



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

DAVID A. KING • Director, Office of the Internal Auditor

May 29, 2019

Dear County DSS Director:

The purpose of this letter is to inform you of changes to the state Single Audit process for FYE 2019.

This year, the Office of the State Auditor (OSA) will contract with a subject matter expert to perform statewide testing of eligibility for Medicaid and TANF. As such, OSA will not rely on the work of local CPA firms for eligibility testing. OSA informed us that for the state Single Audit, the subject matter expert will test a sample of 700 individuals, selected randomly from across the state. This means the number of individuals selected for testing will vary for each county. OSA has not finalized the selection of the subject matter expert.

In addition, because OMB Compliance Supplement Part 4 for Medicaid states "the auditor should consider that the Department of Health and Human Services has identified the Medical Assistance Program (Medicaid) as a program of higher risk.", county local CPA firms will continue to perform testing on Medicaid eligibility during your annual financial audit. Also, local CPA firms may perform testing on TANF eligibility. Sample sizes for testing will be at the discretion of each local CPA firm.

While NC DHHS is not involved in the performance of these audits, we wanted to make you aware of the potential for separate reviews by the OSA subject matter expert and your local CPA firm. It is likely these reviews will occur simultaneously or during overlapping periods. As is the case currently, errors arising from these reviews will be noted by OSA or the local CPA firm as questioned costs for the program. NC DHHS will continue to review the questioned costs identified and determine the actual calculation of any applicable recoupment amounts.

If you have questions, please contact Lisa Allnutt via email to at Lisa.allnutt@dhhs.nc.gov, or by phone at (919) 527-6854.

Sincerely,

A handwritten signature in black ink that reads "Lisa Allnutt".

Lisa Allnutt, CIA, CISA
Senior Manager – Risk Mitigation and Audit Monitoring

cc: County Managers
Susan Perry-Manning, Principal Deputy Secretary, DHHS
Tara K. Myers, Deputy Secretary for Human Services, DHHS
Susan Osborne, Assistant Secretary, County Operations, DHHS
John Thompson, Director, Office of Compliance and Program Integrity, DHB
Michael Leighs, Office of Governmental Relations, DHHS
David A. King, Director, OIA, DHHS

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • OFFICE OF THE INTERNAL AUDITOR

LOCATION: 1050 Umstead Drive, Spruill Annex Building, Raleigh, NC 27603
MAILING ADDRESS: 2014 Mail Service Center, Raleigh, NC 27699
www.ncdhhs.gov • TEL: 919-527-6840 • FAX: 919-715-3096

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER