the activity reflected in the overpayment data file and noted a \$2.7 million net variance.

Furthermore, auditors inquired if overpayment data in the system of record was reconciled to the billing system and the DOL stated they did not perform such reconciliation. Auditors noted a variance of approximately \$128 million between the amount reported in the financial statements and the amount shown in the billing system.

Finally, auditors compared the total overpayments reported in the financial statements to ETA 227 submissions and noted an unreconciled variance of \$158 million.

Cause:

The DOL did not have the ability to easily run transaction-level or claimant-level queries for overpayments in their systems. Additionally, the DOL did not reconcile overpayment data to subsystems, federal reports, or accounting records and was unable to do so in a timely manner when requested by the Georgia Department of Audits and Accounts and the State Accounting Office.

Effect:

Due to the lack of controls, there is an increased risk that possible fraudulent claims and improper benefits paid will not be identified and investigated timely. The deficiencies in the identification and recording of benefit overpayments resulted in noncompliance with federal and state regulations. Additionally, inaccurate reports were likely filed with the U.S. Department of Labor. Furthermore, the lack of accurate and complete data associated with benefit overpayments prevented auditors from testing compliance requirements associated with overpayments. These unknown factors, along with additional issues, are the basis for our adverse opinion on the UI program.

Recommendation:

The DOL management should develop, implement and document procedures to identify and record benefit overpayments in a timely and accurate manner. These procedures should allow for the tracking of information by fiscal year and periodic reconciliation of detailed records to the general ledger and various required reports. Specifically, the DOL should implement, at a minimum, a monthly reconciliation process to reconcile, by claimant, the overpayment balances and activity within the billing system to the activity and balances reflected in the system of record. Additionally, a review of the detailed listing by claimant from the system of record should be performed to ensure the amounts included in the listing are mathematically accurate.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Views of Responsible Officials:

We concur with this finding. GDOL acknowledges this is a repeated finding from previous years. The current unemployment system is aged and distressed. GDOL's limited technology resources will hinder our ability to update our current system to perform reconciliation between the multiple tools used to perform different functions. Therefore, we acknowledge that this finding will persist until a system-wide resolution is implemented in the new modernized UI system.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF TRANSPORTATION

STATE ENTITY: DEPARTMENT OF PUBLIC SAFETY

2025-031 Strengthen Controls over Matching, Earmarking, and Period of Performance

Compliance Requirements:	Matching, Level of Effort, Earmarking Period of Performance
Internal Control Impact:	Material Weakness
Compliance Impact:	None
Federal Awarding Agency:	U.S. Department of Transportation
Pass-Through Entity:	None
AL Numbers and Titles:	20.600 – State and Community Highway Safety 20.616 – National Priority Safety Programs
Federal Award Numbers:	69A37525300004020GA0 (Year: 2025), 69A3752530000405BGAL (Year: 2025), 69A3752530000405CGA0 (Year: 2025), 69A3752530000405DGAM (Year: 2025), 69A3752530000405EGAA (Year: 2025), 69A3752530000405FGA1 (Year: 2025), 69A3752530000405GGA0 (Year: 2025), 69A3752530000405HGA0 (Year: 2025)
Questioned Costs:	None Identified

Description:

The Georgia Department of Public Safety should improve internal controls over matching, earmarking, and period of performance requirements to ensure expenditures meet required matching and earmarking percentages and are incurred within the required timeframes.

Background Information:

The Highway Safety Act of 1966 established the Highway Safety Cluster (HSC) as a formula grant for states to save lives and prevent injuries due to road traffic crashes. Funding is apportioned to State and Territorial Highway Safety Offices using statutory apportionment formulas and requirements. To receive funding, states must have an approved Triennial Highway Safety Plan and an approved Annual Grant Application that details planned projects.

The Georgia Department of Public Safety (DPS) is required to maintain adequate internal controls over federal awards, including the matching, earmarking, and period of performance requirements for each federal award. Proper tracking allows the entity to ensure that expenditures meet appropriate matching and earmarking percentages and are incurred within the allowable timeframes in compliance with grant requirements.

Criteria:

As a recipient of federal awards, the DPS is required to establish, document and maintain effective internal control over federal awards that provides reasonable assurance of managing

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Condition:

Our audit of the HSC programs revealed there was no evidence of internal controls implemented over the matching, earmarking, and period of performance compliance requirements.

Cause:

For the matching and earmarking requirements, management has a process in place to calculate and track the required percentages; however, documentation supporting the calculations and tracking was not maintained. In addition, for the period of performance requirement, management did not establish and document an internal process to independently monitor grant activity and ensure expenditures occurred within the allowable period of performance.

Effect:

Without proper internal controls in place, there is an increased risk of noncompliance with the matching, earmarking, and period of performance requirements.

Recommendation:

We recommend that the DPS:

- Establish and document processes and procedures associated with the matching, earmarking, and period of performance requirements;
- Incorporate additional oversight, training, and/or staff to ensure staff are knowledgeable about applicable requirements; and
- Retain sufficient documentation of internal control activities performed.

Views of Responsible Officials:

We concur with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF TRANSPORTATION (continued)

STATE ENTITY: DEPARTMENT OF PUBLIC SAFETY (continued)

2025-032 Improve Controls over Transparency Act Reporting

Compliance Requirement:	Reporting
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agency:	U.S. Department of Transportation
Pass-Through Entity:	None
AL Numbers and Titles:	20.600 – State and Community Highway Safety 20.616 – National Priority Safety Programs
Federal Award Numbers:	69A37525300004020GA0 (Year: 2025), 69A3752530000405BGAL (Year: 2025), 69A3752530000405CGA0 (Year: 2025), 69A3752530000405DGAM (Year: 2025), 69A3752530000405EGAA (Year: 2025), 69A3752530000405FGA1 (Year: 2025), 69A3752530000405GGA0 (Year: 2025), 69A3752530000405HGA0 (Year: 2025)
Questioned Costs:	None Identified

Description:

The Georgia Department of Public Safety should improve internal controls to ensure that subaward information associated with the Federal Funding Accountability and Transparency Act is reported appropriately and timely.

Background Information:

The Highway Safety Act of 1966 established the Highway Safety Cluster (HSC) as a formula grant for states to save lives and prevent injuries due to road traffic crashes. Funding is apportioned to State and Territorial Highway Safety Offices using statutory apportionment formulas and requirements. To receive funding, states must have an approved Triennial Highway Safety Plan and an approved Annual Grant Application that details planned projects.

Funds associated with the HSC program are provided to the Georgia Department of Public Safety (DPS) for allocation to eligible subrecipients. Because the DPS subgrants program funds to various entities, the DPS must comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The FFATA requirements were signed into law on September 26, 2006 in an effort to give the American public access to information on how their tax dollars are being spent. This information, including information associated with the use of HSC program funds, is accessible via the USAspending.gov website.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Criteria:

As a recipient of federal awards, the DPS is required to establish, document and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Under the FFATA (Public Law 109-282), as codified in Title 2 CFR Part 170, *Reporting Subaward and Executive Compensation Information*, recipients of grants or cooperative agreements, including the DPS who make first-tier subawards of \$30,000 or more are required to register in the System for Award Management (SAM.gov). Subaward data, such as the subaward date, subawardee Unique Entity Identifier number, amount of subaward, subaward obligation/action date, date of report submission, and subaward number, are submitted through SAM.gov and accessible to the general public through the USAspending.gov website.

Condition:

Our examination of reporting requirements associated with HSC revealed that the DPS failed to submit subaward data to SAM.gov. Therefore, all first-tier subawards of \$30,000 or more, and the associated subaward data, was not reflected on the USAspending.gov website as required.

Cause:

Through discussion with management, it was noted that there was a lack of clarity regarding the DPS's responsibility for completing the FFATA reporting requirements. In addition, the DPS did not have a designated individual assigned to perform and oversee the FFATA reporting process. As a result, the required subaward information was not reported on SAM.gov in accordance with applicable requirements.

Effect:

The deficiencies noted in the FFATA reporting process resulted in noncompliance with federal regulations. Without effective controls in place to ensure compliance with federal reporting requirements, the transparency objective associated with the FFATA requirements was not achieved as the general public was unable to review expenditure data associated with the State of Georgia's HSC programs.

Recommendation:

We recommend that the DPS:

- Establish and document processes and procedures associated with the FFATA reporting requirements;
- Incorporate additional oversight, training, and/or staff to aid in the identification of subawards to be reported and the reporting of appropriate data elements, as applicable, in a timely manner; and
- Maintain documentation of subaward agreements and the determination of whether each subaward should be entered into SAM.gov in compliance with the FFATA reporting requirements.

Views of Responsible Officials:

We concur with this finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL AGENCY: U.S. DEPARTMENT OF THE TREASURY

STATE ENTITY: DEPARTMENT OF HUMAN SERVICES

2025-033 Improve Controls over the Procurement Process

Compliance Requirement:	Procurement and Suspension and Debarment
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of the Treasury
Pass-Through Entity:	None
AL Number and Title:	21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Award Number:	SLFRP1029 (Year: 2023)
Questioned Costs:	None Identified
Repeat of Prior Year Finding:	2024-037

Description:

The Georgia Department of Human Services should improve internal controls to ensure that they are complying with the State of Georgia’s Procurement Policy.

Background Information:

The Coronavirus State Fiscal Recovery Fund, (CSLFRF), provides direct payments to states, US territories, Tribal governments, metropolitan cities, counties, and non-entitlement units of local government to:

1. Respond to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including by providing assistance to households, small businesses, nonprofits, and impacted industries, such as tourism, travel, and hospitality;
2. Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the recipient that perform essential work or by providing grants to eligible employees that have eligible workers who are performing essential work;
3. Provide government services, to the extent of the reduction in revenue of the eligible entities due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the eligible entities prior to the emergency; and
4. Make necessary investments in water, sewer, or broadband infrastructure.

