



OFFICE OF THE
STATE AUDITOR



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Department of Workforce Services

Interim Management Letter

Report No. 23-04

For the year ended June 30, 2023

October 2, 2023

Office of the State Auditor

Audit Leadership:

John Dougall, State Auditor

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Interim Management Letter

October 2, 2023

Casey Cameron, Executive Director
Department of Workforce Services
140 East 300 South
Salt Lake City, UT 84111

Dear Director Cameron:

This management letter is provided to communicate, at an interim date, certain deficiencies identified in our audit procedures on the Department of Workforce Services' (DWS) portion of the State of Utah's statewide single audit for the year ended June 30, 2023. These audit procedures were performed on the Emergency Rental Assistance (ERA) Program, the Supplemental Nutrition Assistance Program, and the Unemployment Insurance Program. This communication is based on our audit procedures performed through August 24, 2023. Because we have not completed the statewide federal compliance audit for fiscal year 2023, additional federal programs at DWS may be tested and additional issues may be identified and communicated in a subsequent management letter.

Our final reports on internal controls and on compliance required under *Government Auditing Standards* and federal *Uniform Guidance* will be issued under separate cover. These reports will also provide further detail as to considerations made during the course of the audit regarding internal controls and compliance, both at the financial statement and at the federal program level, and the limited purposes of those considerations. The purpose of this letter is to communicate with DWS management concerns identified during the course of our audit.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees to prevent or to detect and correct on a timely basis misstatements, errors, or instances of noncompliance. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements, errors, or noncompliance are not prevented or are not detected and corrected on a timely basis.

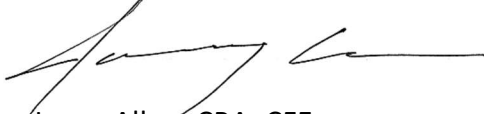
Based on the audit procedures performed, we identified a deficiency in internal control which, while not considered material, we consider to be significant enough to merit the further attention of management and those charged with governance (Finding 1). We also identified Finding 1 as an instance of noncompliance which we are required to report under *Uniform Guidance*.

DWS's written response to and Corrective Action Plan for this finding will be included in the final reports identified in the second paragraph above.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of the DWS's internal control over compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

We appreciate the courtesy and assistance DWS personnel extended to us during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Jason Allen, CPA, CFE

Audit Director

801-808-0716

jasonallen@utah.gov

cc: Greg Paras, Deputy Director, Department of Workforce Services
Nate McDonald, Deputy Director, Department of Workforce Services
Kevin Burt, Deputy Director, Department of Workforce Services
Nathan Harrison, Finance Director, Administrative Support Division
James Whelchel, Director, Internal Audit
Christina Oliver, Director, Housing and Community Development Division
Justin Williams, Director, Unemployment Insurance Division
Dale Ownby, Director, Eligibility Services Division

Finding & Recommendation

Finding 1. Missing Documentation for Emergency Rental Assistance Payments

Significant Deficiency, Reportable Noncompliance

Federal Agency: Department of U.S. Treasury

Assistance Listing Number and Title: 21.023 Emergency Rental Assistance (ERA) Programs

Federal Award Number: N/A

Questioned Costs: \$4,450

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: 2022-019

Surveying a sample of 60 payments for the ERA program, two of the payments did not have documentation supporting the payment or had ineligible application costs associated with the recipient. Specifically, the errors were:

- One application did not include correct income verification for \$3,100 of rent payments, and included an unallowable future rent payment for a month-to-month contract.
- One application did not include a signed stay agreement for a short-term stay in a hotel for a total of \$1,350.

The above errors did not meet the documentation and eligibility criteria established by federal statute (see section 501, Division N of the Consolidated Appropriations Act and Section 3201 of the American Rescue Plan Act).

These errors occurred because the eligibility workers did not follow Department of Workforce Services (DWS) procedures for ERA and the DWS Processors' review of these applications did not identify and correct the errors. This resulted in questioned costs of \$4,450 out of the \$119,910 of sampled payments.

Subsequent to DWS' initial eligibility determination and payment approval, DWS was able to obtain the missing supporting documentation for both of these applications from the individual and the hotel, which total \$2,900 of the errors above.

Recommendation

We recommend that DWS require:

- Eligibility workers to follow ERA procedures.
- Program processors to review the applications for completeness and accuracy prior to disbursing ERA payments.

DWS' Response

We agree with the finding.

Corrective Action Plan

As of March 2023, the Department of Workforce Services Housing and Community Development Division (HCD) stopped processing applications due to program funding exhaustion. In the event that the Federal Government reinstates the ERA Program, HCD will adopt additional training procedures to ensure that all program workers understand and adhere to ERA policy and procedures, including reviewing applications for completeness and accuracy prior to payment disbursement.

Contact Person: Jennifer Edwards, Assistant Division Director, 385-222-6271

Anticipated Correction Date: April 2023