



**North Carolina Department of Health and Human Services  
Division of Medical Assistance**

Pat McCrory  
Governor

Richard O. Brajer  
Secretary

Dave Richard  
Deputy Secretary for Medical Assistance

April 12, 2016

Re: Single Audit Finding Report Corrective Action Plan

Dear County Director of Social Services:

The Office of State Auditor has completed the federal compliance portion of the audit for the North Carolina Department of Health and Human Services for the year ending June 30, 2015. The findings from the audit reflect the existence of deficiencies in internal controls in the Medicaid/NCHC Programs. A deficiency in internal controls exists when:

- 1) There are no controls or insufficient controls to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance on a timely basis or
- 2) There is a reasonable possibility that a material noncompliance cannot be prevented, detected and corrected on a timely basis.

Based on those findings, DMA is required to implement a Corrective Action Plan (CAP) to ensure quality standards are in place for the Medicaid/NCHC Programs. The deficiencies cited from the county visits are recognized as repeat findings. We all agree that monitoring, training, and follow-up are key to timely and accurately identifying and correcting deficiencies. DMA will continue to provide training through OST with webinars, onsite visits, and follow-up through calls, technical support and other available avenues. DMA must implement a Corrective Action Plan (CAP) to ensure that we achieve and maintain compliance moving forward.

Departments of Social Services should correct identified deficiencies immediately following the exit interview with the local CPAs completing the audit. It is critical that during the audit, all deficiencies should be rebutted as appropriate to reduce or eliminate questionable cost findings. For those identified with questionable costs, please ensure the eligibility is determined correctly going forward.

Follow instructions found in the Dear County Director Letter #01-15 dated September 15, 2015, "Single Audit Finding Report" to store the audit material to meet the auditors requested timeline upon DMA request.

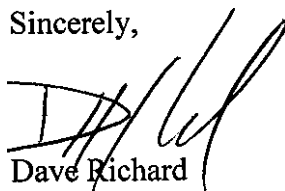
To comply with the DMA Corrective Action Plan, counties are required to provide the following information:

- 1) Conduct second party reviews of eligibility determinations (applications and renewals) on a regular basis,
- 2) Compile second party review results, including deficiencies and recommended improvements to meet eligibility requirements to OST on a quarterly basis. Any tool created to share this information to DMA must include the following:
  - a) deficiencies identified (type and program),
  - b) recommended training or other actions taken to eliminate deficiencies cited;
  - c) sign-in sheet for staff who attend trainings.
  - d) The quarterly report of those findings and trainings shall be sent to the Operational Support Team through OST list serve.
- 3) County staff must participate in policy webinar training when new or existing policy material is delivered by the OST or other staff and provide training sign in logs (one per county).
- 4) DMA will continue to perform the monitoring of applications and provide counties with results.

This Corrective Action Plan must be implemented effective June 1, 2016. We understand counties are currently participating in a second party review in-house process to ensure staff receive proper training and mentoring. Providing this information with DMA allows more transparency in the process and provides evidence to submit with the CAP for the Medicaid/NCHC Eligibility Programs. CMS (Centers for Medicare and Medicaid Services) requires documentation of corrective actions taken.

If you have any questions regarding this information, please contact your Operational Support Team representative.

Sincerely,



Dave Richard