In August 2022, the Governor’s Office of Planning and Budget (OPB) dedicated more than \$1 billion of CSLFRF federal funds to the Department of Human Services (DHS) to establish the Cash Assistance program. The Cash Assistance program provided one-time cash assistance of up to \$350 for active enrollees of the Medicaid, PeachCare for Kids, Supplemental Nutrition Assistance Program, and/or Temporary Assistance for Needy Families government benefit programs in response to the negative economic impacts of the COVID-19 public health emergency.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Criteria:

As a recipient of federal awards, the DHS is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

The DHS is also required to comply with the procurement standards set forth in 2 CFR 200.317 through 2 CFR 200.327 of the Uniform Guidance. Pursuant to 2 CFR 200.317, “When conducting procurement transactions under a Federal award, a State... must follow the same policies and procedures it uses for procurements with non-Federal funds.” As a state agency, the DHS adheres to the State of Georgia Procurement Manual issued by the Department of Administrative Services (DOAS).

Per the State of Georgia Procurement Manual, all contract extensions must occur in writing and require the supplier’s consent. The State Procurement Department’s (SPD) prior consent to the contract extension may also be required depending on the type of extension.

Condition:

Our examination of compliance with Procurement and Suspension and Debarment regulations for the Cash Assistance program revealed that the DHS did not follow the State of Georgia’s ongoing contract management process for the continuation of services. The DHS was also unable to provide a written notice of extension or amendment to continue services and was unable to provide documentation of written permission from the SPD.

Cause:

Through discussion with the DHS management, the DHS relied on the contractor to replace cash assistance cards that were lost or undeliverable in the prior year under the original terms of the contract rather than extending or amending the contract.

Effect:

Without a valid contract extension or amendment, federal funds may be used in a manner that is not in compliance with federal provisions and the Georgia Procurement Manual.

Recommendation:

The DHS should improve internal controls as they relate to the procurement and contracting processes to ensure that all contract extensions or amendments follow the processes established in the Georgia Procurement Manual.

Views of Responsible Officials:

DHS concurs with the finding.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

FEDERAL ENTITY: U.S. SOCIAL SECURITY ADMINISTRATION

STATE ENTITY: GEORGIA VOCATIONAL REHABILITATION AGENCY

2025-034 Improve Controls over Indirect Cost Rate Plan

Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control Impact:	Material Weakness
Compliance Impact:	Material Noncompliance
Federal Awarding Agencies:	U.S. Social Security Administration
Pass-Through Entities:	None
AL Number and Title:	96.001 – Social Security Disability Insurance
Federal Award Numbers:	2504GADI00 (Year: 2025), 2404GADI00 (Year: 2024)
Questioned Costs:	\$4,363,991

Description:

The Georgia Vocational Rehabilitation Agency did not have a federally approved negotiated indirect cost rate agreement in place with its cognizant Federal agency for the fiscal period under audit.

Background Information:

The Social Security Disability Insurance (DI) program was established in 1954 under Title II of the Social Security Act and provides benefits to disabled wage earners and their families in the event the family wage earner becomes disabled. The Georgia Vocational Rehabilitation Agency (GVRA) works with the U.S. Social Security Administration (SSA) to make disability determinations for Georgia citizens and ultimately disburses DI program funding to eligible recipients. In performing this work, the GVRA incurs both direct and indirect costs. Under federal regulations, indirect costs charged to the DI program should be based on a rate approved by the cognizant federal agency, SSA, as evidenced by a written agreement.

Criteria:

As a recipient of federal awards, the GVRA is required to establish, document, and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Appendix VII to Part 200 – States and Local Government and Indian Tribe Indirect Cost Proposals, Section D1(b) state, “A governmental department or agency... that receives more than \$35 million in direct Federal funding during its fiscal year must submit its indirect cost rate proposal to its cognizant agency for indirect costs.” Section D(1)(d) further explains that “Indirect cost proposals must be developed (and, when required, submitted) within six months after the close of the governmental unit’s fiscal year, unless an exception is approved by the cognizant agency for indirect costs.”

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Condition:

Our audit of the DI program included a review of indirect cost expenditures charged to the program. Our review revealed that the indirect cost rate plan utilized was related to fiscal year 2015 and was not federally approved for the fiscal year under review. Therefore, unallowable indirect costs totaling \$4,363,991 were calculated using this unapproved indirect cost rate plan and recorded through four journal entries during the year under review.

Questioned Cost:

Known questioned costs of \$4,363,991 were identified for expenditures that were not supported by a federally approved indirect cost rate plan. These known questioned costs related to expenditures that were not tested as part of a sample, and therefore, should not be projected to a population to determine likely questioned costs.

Cause:

Because the GVRA is administratively attached to the Georgia Department of Human Services, the GVRA management faced challenges determining the appropriate cognizant Federal agency with whom to communicate and confusion associated with which indirect cost plan to implement for the fiscal year under review. Therefore, for fiscal year 2025, the GVRA followed the methodology from the most recently approved indirect cost rate plan, which was from fiscal year 2015.

Effect:

The deficiencies noted in the indirect cost process resulted in noncompliance with federal regulations and questioned costs. Without effective controls in place, there is an increased risk of federal funds being expended for unallowable purposes and untimely detection and correction of noncompliance. Also, grant provisions allow the grantor to penalize the GVRA for noncompliance by suspending or terminating the award or withholding future awards.

Recommendation:

Management should improve controls over indirect costs to ensure an indirect cost rate proposal is developed and submitted to the cognizant Federal agency for negotiation and approval within six months of each fiscal year end. Additionally, the GVRA management should incorporate additional oversight, training, and/or staffing within the indirect cost rate proposal process.

We also recommend that management consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials:

GVRA believes its internal controls and cost allocation practices are aligned with established standard operating procedures. In early 2024, GVRA engaged with an accounting firm specializing in governmental cost allocation, to develop a Cost Allocation Plan reflective of the agency's unique organizational structure, grant reporting requirements, and federal oversight. Given that GVRA's federal funding is administered under the oversight of three separate federal agencies, the Cost Allocation Plan is subject to a formal, multi-agency review and approval process. GVRA's established procedures require coordinated engagement with each federal cognizant agency and its parent agency to ensure documented compliance with all applicable statutory, regulatory, and oversight requirements.

STATE OF GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

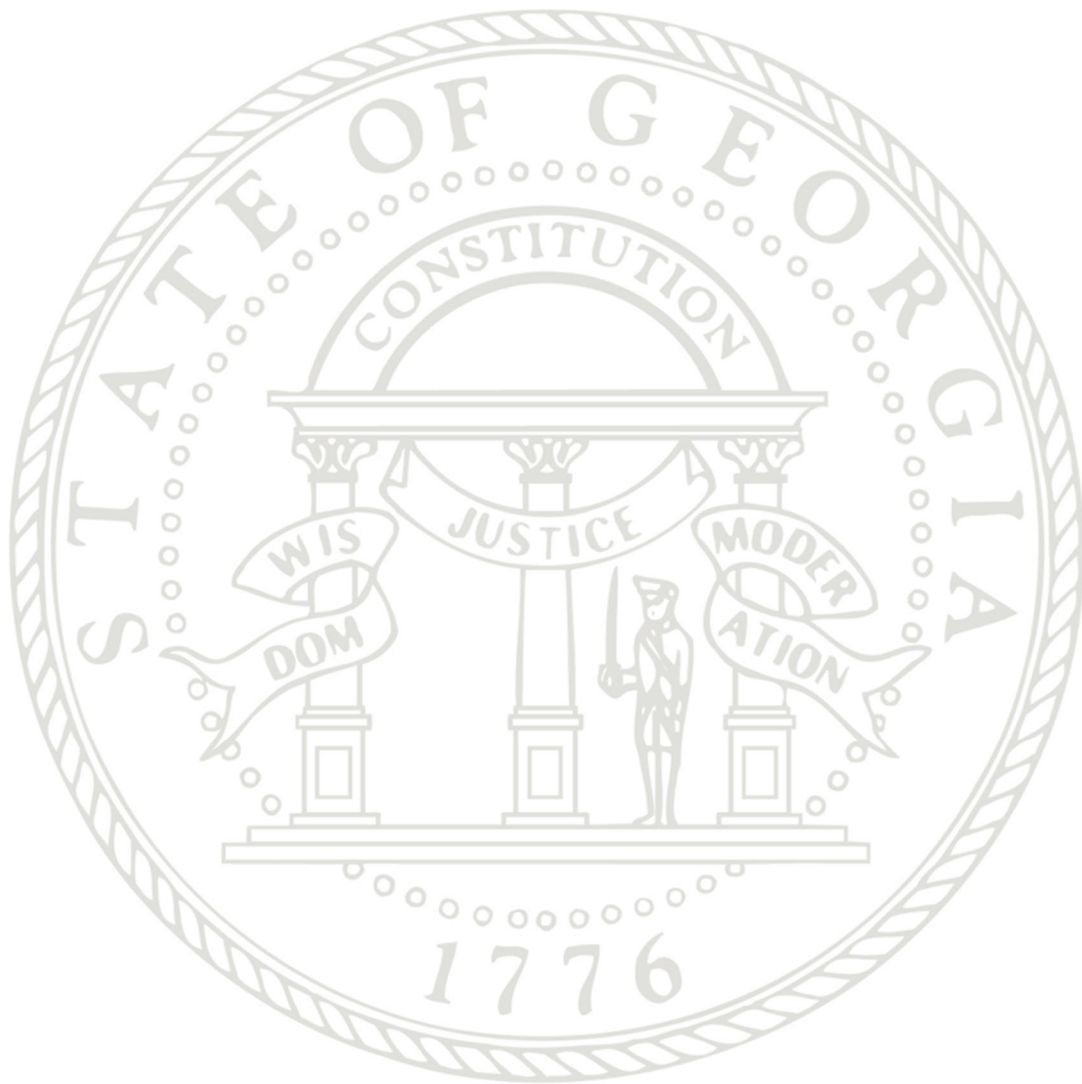
In late 2024, final revisions to the federal Uniform Guidance regarding the “de minimis” indirect cost rate were issued, providing GVRA the opportunity to simplify its cost allocation methodology and meet its federal compliance obligations under the updated standard. GVRA received written email approval from the Social Security Administration (SSA) to continue utilizing its current cost allocation methodology until a negotiated indirect cost rate is established.

GVRA has undergone audit review by both SSA and the Rehabilitation Services Administration (RSA) under the current methodology, with no findings or questioned costs reported. Additionally, the current Georgia Department of Audits and Accounts (DOAA) audit has continued to review funds administered under this approach.

Auditor’s Concluding Remarks:

As noted above, the indirect cost plan presented for audit was drafted in 2015 and did not reflect the required evidence of approval by the grantor. Given that the plan was outdated and appeared to be unapproved, we reaffirm our finding and will review the status of the finding during our next audit.

Corrective Action Plan for Current Year Findings







STATE ACCOUNTING OFFICE

Brian P. Kemp
Governor

Gerida B. Hines, CPA
State Accounting Officer

 www.sao.georgia.gov

 404-656-2133

 200 Piedmont Ave. SE | Suite 1604, West Tower | Atlanta, GA 30334

May 6, 2026

Mr. Greg S. Griffin, State Auditor
Georgia Department of Audits and Accounts
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Dear Mr. Griffin,

Enclosed with this letter is the State of Georgia's "Corrective Action Plan" (CAP) reporting in the Single Audit for fiscal year ending June 30, 2025. This CAP is compiled by the State Accounting Office (SAO) based on corrective action plans provided by the respective State Organization and is organized by finding type (financial statement and federal award), Federal Agency (if applicable), State Organization and finding number.

The State's CAP satisfies the requirements as detailed in Title 2 U.S. *Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 511 – Audit findings follow-up.

If you have any questions regarding this CAP, please contact our Office.

Sincerely,

A handwritten signature in blue ink that reads "Gerida B. Hines".

Gerida B. Hines
State Accounting Officer

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS

STATE ENTITY¹	STATE AGENCY	PAGE NUMBER
<u>FINANCIAL STATEMENT FINDINGS UNDER GOVERNMENT AUDITING STANDARDS</u>		
SW	Statewide.....	C-5
419	Department of Community Health.....	C-5
422	Office of the Governor.....	C-5
427	Department of Human Services.....	C-5
428	Department of Community Affairs.....	C-5
440	Department of Labor.....	C-5
474	Department of Revenue.....	C-5
980	Georgia Technology Authority.....	C-5
<u>FEDERAL AWARD FINDINGS</u>		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
414	Department of Education.....	C-5
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
419	Department of Community Health.....	C-5
427	Department of Human Services.....	C-7
419 & 427	Department of Community Health and Department of Human Services.....	C-7
441	Department of Behavioral Health and Developmental Disabilities.....	C-8
427 & 441	Department of Human Services and Department of Behavioral Health and Developmental Disabilities.....	C-10
<u>U.S. DEPARTMENT LABOR</u>		
415	Technical College System of Georgia.....	C-11
440	Department of Labor.....	C-12
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
466	Department of Public Safety.....	C-15
<u>U.S. DEPARTMENT OF TREASURY</u>		
427	Department of Human Services.....	C-16
<u>SOCIAL SECURITY ADMINISTRATION</u>		
412	Georgia Vocational Rehabilitation Agency.....	C-17

¹ The entity number represents the control number that was assigned to each State entity.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

**FINANCIAL STATEMENT FINDINGS REPORTED UNDER
GOVERNMENT AUDITING STANDARDS**

Financial Statement findings were previously released in the State of Georgia Single Audit Report Part I. This report can be accessed on SAO's website: <https://sao.georgia.gov/statewide-reporting/federal-compliance-reporting#toc-single-audit-report-andpresentations>.

FEDERAL AWARD FINDINGS

2025-016 Improve Controls over Transparency Act Reporting

Federal Agency: U.S Department of Agriculture

State Entity: Department of Education (GaDOE)

Corrective Action Plans:

As of August 2025, we transferred all FFATA reporting duties to the Director of Operations and Systems. The Director of Operations and Systems hired a staff member in January 2026 to assist with FFATA reporting. All FFATA reporting moved from USA Spending to SAM.gov during fiscal year 2025. The migration to SAM.gov caused delays as a result of the account setup process that were out of our control, but we anticipate being current on all FFATA reporting by June 30, 2026.

Estimated Completion Date: June 30, 2026

Contact Person: Pamela Hastings, Director of Accounting

Telephone: 404-904-6098; **E-mail:** pamela.hastings@doe.k12.ga.us

2025-017 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Corrective Action Plans:

DCH is enhancing its application risk management and system security review practices through the following corrective actions:

- *Enterprise Risk Management Framework: DCH operates under a HITRUST i-validated information security program and is pursuing HITRUST r2 validation in Fall 2026. This framework provides standardized, risk-based controls for identifying, assessing, and managing security risks across Medicaid and CHIP systems and supporting services.*
- *ServiceNow IRM, SecOps, and TPRM Implementation: DCH is implementing ServiceNow modules for Integrated Risk Management (IRM), Security Operations (SecOps), and Third-Party Risk Management (TPRM) to centralize*

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-017 Continue to Strengthen Application Risk Management Program (continued)

risk identification, SOC report intake, CUEC tracking, issue management, and remediation evidence. These capabilities will support consistent documentation, traceability, and auditability of risk management and third-party oversight activities.

- *System Security Reviews (SSRs) and SOC Report Validation: DCH will formalize and document its System Security Review (SSR) process for in-scope systems and third-party service providers. This includes:*
 - *Establishing documented procedures for annual review of SOC Type II reports and applicable CUECs.*
 - *Performing and retaining evidence of management review to assess control design and operating effectiveness.*
 - *Tracking SSR results, deficiencies, and remediation activities through ServiceNow IRM/TPRM. Ensuring SSRs are performed consistently and retained as auditable artifacts.*

These corrective actions are designed to provide reasonable assurance that application-level and third-party risks are identified, reviewed, documented, and managed in compliance with state and federal requirements.

Estimated Completion Date: December 31, 2026

Contact Person: Chad Purcell, Chief Information Officer

Telephone: 470-757-7871; **E-mail:** chad.purcell1@dch.ga.gov

2025-018 Improve Controls over Medicaid Eligibility Determinations for Ex Parte Members

Federal Agency: U.S Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Corrective Action Plans:

Currently, DCH continues to meet with DHS/DFCS to ensure synchronization of the Georgia Gateway and GAMMIS systems. DCH is proposing additional procedures and policies for DHS/DFCS caseworkers to implement that will terminate members who have been determined ineligible in Gateway but remain active in GAMMIS.

Estimated Completion Date: February 28, 2027

Contact Person: Rebecca Dugger, Deputy Executive Director

Telephone: 404-463-0551; **E-mail:** rdugger@dch.ga.gov

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-019 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Human Services (DHS)

Corrective Action Plans:

DHS Division of Family and Children Services (DFCS), Temporary Assistance for Needy Families (TANF) program, will review existing TANF and expense statement review policies, and provide refresher training on these policies and applicable forms for staff at all levels of eligibility. TANF management will complete targeted case reviews to ensure that all applicable documentation is included in the file, and peer reviews will be initiated. In addition, a review of the Gateway System will be conducted, and any required form(s) will be updated and included in the case file, if required.

Estimated Completion Date: February 28, 2027

Contact Person: Cecelia Carson, TANF Director

Telephone: 470-658-4978; **E-mail:** Cecelia.Carson1@dhs.ga.gov

2025-020 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Health and Human Services

State Entity: Various State Agencies

Department of Human Services (DHS)

Department of Community Health (DCH)

Corrective Action Plans:

DHS will review existing Medical Assistance and income calculation policies, make any necessary changes, and provide refresher training for staff at all levels of eligibility for various types of Medical Assistance. In addition, reminders about the Medical Assistance Policy will be included in monthly unit meetings. DHS will complete targeted Medical Assistance case reviews, and a review of system (Gateway) designs will be conducted to identify any necessary changes, updates, and additional improvements.

Estimated Completion Date: June 30, 2026

Contact Person: Bradly Green, DFCS OFI Medicaid Policy Unit Director

Telephone: 404-834-7959; **E-mail:** bradly.green@dhs.ga.gov

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-021 Improve Controls over Medicaid Eligibility Determinations for Non-SSI Members

Federal Agency: U.S. Department of Health and Human Services

State Entity: Various State Agencies

Department of Human Services (DHS)

Department of Community Health (DCH)

Corrective Action Plans:

DHS will review existing Medical Assistance and income calculation policies, make any necessary changes, and provide refresher training for staff at all levels of eligibility for various types of Medical Assistance. In addition, reminders about the Medical Assistance Policy will be included in monthly unit meetings. DHS will complete targeted Medical Assistance case reviews, and a review of system (Gateway) designs will be conducted to identify any necessary changes, updates, and additional improvements.

Estimated Completion Date: June 30, 2026

Contact Person: Bradly Green, DFCS OFI Medicaid Policy Unit Director

Telephone: 404-834-7959; **E-mail:** bradly.green@dhs.ga.gov

2025-022 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Behavioral Health and Developmental Disabilities (DBHDD)

Corrective Action Plans:

The subawards and subaward modifications that were not reported in a timely manner were identified after the applicable due date through enhancements to the Federal Funding Accountability and Transparency Act of 2006 (FFATA) reporting infrastructure. The modified FFATA reporting system successfully identified and remediated reporting gaps that were not detected under the previous reporting framework.

Specifically, certain subawards or modifications were identified after the end of the month following the month in which the subaward obligation occurred. Upon identification, the agency prioritized ensuring that all required FFATA submissions were complete and accurately reported.

The current FFATA reporting infrastructure now incorporates enhanced monitoring and oversight mechanisms, including the implementation of Key Performance Indicators (KPIs) such as FFATA due date, days until FFATA report due, FFATA reporting status, and FFATA prepared by.

These enhancements provide increased visibility, accountability, and proactive tracking of reporting deadlines. Since the full implementation of the updated FFATA reporting controls, all required submissions have been completed accurately and within the prescribed timeframes.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-022 Improve Controls over Transparency Act Reporting (continued)

Completion Timeline: The agency considers this corrective action complete, and the control environment strengthened to prevent recurrence.

Estimated Completion Date: February 27, 2026

Contact Person: Kenneth Ward, Director of Internal Audit

Telephone: 404-884-5486; **E-mail:** kenneth.ward@dbhdd.ga.gov

2025-023 Improve Controls over Earmarking Requirements

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Behavioral Health and Developmental Disabilities (DBHDD)

Corrective Action Plans:

The Agency recognizes the importance of compliance with earmarking requirements during the effective award period and will continue to ensure that expenditures are aligned with statutory and regulatory requirements throughout the active life of federal awards.

The Office of Budget and Finance (OBF) is committed to assisting program staff in strengthening programmatic oversight and supporting compliance by enhancing data accessibility and analytical capabilities. To that end, OBF will continue to provide program staff with the necessary analytical tools and customized reporting solutions to facilitate accurate and timely programmatic reporting. This includes seamless, on-demand access to relevant financial and performance data through the implementation and ongoing maintenance of Power BI dashboards. These dashboards are designed to improve transparency, support monitoring of grant requirements, and enable data-driven decision-making by stakeholders outside of finance.

In addition, OBF will provide supplemental technical guidance and training, as needed, to ensure program staff fully understand reporting requirements and are equipped to effectively utilize available reporting tools.

Estimated Completion Date: June 30, 2026

Contact Person: Kenneth Ward, Director of Internal Audit

Telephone: 404-884-5486; **E-mail:** kenneth.ward@dbhdd.ga.gov

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-024 Improve Controls over Earmarking Requirements

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Behavioral Health and Developmental Disabilities (DBHDD)

Corrective Action Plans:

The Agency recognizes the importance of compliance with earmarking requirements during the effective award period and will continue to ensure that expenditures are aligned with statutory and regulatory requirements throughout the active life of federal awards, including in circumstances involving early termination.

OBFF is committed to assisting program staff in strengthening programmatic oversight and supporting compliance by enhancing data accessibility and analytical capabilities. To that end, OBFF will continue to provide program staff with the necessary analytical tools and customized reporting solutions to facilitate accurate and timely programmatic reporting. This includes seamless, on-demand access to relevant financial and performance data through the implementation and ongoing maintenance of Power BI dashboards. These dashboards are designed to improve transparency, support monitoring of grant requirements, and enable data-driven decision-making by stakeholders outside of finance.

In addition, OBFF will provide supplemental technical guidance and training, as needed, to ensure program staff fully understand reporting requirements and are equipped to effectively utilize available reporting tools. Management believes these measures further strengthen internal controls, enhance compliance monitoring, and promote continued alignment with applicable federal requirements.

Estimated Completion Date: June 30, 2026

Contact Person: Kenneth Ward, Director of Internal Audit

Telephone: 404-884-5486; **E-mail:** kenneth.ward@dbhdd.ga.gov

2025-025 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Human Services (DHS)

Department of Behavioral Health and Developmental Disabilities (DBHDD)

Corrective Action Plans:

To strengthen interagency coordination and ensure continued regulatory clarity, the Agency will revise the existing Memorandum of Understanding (MOU) between DHS and DBHDD. The updated MOU will formally define and document the respective roles and responsibilities of each entity related to Federal Funding Accountability and Transparency Act (FFATA) reporting requirements, consistent with 2 CFR Part 170 and applicable Uniform Guidance provisions. The revised agreement will specifically address the responsibility for FFATA subaward reporting, required data elements and documentation, data transmission timelines, and points of contact and accountability.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-025 Improve Controls over Transparency Act Reporting (continued)

DBHDD will formally revise Policy 17-102, Federal Funding Accountability and Transparency Act (FFATA) Preparation and Submission, to establish comprehensive procedures for FFATA reporting requirements as a pass-through entity. The revised policy will define standardized protocols, prescribe reporting timelines, specify required subaward data elements, and clearly designate points of contact to ensure the timely and accurate exchange of information necessary to maintain full compliance with FFATA reporting obligations.

Also, beginning in November 2025, DBHDD implemented a proactive data-sharing process to support timely FFATA reporting. DBHDD has been providing the DHS Director of Finance with all relevant information pertaining to subawards of \$30,000 or more, including the associated subaward data elements for ALN 93.667, within the statutory reporting timeframe. This process was implemented to enhance transparency, promote timely reporting, and eliminate any potential ambiguity regarding data exchange responsibilities. DBHDD believes these actions further strengthen interagency coordination and reinforce compliance with applicable federal reporting requirements.

The Agency will revise the existing Memorandum of Understanding (MOU) between DHS and DBHDD upon expiration of the current agreement. The revised MOU will formally incorporate clarified roles and responsibilities related to FFATA reporting requirements, ensuring alignment with 2 CFR Part 170 and applicable Uniform Guidance provisions. At present, formal data transmission protocols are in place between the agencies to support timely and accurate FFATA reporting.

Estimated Completion Date: February 27, 2026

Contact Person: Kenneth Ward, Director of Internal Audit
Telephone: 404-884-5486; **E-mail:** kenneth.ward@dbhdd.ga.gov

2025-026 Improve Controls over Transparency Act Reporting

Federal Agency: U.S Department of Labor

State Entity: Technical College System of Georgia (TCSG)

Corrective Action Plans:

In response, the TCSG Office of Workforce Development has created a “FFATA Subaward Reporting and Tracking Form”. This form will be used to document each subaward that is entered into the SAM.gov federal website, listing each subaward by its FAIN Number, award amount connected to the corresponding FAIN number, and the staff member responsible for the subaward submission. This document will be created and provided by the staff member submitting the subawards in SAM.gov. Management within the OWD Grants and Finance Unit will review and confirm and the subawards in SAM.gov as indicated by the FFATA Subaward Reporting and Tracking Form. Upon confirmation by management, the form will be signed and dated. The new FFATA Subaward Reporting and Tracking Form will be emailed directly to DOAA.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-026 Improve Controls over Transparency Act Reporting (continued)

Estimated Completion Date: January 8, 2026

Contact Person: Karen Kirchler, Deputy Commissioner

Telephone: 404-679-5974; **E-mail:** kkirchler@tcsge.edu

2025-027 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Labor

State Entity: Department of Labor (GDOL)

Corrective Action Plans:

GDOL acknowledges that this is a repeat finding from prior years. While the issue has been partially resolved, the Department provides the following response.

Claimants who established PUA entitlement with a weekly benefit amount (WBA) greater than the minimum amount, or who were later determined to be ineligible, did so based on wages self-reported by the claimant and/or wages reported by the employer. Under the CARES Act, claimants were required to submit proof of wages only; however, if proof was not provided, federal guidance permitted payment only at the minimum WBA and did not allow for disqualification of benefits solely due to lack of documentation. For PUA claims initially established at a higher WBA without sufficient proof, the WBA was subsequently reduced to the minimum amount as required. To date, the claimants cited in this finding have not provided the required documentation. The identified PUA claim was adjusted accordingly, and an Overpayment has been established.

Disaster Unemployment Assistance (DUA) claims are established under a similar framework as PUA claims, with one key difference: payment requests are currently submitted via paper certification forms. Claimants submit these requests by mail, fax, or email. Because this process is manual, there is an increased risk of misfiling or errors, as occurred in the DUA claim identified. To address these findings and strengthen program integrity, GDOL has implemented and will continue implementing corrective actions and additional safeguards. As system deficiencies were identified, mitigation measures were implemented as quickly as possible to reduce the risk of improper payments.

In addition, GDOL's current UI Information Technology (IT) system was developed in 1982 using mainframe legacy technology. Due to its age and structural limitations, many automated processes and corrective controls cannot be easily implemented. As a result, numerous tasks, including the validation and processing of all PUA and DUA documentation to determine eligibility, must be performed manually by staff. As a long-term measure to strengthen internal controls and improve overall UI program administration, GDOL has partnered with a vendor to implement a modernized UI system. This new system will offer enhanced eligibility determination, improved payment controls, and technological safeguards to support both current and future unemployment programs. Migration to the modernized system is expected in late 2026.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-027 Improve Controls over Eligibility Determinations (continued)

Estimated Completion Date: December 31, 2026

Contact Person: Kate Pfirman, Chief Financial Officer

Telephone: 404-226-4600; **E-mail:** kate.pfirman@gdol.ga.gov

2025-028 Improve Controls over Performance Reporting

Federal Agency: U.S. Department of Labor

State Entity: Department of Labor (GDOL)

Corrective Action Plans:

We have documented our procedure for performance reporting so that reports are appropriately reviewed and approved prior to submission.

Estimated Completion Date: February 28, 2026

Contact Person: Kate Pfirman, Chief Financial Officer

Telephone: 404-226-4600; **E-mail:** kate.pfirman@gdol.ga.gov

2025-029 Improve Controls over Employer Tax Form and Payment Submissions

Federal Agency: U.S. Department of Labor

State Entity: Department of Labor (GDOL)

Corrective Action Plans:

GDOL's current UI Tax system was developed in 1982 using mainframe legacy technology. Due to its age and structural limitations, many automated financial record-keeping processes and corrective controls cannot be easily implemented. As a long-term solution to strengthen internal controls and enhance overall UI program administration, GDOL has contracted with a vendor to implement a more efficient method for maintaining documentation of taxes due and received.

Migration to the modernized system is anticipated in late 2026. A review of the thirteen accounts identified the source of each payment, the amounts remitted, and the associated tax account allocations. Our records showed all payments, except for one, were submitted electronically via ACH Debit or ACH Credit. These ACH transactions are reflected as components of the total daily ACH Debits or Credits shown on the agency's bank statement spreadsheets for the dates associated with the payments.

The Contribution Tax amount represents only a portion of the total tax due. Therefore, the payment amount and the Contribution Tax amount may differ.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-029 Improve Controls over Employer Tax Form and Payment Submissions (continued)
Estimated Completion Date: December 31, 2026

Contact Person: Kate Pfirman, Chief Financial Officer
Telephone: 404-226-4600; **E-mail:** kate.pfirman@gdol.ga.gov

2025-030 Improve Controls over the Identification, Recording, and Reporting of Overpayments

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)

Corrective Action Plans:

GDOL now freezes the overpayment data at the end of every month so we can conduct periodic reconciliation of the overpayment records. This will allow discrepancies to be identified faster and resolved before the deadline to submit the report for the specified period. GDOL consults with USDOL's national 227 reporting specialists on an ongoing basis to work towards a reconciliation of previously submitted reports. Federal regulations require an actual person to review and establish fraudulent overpayments. Due to the volume of claims and the number of cross matches to be performed on all state and federal pandemic programs, it requires multiple GDOL staffing levels to manually review all cross matches, requiring increased levels of state and federal funding.

The crossmatch process is conducted using a software which runs a systematic check against weeks in a quarter for which benefits are paid, and wages are reported during the same quarter. Although the program may detect weeks paid and wages reported, this alone is not indicative of an overpayment. Therefore, the process involves verification correspondence being sent to both the claimant and the employer, as applicable, to verify the status of employment, the wages earned as well as the weeks in which an individual worked and earned the wages. Based on responses, an assessment is made to determine if an overpayment exists and subsequent actions are taken accordingly. We are prohibited from assuming a match is an overpayment. It is not an overpayment until we have completed a full investigation and provided due process to all parties.

The Department has a significant number of pending and potential overpayment investigations that may result in either a non-fraud or fraud determination. We are utilizing merit and time-limited staff to maximize productivity by conducting fact-finding interviews, assessing case details, creating overpayments in the system, and making overpayment determinations. The statutes provide that an overpayment be established up to four years after such occurrence, act, or omission. Additionally, GDOL has procured a vendor to build and implement a modernized UI system slated to be launched in 2026. We will continue to utilize available resources to investigate and establish overpayments in the legacy system as quickly as possible and will continue to do so within the program parameters in the new system.

Throughout CY 2025, GDOL participated in quarterly meetings with United States Department of Labor (USDOL) and other regional states to discuss fraud, overpayment issues and best practices used. These meetings will continue in CY2026.

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-030 Improve Controls over the Identification, Recording, and Reporting of Overpayments (continued)

Estimated Completion Date: December 31, 2026

Contact Person: Kate Pfirman, Chief Financial Officer

Telephone: 404-226-4600; **E-mail:** kate.pfirman@gdol.ga.gov

2025-031 Strengthen Controls over Matching, Earmarking, and Period of Performance

Federal Agency: U.S. Department of Transportation

State Entity: Department of Public Safety (DPS)

Corrective Action Plans:

The Governor's Office of Highway Safety (GOHS) acknowledges the audit finding regarding documentation and monitoring controls associated with federal grant matching requirements, earmarking allocations, and adherence to the federal period of performance.

Corrective Actions Implemented:

GOHS has strengthened its monitoring procedures to ensure that all grant expenditures are reviewed for compliance with federal matching requirements, earmarked funding allocations, and the approved period of performance prior to reimbursement approval.

GOHS has improved documentation controls by implementing standardized documentation requirements to ensure supporting records clearly demonstrate compliance with federal matching percentages and earmarked funding restrictions. Grant files will include detailed tracking of match contributions and earmark allocations.

Programmatic and financial staff will receive additional training on federal grant compliance requirements, including match eligibility, earmarked fund tracking, and the importance of ensuring expenditures occur within the authorized period of performance.

A secondary review process will be implemented within the Finance Division to verify that expenditures charged to federal grants meet match requirements and fall within the grant's approved performance period before payment is processed.

GOHS Management will conduct periodic internal reviews to verify adherence to federal grant requirements and to ensure that the corrective actions remain effective.

Estimated Completion Date: March 15, 2026

Contact Person: Laura Bohlander, GOHS Director of Finance

Telephone: 770-655-6924 **E-mail:** lbohlander@gohs.ga.gov

**STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025**

2025-032 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Transportation

State Entity: Department of Public Safety (DPS)

Corrective Action Plans:

GOHS Management sought guidance from our NHTSA Regional Director, and steps were put in place to report all subawards for FFY2025 and FFY2026. FFATA reporting recently migrated all data entry to SAM. The GOHS Finance Director had Administrator access ONLY to SAM.gov not data entry, the CFO @ DPS had to grant data entry access and the GOHS staff began entering all the sub-recipients who were awarded a GOHS Grant of more than \$30,000.00 for Federal Fiscal year 2025 and Federal Fiscal year 2026.

The GOHS Finance Director noted that previous years FFATA entries were missing in SAM.gov. (no one in the Agency had data entry access). The GOHS Finance Director will ask for data entry access for another employee in the finance division, so the prior year's subawards can be added and GOHS will be in complete compliance with FFATA. To address this finding, GOHS Management will develop and implement formal written FFATA reporting procedures outlining identification of reportable subawards, required data elements, reporting timelines and assigned responsibilities. GOHS will centralize responsibility for FFATA reporting within the GOHS Finance department, with a designated secondary reviewer to ensure appropriate oversight and segregation of duties.

Estimated Completion Date: March 31, 2026

Contact Person: Laura Bohlander, GOHS Director of Finance

Telephone: 770-655-6924; **E-mail:** lbohlander@gohs.ga.gov

2025-033 Improve Controls over the Procurement Process

Federal Agency: U.S. Department of the Treasury

State Entity: Department of Human Services (DHS)

Corrective Action Plans:

Using the DHS Contract Lifecycle Management (CLM) System, the Office of Procurement Services (OPS) reviews all contract requests (new, amendments, renewals, and extensions) for compliance with the State Purchasing Act. During the review, OPS will inform the program of any requests that do not comply with the Procurement Rules and Regulations before the contract is fully executed, providing a list of alternative exempt vendors. The contract will be halted until DHS is notified and approval is granted, or until a solicitation is posted and awarded.

STATE OF GEORGIA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2025

2025-033 Improve Controls over the Procurement Process (continued)

Senior-level staff in OPS will also review all requisitions for goods not processed through CLM to ensure that purchases comply with the State Purchasing Act. A spend analysis is conducted on purchases not exempt from the State Purchasing Act to determine whether the associated NIGP Code Category is above or below the bid threshold. If the NIGP Code is or may be above the bid threshold, precautionary steps are taken to ensure that the Department of Human Services remains in compliance with the State Purchasing Act (i.e., suggesting exempt vendors, halting the purchase until DHS is notified and approval is granted, or until a solicitation is posted and awarded).

Estimated Completion Date: December 31, 2026

Contact Person: Erica Hamilton, Assistant Deputy Commissioner

Telephone: 470-717-4335; **E-mail:** erica.hamilton@dhs.gs.gov

2025-034 Improve Controls over Indirect Cost Rate Plan

Federal Agency: Social Security Administration

State Entity: Georgia Vocational Rehabilitation Agency (GVRA)

Corrective Action Plans:

GVRA has engaged an accounting firm to support the agency in continued efforts to obtain a formalize approval from SSA and RSA on the Cost Allocation Plan (CAP) and Indirect Cost Rate Proposal (ICRP), in compliance with applicable federal regulatory requirements.

Accounting firm will:

- *Assist GVRA in developing the Cost Allocation Plan and Indirect Cost Rate Proposal.*
- *Provide training to GVRA executive leadership, management, and fiscal staff on the approved cost allocation methodology, policy requirements, and implementation procedures.*

Upon approval from cognizant agencies, GVRA will:

- *Incorporate the policy into GVRA's official policy manuals.*
- *Conduct policy review and updates of the Cost Allocation Plan and related policies to ensure continued compliance and accuracy.*

This corrective action will strengthen internal controls and ensure ongoing compliance with federal cost principles.

Estimated Completion Date: September 30, 2026

Contact Person: Andrea Waddy-Willis, CFO

Telephone: 470-436-7949; **E-mail:** andrea.waddy-willis@gvs.ga.gov



Summary Schedule of Prior Audit Findings





STATE ACCOUNTING OFFICE

Brian P. Kemp
Governor

Gerida B. Hines, CPA
State Accounting Officer



www.sao.georgia.gov



404-656-2133



200 Piedmont Ave. SE | Suite 1604, West Tower | Atlanta, GA 30334

May 6, 2026

Mr. Greg S. Griffin, State Auditor
Georgia Department of Audits and Accounts
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Dear Mr. Griffin,

Enclosed with this letter is the State of Georgia's "Summary Schedule of Prior Audit Findings" (Schedule) for reporting in the Single Audit for fiscal year ending June 30, 2025. This Schedule is compiled by the State Accounting Office (SAO) based on answers provided by the respective State Organization. The State's Schedule reports the status, as of June 30, 2025, for all audit findings reported in the 2024 fiscal year Single Audit's "Schedule of Findings and Questioned Costs" and "Summary Schedule of Prior Audit Findings" that were not corrected. The findings are organized by finding type (financial statement and federal award), Federal Agency (if applicable), State Organization, and finding number (the finding number corresponds to the reference number that was reported in the prior fiscal year).

The State's Schedule satisfies the requirements as detailed in Title 2 U.S. *Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 511 – Audit findings follow-up.

If you have any questions regarding this Schedule, please contact our Office.

Sincerely,

A handwritten signature in blue ink that reads "Gerida B. Hines".

Gerida B. Hines
State Accounting Officer

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS

FEDERAL AGENCY	STATE ENTITY¹	STATE AGENCY	PAGE NUMBER
<u>FINANCIAL STATEMENT FINDINGS UNDER GOVERNMENT AUDITING STANDARDS</u>			
	419	Department of Community Health	D-5
	427	Department of Human Services.....	D-5
	440	Department of Labor.....	D-5
	462	Department of Natural Resources.....	D-5
	474	Department of Revenue.....	D-5
	977	Georgia Public Telecommunications Commission	D-5
	980	Georgia Technology Authority	D-5
<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
	414	Department of Education.....	D-5
<u>U.S. DEPARTMENT OF EDUCATION</u>			
	414	Department of Education.....	D-5
	509	Georgia State University.....	D-6
	512	Augusta University.....	D-6
	518	University of Georgia	D-6
	834	Lanier Technical College.....	D-7
	835	Central Georgia Technical College	D-7
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
	419	Department of Community Health.....	D-7
	427	Department of Human Services	D-11
	419 & 427	Department of Community Health and Department of Human Services	D-11
	441	Department of Behavioral Health and Development Disabilities	D-12
<u>U.S. DEPARTMENT OF JUSTICE</u>			
	471	Georgia Bureau of Investigation.....	D-13
<u>U.S. DEPARTMENT OF LABOR</u>			
	440	Department of Labor	D-14
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
	427	Department of Human Services.....	D-21
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
	484	Department of Transportation.....	D-22
<u>VARIOUS FEDERAL AGENCIES</u>			
	503	Georgia Institute of Technology.....	D-22

¹ The entity number represents the control number that was assigned to each State entity.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

**PRIOR FINANCIAL STATEMENT FINDINGS REPORTED UNDER
GOVERNMENT AUDITING STANDARDS**

Financial Statement findings were previously released in the State of Georgia Single Audit Report Part I. This report can be accessed on SAO's website: <https://sao.georgia.gov/statewide-reporting/federal-compliance-reporting#toc-single-audit-report-andpresentations>.

PRIOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-014 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Agriculture
State Entity: Department of Education (GaDOE)
Repeat of Prior Year Finding: 2023-012, 2022-011

Finding Status: Unresolved

Due to the federal government's decision to shift from using FSRS to SAM.gov for FFATA reporting during fiscal year 2025, GaDOE has experienced significant delays in being able to complete our FFATA reporting. We have not been able to successfully implement the file upload process, which is needed for the large volume of data we report for our USDA grants. To date, the file upload process is not functioning properly on Sam.gov. We are working to upload the data manually and complete all USDA FFATA reporting by fiscal year end 2026.

2023-012 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Agriculture
State Entity: Department of Education (GaDOE)
Repeat of Prior Year Finding: 2022-011

Finding Status: Unresolved

See response to finding number 2024-014.

2022-011 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Education
State Entity: Department of Education (GaDOE)

Finding Status: Previously Reported Corrective Action Implemented

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-015 Improve Controls over the Awarding Process

Federal Agency: U.S. Department of Education
State Entity: Georgia State University (GSU)

Finding Status: Previously Reported Corrective Action Implemented

2024-016 Strengthen Controls over the Return of Title IV Funds Process

Federal Agency: U.S. Department of Education
State Entity: Georgia State University (GSU)

Finding Status: Previously Reported Corrective Action Implemented

2024-017 Improve Controls over Enrollment Reporting

Federal Agency: U.S. Department of Education
State Entity: Georgia State University (GSU)

Finding Status: Previously Reported Corrective Action Implemented

2024-018 Improve Controls over Federal Direct Student Loan Reconciliations

Federal Agency: U.S. Department of Education
State Entity: Augusta University

Finding Status: Previously Reported Corrective Action Implemented

2024-019 Strengthen Controls over Unofficial Withdrawals

Federal Agency: U.S. Department of Education
State Entity: Augusta University

Finding Status: Previously Reported Corrective Action Implemented

2024-020 Return of Title IV Funds, Student Financial Aid Cluster

Federal Agency: U.S. Department of Education
State Entity: University of Georgia (UGA)

Finding Status: Previously Reported Corrective Action Implemented

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-021 Improve Controls over Unofficial Withdrawals

Federal Agency: U.S. Department of Education
State Entity: Lanier Technical College

Finding Status: Previously Reported Corrective Action Implemented

2024-022 Improve Controls over the Awarding Process

Federal Agency: U.S. Department of Education
State Entity: Central Georgia Technical College (CGTC)

Finding Status: Unresolved

The student in question had a lengthy break in enrollment (2015-2024). When the student returned, CGTC's Banner rules differed from their previous enrollment and their status was not accurately updated within the correct term. To correct the issue, CGTC has worked with colleagues at the Technical College System of Georgia to identify and correct any discrepancies in the Banner rules for the Satisfactory Academic Progress (SAP) process to prevent future occurrences of this issue. The College's Financial Aid office has identified the "cutoff" year for changes in SAP rules and has developed and implemented a procedure to manually review any students with long breaks in enrollment whose last enrollment occurred prior to the identified cutoff. This review process will help to ensure that students' SAP status is accurately updated in the correct term.

2024-023 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2023-018, 2022-018, 2021-031, 2020-028, 2019-024, 2018-026, 2017-037, 2016-044

Finding Status: Partially Resolved

The Georgia Department of Community Health (DCH) continues to strengthen its application risk management program in alignment with National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Centers for Medicare & Medicaid Services (CMS) Minimum Acceptable Risk Standards for Exchanges (MARS-E), Georgia Technology Authority (GTA) policy standards, and the forthcoming Application Risk Categorization-Annual Monitoring Program for Enterprise (ARC-AMPE) assurance model. Since February 2025, DCH has worked towards completion of corrective action tasks committed under the Fiscal Year (FY) 2024 Corrective Action Plan (CAP), achieved Health Information Trust Alliance (HITRUST) Implemented, 1-Year (i1) Certification for its Information Security Management System (ISMS), and integrated an annual System Security Review (SSR) cycle into governance operations.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-023 Continue to Strengthen Application Risk Management Program (continued)

- *Risk Analysis Partially Resolved:*
DCH's enterprise risk analysis methodology now incorporates business impact, threat likelihood, and data classification across all major applications. Initial risk assessments are complete for all Federal Information Security Modernization Act (FISMA) moderate systems, with periodic reviews in place.
Ongoing Work: Targeted reassessment of Moderate and High-risk systems based on emerging threats is underway, with completion expected by November 30, 2025.

- *System Security Reviews (SSRs) Partially Resolved:*
System security reviews including vulnerability scanning, configuration compliance checks, user access reviews, and third-party assurance evaluations are formally scheduled and executed for production systems. Service Organization Control (SOC) 1 and SOC 2 Type II reports and Complementary User Entity Controls (CUECs) for vendor-hosted platforms are reviewed annually, with remediation actions tracked in the third-party risk program.
Ongoing Work: Expanding the cadence to ensure all cloud-based and vendor-hosted systems receive annual assessments; full implementation by December 31, 2025.

- *System Security Plans (SSPs) Previously Reported Corrective Action Implemented:*
NIST-compliant SSPs exist for all major applications and platforms, approved September 30, 2024.

2023-018 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2022-018, 2021-031, 2020-028, 2019-024, 2018-026, 2017-037, 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

2022-018 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2021-031, 2020-028, 2019-024, 2018-026, 2017-037, 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2021-031 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2020-028, 2019-024, 2018-026, 2017-037, 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

2020-028 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2019-024, 2018-026, 2017-037, 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

2019-024 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2018-026, 2017-037, 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

2018-026 Continue to Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Community Health (DCH)
Repeat of Prior Year Finding: 2017-037, 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2017-037 Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Repeat of Prior Year Finding: 2016-044

Finding Status: Partially Resolved

See response to finding number 2024-023.

2016-044 Strengthen Application Risk Management Program

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Finding Status: Partially Resolved

See response to finding number 2024-023.

2024-024 Improve Controls over Medicaid Capitation Payment Rates

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Repeat of Prior Year Finding: 2023-016, 2022-017

Finding Status: Previously Reported Corrective Action Implemented

2023-016 Improve Controls over Medicaid Capitation Payment Rates

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Repeat of Prior Year Finding: 2022-017

Finding Status: Previously Reported Corrective Action Implemented

2022-017 Improve Controls over Medicaid Capitation Payment Rates

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Community Health (DCH)

Finding Status: Previously Reported Corrective Action Implemented

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-025 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Human Services (DHS)

Repeat of Prior Year Finding: 2023-020, 2022-022

Finding Status: Previously Reported Corrective Action Implemented

2023-020 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Human Services (DHS)

Repeat of Prior Year Finding: 2022-022

Finding Status: Previously Reported Corrective Action Implemented

2022-022 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Human Services (DHS)

Finding Status: Previously Reported Corrective Action Implemented

2024-026 Improve Controls over Special Reporting

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Human Services (DHS)

Finding Status: Previously Reported Corrective Action Implemented

2024-027 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Health and Human Services

State Entity: Various State Agencies:
Department of Community Health (DCH)
Department of Human Services (DHS)

Finding Status: Significantly Differing Corrective Action Implemented

If end of month files are not received during the prescribed period, the fiscal agent will conduct a special run to process the files to correct closures/cancel dates. Notifications are made to DCH Policy and Eligibility teams with approval being provided by DCH Policy. As of May 2025, DCH formalized this process with the fiscal agent to avoid delays in processing that would occur.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-028 Improve Controls over Medicaid Eligibility Determination for Ex Parte Members

Federal Agency: U.S. Department of Health and Human Services

State Entity: Various State Agencies:
Department of Community Health (DCH)
Department of Human Services (DHS)

Finding Status: Partially Resolved

DCH will identify resources to monitor the status of SSI-Ex-Parte members. Report ELG-5106-M and ELG-5107-M can be used to assist with identification to ex-parte members and standard of promptness by DFCS (Division of Family and Children Services). DCH will review current configuration of interface files between the MMIS and Gateway systems to ensure updates and system modifications are operating properly. Additionally, monitoring of SSI Ex-parte members will be added to files for review by the DCH Medicaid Eligibility Quality Control (MEQC) unit to ensure compliance with this new measure. DCH will work with DFCS to clear the backlog of members that are out of Standard of Promptness.

2024-029 Improve Controls over Period of Performance

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Behavioral Health and Developmental
Disabilities (DBHDD)

Repeat of Prior Year Finding: 2023-022

Finding Status: Previously Reported Corrective Action Implemented

2023-022 Improve Controls over Period of Performance

Federal Agency: U.S. Department of Health and Human Services

State Entity: Department of Behavioral Health and Developmental
Disabilities (DBHDD)

Finding Status: Previously Reported Corrective Action Implemented

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-030 Improve Controls over Transparency Act Reporting

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Behavioral Health and Developmental Disabilities (DBHDD)
Repeat Prior Year Finding: 2023-023, 2022-025

Finding Status: Partially Resolved

Internal control processes have been established for Federal Funding Accountability and Transparency Act (FFATA) reporting and were implemented mid-year. Consequently, FFATA reporting before the implementation of the CAP was non-compliant.

2023-023 Improve Controls over Reporting

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Behavioral Health and Developmental Disabilities (DBHDD)
Repeat of Prior Year Finding: 2022-025

Finding Status: Partially Resolved

The Department has implemented controls for Federal Financial Reports (FFR). Internal control processes have been established for Federal Funding Accountability and Transparency Act (FFATA) reporting and were implemented mid-year. Consequently, FFATA reporting before the implementation of the CAP was non-compliant.

2022-025 Improve Controls over Transparency Reporting

Federal Agency: U.S. Department of Health and Human Services
State Entity: Department of Behavioral Health and Developmental Disabilities (DBHDD)

Finding Status: Partially Resolved

See response to finding number 2024-030.

2024-031 Continue to Improve Controls over Reporting

Federal Agency: U.S. Department of Justice
State Entity: Georgia Bureau of Investigation (GBI)
Repeat of Prior Year Finding: 2023-024

Finding Status: Previously Reported Corrective Action Implemented

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2023-024 Improve Controls over Reporting

Federal Agency: U.S. Department of Justice
State Entity: Georgia Bureau of Investigation (GBI)

Finding Status: Previously Reported Corrective Action Implemented

2024-032 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2023-028, 2022-028, 2021-035

Finding Status: Partially Resolved

GDOL acknowledges this is a repeated finding from previous years and is partially resolved, therefore the Department concurs with this finding and offers the following response.

The claimants who established PUA (Pandemic Unemployment Assistance) entitlement with a weekly benefit amount greater than the minimum or later determined to not be eligible were based on wages entered by the claimant and/or wages reported by the employer. The CARES (Coronavirus Aid, Relief, and Economic Security) Act only requires proof of wages to be submitted. If claimants did not submit proof, federal requirements only allow for payment of the minimum weekly benefit amount and no disqualification of benefits. Claims established at a higher weekly benefit amount had to be reduced to the minimum amount if no proof was provided. To date, no proof has been provided by the claimants cited. The claims were reduced as appropriate. An overpayment has been established on all five claims identified for the difference in weekly benefit amount for weeks paid over the minimum amount under CARES and for the entire amount for weeks paid under CAA (Consolidated Appropriations Act)/ARPA (American Rescue Plan Act).

GDOL's current UI (unemployment insurance) Information Technology (IT) system was developed in 1982 using mainframe "legacy" technology. Due to the system's age and other limitations, many automated processes and corrections cannot be fixed and/or easily implemented. As such, many processes must be handled manually by staff. This includes reviewing all the PUA proof documents submitted to determine the validity and eligibility for each PUA claim. Based on the volume of workload and staff limitations, GDOL has been unable to quickly complete this manual review to correct the findings. It is anticipated this manual review will continue throughout the FY25 audit review period. The modernized UI system will include controls over eligibility determination for current and future unemployment programs.

GDOL has taken and will continue to take the following actions to address these findings as well as incorporate additional safeguards and available technological system controls in the new system: As system deficiencies were identified, changes were made as quickly as possible to mitigate risks of improper payments. Beginning in July 2020, all automation of PUA claim review was suspended and each claim was manually reviewed by staff before a determination was released. GDOL established task forces to develop and implement

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-032 Improve Controls over Eligibility Determinations (continued)

strategies to address the ramped fraud attempts to bypass system and procedural safeguards.

Additionally, a dedicated team of staff has been onboarded to assess the documentation provided as proof of employment and/or wages, based on the period of payments made and take appropriate actions to reconcile the claim records accordingly.

The long-term solution to help GDOL improve its controls over all UI processes and the services provided, we recently contracted a vendor to implement a modernized UI system. It is anticipated that this system will be launched in early 2026.

The claimant did not self-certify that they were able to work, available for work, and actively seeking work each week they claimed benefits in five instances.

GDOL Response:

Employer-Filed Claims (EFC) are submitted by employers on behalf of the claimant. The employer is responsible for attesting to the employment status and weekly earnings of the claimant for the EFC submitted. An affidavit certifying that the employer has obtained earnings from other employment as well as other requirements must be completed before EFCs can be entered or uploaded. Claimants for which EFCs are submitted are considered to be still attached to the employer and are exempt from the requirement to register for employment services per Georgia Employment Security Law Rule 300-2-4-.02. Such individuals are not required to be nor certified on a weekly basis to be able, available and actively seeking work.

We recognize the state auditor's recommendations to add the self-certification. However, the current unemployment system is aged and distressed. GDOL's limited technology resources will hinder our ability to update our current system to satisfy the state audit's recommendation. Therefore, we acknowledge that this finding will persist until a system-wide resolution is implemented in the new modernized UI system. GDOL will include a self-certification process for employer-filed claims in the new solution.

In one instance, a fraudulent payment was made to a bad actor using stolen identities.

GDOL Response:

When we identify employer fraud schemes, we follow the guidance issued by the United States Department of Labor (USDOL) and collaborate with the United States Department of Labor Office of Inspector General (OIG) to investigate these cases. Additionally, we have taken the following measures to safeguard the system against fictitious employers:

Effective December 6, 2021, the EFC process was revised to require individuals (employees) to complete an EFC profile to include a real-time identity verification before payments can be made. Employers are responsible for submitting the request for the payment to certify to the individual's employment status, but the individuals must certify their identity and personal information for the claim to be processed. Employees are notified when a claim is filed on their behalf and provided instructions for their portion of completing the EFC process. The MyUI Customer Portal dashboard provides all the EFC correspondence sent to the individual as well as the status of the profile setup and identify verification.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-032 Improve Controls over Eligibility Determinations (continued)

Before the implementation of the EFC profile requirement, GDOL utilized the Social Security Administration (SSA) crossmatch and Systematic Alien Verification for Entitlement (SAVE) verification processes to verify the identity of claimants where employers submit claims on their behalf.

Effective June 29, 2023, GDOL implemented additional employer filed claims safeguards and security measures to reflect amended Georgia Employment Security Rule 300-2-4-.09. Employers must now meet the following conditions to submit Employer-Filed Partial Claims on behalf of their employees:

- *Employer accounts must have been registered within the past five years.*
- *Employers must be current on all quarterly tax and wage reports.*
- *Employers must be current on all quarterly contribution taxes, assessments, penalties, and interest.*
- *The week ending date on employer-filed claims cannot be older than 30 days.*

The amended Georgia Employment Security Rule also clarifies that part-time employees are not eligible for Employer-Filed Partial Claims.

BPC and Integrity merit staff continue to establish pseudo claims when fraud is confirmed to relieve victims of liability and the fraudster is unknown. Otherwise, the payments are moved to the fraudsters claim account if identified.

GDOL has procured a vendor to build and implement a modernized UI system. We are also pursuing data analytics tools to expedite the identification and detection of fraudulent activities. These tools will also be incorporated into the modernized solution.

Summary:

GDOL greatly appreciates the feedback and recommendations and will ensure they are incorporated into the new UI modernized system which is planned to be implemented in Spring 2026

2023-028 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2022-028, 2021-035

Finding Status: Partially Resolved

See response to finding number 2024-032.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2022-028 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2021-035

Finding Status: Partially Resolved

See response to finding number 2024-032.

2021-035 Improve Controls over Eligibility Determinations

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)

Finding Status: Partially Resolved

See response to finding number 2024-032.

2024-033 Improve Controls over Employer Filed Claims

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2023-029, 2022-032

Finding Status: Previously Reported Corrective Action Implemented

2023-029 Improve Controls over Employer-Filed Claims

Federal Agency : U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2022-032

Finding Status: Previously Reported Corrective Action Implemented

2022-032 Improve Controls over Employer-Filed Claims

Federal Agency: U.S. Department of Homeland Security and
U.S. Department of Labor
State Entity: Department of Labor (GDOL)

Finding Status: Previously Reported Corrective Action Implemented

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-034 Improve Controls over Financial Reporting

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2023-026, 2021-037

Finding Status: Previously Reported Corrective Action Implemented

2023-026 Improve Controls over Financial Reporting

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2021-037

Finding Status: Previously Reported Corrective Action Implemented

2021-037 Improve Controls over Financial Reporting

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)

Finding Status: Previously Reported Corrective Action Implemented

2024-035 Improve Controls over the Identification, Recording, and Reporting of Overpayments

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2023-030, 2022-029, 2021-038, 2020-038

Finding Status: Partially Resolved

GDOL acknowledges this is a repeated finding from previous years, therefore the Department concurs with this finding and offers the following response.

GDOL now freezes the overpayment data at the end of every month so we can conduct periodic reconciliation of the overpayment records. This will allow discrepancies to be identified faster and resolved before the deadline to submit the report for the specified period. GDOL consults with USDOL's national 227 reporting specialists on an ongoing basis to work towards reconciliation of previously submitted reports.

Federal regulations require an actual person to review and establish fraudulent overpayments. Due to the volume of claims and the number of cross matches to be performed on all state and federal pandemic programs, it requires multiple GDOL staffing levels to manually review all cross matches, requiring increased levels of state and federal funding.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-035 Improve Controls over the Identification, Recording, and Reporting of Overpayments (continued)

The crossmatch process is conducted using Onpoint BARTS software which runs a systematic check against weeks in a quarter for which benefits are paid and wages are reported during the same quarter. Although the program may detect weeks paid and wages reported, this alone is not indicative of an overpayment. Therefore, the process involves verification correspondence being sent to both the claimant and the employer, as applicable, to verify the status of employment, the wages earned as well as the weeks in which an individual worked and earned the wages. Based on responses, an assessment is made to determine if an overpayment exists and subsequent actions are taken accordingly. We are prohibited from assuming a match is an overpayment. It is not an overpayment until we have completed a full investigation and provided due process to all parties.

GDOL developed an aggressive plan to complete all crossmatches. As of June 2024, GDOL caught up and resume our regular crossmatch schedule.

The current unemployment system is aged and distressed. GDOL's limited technology resources will hinder our ability to update our current system to perform reconciliation between the multiple tools used to perform different functions. Therefore, we acknowledge that this finding may persist until a system-wide resolution is implemented in the new modernized UI (unemployment insurance) system.

The Department has a significant number of pending and potential overpayment investigations that may result in either a non-fraud or fraud determination. We are utilizing merit and time-limited staff to maximize productivity by conducting fact-finding interviews, assessing case details, creating overpayments in the system, and making overpayment determinations. The statutes provide that an overpayment be established up to four years after such occurrence, act, or omission. Additionally, GDOL has procured a vendor to build and implement a modernized UI system slated to be launched in 2026. We will continue to utilize available resources to investigate and establish overpayments in the legacy system as quickly as possible and will continue to do so within the program parameters in the new system.

Throughout CY 2024, GDOL participated in quarterly meetings with United States Department of Labor (USDOL) and other regional states to discuss fraud, overpayment issues and best practices used. These meetings will continue in CY2025.

Summary:

GDOL greatly appreciates the feedback and recommendations and will ensure these and USDOL's recommendations are incorporated into our new modernized system which is expected to be implemented in the Spring 2026.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2023-030 Improve Controls over the Identification, Recording, and Reporting of Overpayments

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2022-029, 2021-038, 2020-038, 2020-008

Finding Status: Partially Resolved

See response to finding number 2024-035.

2022-029 Improve Controls over the Identification, Recording, and Reporting of Overpayments

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2021-038, 2020-038, 2020-008

2022-029 Improve Controls over the Identification, Recording, and Reporting of Overpayments (continued)

Finding Status: Partially Resolved

See response to finding number 2024-035.

2021-038 Improve Controls over the Identification, Recording, and Reporting of Overpayments

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)

Repeat of Prior Year Finding: 2020-038

Finding Status: Partially Resolved

See response to finding number 2024-035.

2020-038 Improve Controls over the Identification and Recording of Overpayments

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)
Repeat of Prior Year Finding: 2020-008

Finding Status: Partially Resolved

See response to finding number 2024-035.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2024-036 Improve Controls over the Benefits Accuracy Measurement Program

Federal Agency: U.S. Department of Labor
State Entity: Department of Labor (GDOL)

Finding Status: Previously Reported Corrective Action Implemented

2024-037 Improve Controls over the Procurement Process

Federal Agency: U.S. Department of the Treasury
State Entity: Department of Human Services (DHS)

Finding Status: Partially Resolved

Using the DHS Contract Lifecycle Management (CLM) System, the Office of Procurement Services (OPS) reviews all contract requests (new, amendments, renewals, and extensions) for compliance with the State Purchasing Act. During the review process, OPS will inform the program of any requests that are not in compliance with the Procurement Rules and Regulations before the contract is fully executed by providing a list of alternative exempt vendors. The contract will be halted until DHS is notified and approval is granted or until a solicitation is posted and awarded.

Senior-level staff in OPS will also review all requisitions for goods that are not processed through CLM to ensure that the purchases are in accordance with the State Purchasing Act. A spend analysis is conducted on purchases that are not exempt from the State Purchasing Act to determine if the associated NIGP Code Category is under or over the bid threshold. If the NIGP Code is or may be over the bid threshold, precautionary steps are taken to ensure that the Department of Human Services will remain in compliance with the State Purchasing Act (i.e., suggesting exempt vendors, halting purchase until DHS is notified and approval is granted, or until a solicitation is posted and awarded). DHS anticipates having the corrective action in place by December 2026.

2023-032 Improve Controls over Procurement Competitive Bidding

Federal Agency: U.S. Department of Treasury
State Entity: Department of Human Services (DHS)

Finding Status: Partially Resolved

All Open Market Purchase Requests are reviewed by senior-level staff prior to requisition approval. Senior-level staff conduct a spend report (based upon the NIGP Code) prior to approving any Open Market Purchase, and all Open Market Purchases will be logged on a spreadsheet by contractor name, amount, and NIGP. If a NIGP Code Category nears the bid threshold, the DHS Office of Operations Coordination (OPS) reaches out to the vendor to discuss alternate options. If an alternative option cannot be reached, the Department of Administrative Services (DOAS) will be contacted for the proper approvals needed and begin the solicitation process for the next fiscal year. DHS anticipates having the corrective action in place by December 2026.

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

2023-031 Strengthen Controls over Review of Certified Payrolls

Federal Agency: U.S Department of Transportation
State Entity: Department of Transportation (GDOT)

Finding Status: Unresolved

This finding remains unresolved. The primary cause is a recurring issue related to the timing of signatures on the review form previously in use. The old form had only one signature line, which led some reviewers to wait until the end of the project to sign off on all payrolls at once, while others signed the form when it was created before any payrolls were submitted or reviewed. As a result, reviewers were unable to properly document that payrolls were reviewed in accordance with compliance requirements.

To address this, the form was updated in May 2025 to include space for multiple payroll entries, with a corresponding signature line for each. This enhancement allows reviewers to document their review at the appropriate time for each payroll as it is submitted.

In addition, GDOT will continue the training outlined in our CAP. Contract Liaisons provide this training annually and will continue to monitor, coach, and retrain individuals as needed when issues are identified during project progress audits.

2024-038 Noncompliance with payroll and travel expense policies and procedures

Federal Agency: Various Federal Agencies
State Entity: Georgia Institute of Technology (GT)

Finding Status: Partially Resolved

The Single Audit report was issued on January 29, 2025, and as noted in the corrective action plan, the deadline for addressing the items is December 31, 2025. As noted in the finding, the deficiencies were the result of Georgia Institute of Technology (GT) internal audit engagements of compliance with travel and payroll expense policies and procedures. The two departments (schools) that were the focus of the internal audits were Aerospace Engineering (AE) and Electrical and Computer Engineering (ECE). The internal audits revealed control deficiencies with both travel and payroll policies and procedures. Below is a summary of the key issues identified:

Travel:

- Inadequate supporting documentation for travel expenses.*
- Travel for employees who did not report any salary expense on the federal award, or the salary expense didn't align with period of travel.*
- Travel expenses on awards which did not have approved travel either in the budget or in the grant award notification.*

**STATE OF GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

**2024-038 Noncompliance with Payroll and Travel Expense Policies and Procedures
(continued)**

Payroll:

- *Time and effort certifications were not being performed or not being performed timely.*
- *Employees allocating 100% effort to federal programs did not allocate a portion of payroll to other funding sources for administrative duties.*
- *Inconsistent pay rates for graduate research assistants among federal awards for similar services rendered.*

Since the completion of the Georgia Statewide Single Audit on April 23, 2025, GT has made progress on the corrective action plan to address the issues identified and is expected to fully implement them by December 31, 2025.

Below you will find actions taken to date to mitigate the risks identified in the audit report:

GT's central post-award office has hosted an outreach session to research administrators each month (for the last 56 consecutive months). Approximately one hundred people attend this every month, and in each session, GT includes a compliance section focusing on the rules and regulations tied to sponsored funding. Prominent topics include travel, salary charges, and other areas identified in this and other audits.

Travel:

- *Reviewed and updated travel policies and resources for end-users including one-pagers, FAQs, and additional training.*
- *Implemented and clarified travel procedures that require travel authorization to be completed prior to travel and include a travel questionnaire that aids in making sure the potential travel associated with a federal award is for allowed activity.*
- *Mandated the use of travel booking service, Travel Inc., which includes requiring travel authorizations prior to booking, and ensures appropriate supporting documentation is maintained*

Payroll:

- *Developed additional reports to detect potential undocumented effort or untimely effort certifications.*
- *Effort certification, where employees who are 100% funded by federal programs, reflect a 2% allocation for administrative duties.*