

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
DEPARTMENT OF INSPECTOR GENERAL
FOR THE YEARS ENDED JUNE 30, 2019 AND 2020**

Finding:

In accordance with the Department of Finance and Administration (DFA) Financial Management Guide, R4-19-4-501, all checks received should be numbered, marked, or endorsed as soon as possible, and a log must be prepared in duplicate. The regulation also states that good internal controls dictate daily deposits, but weekly deposits are allowable if an agency receives only minimal amounts of cash and/or checks. The following deficiencies were noted during our review:

- We reviewed the check log maintained by the Arkansas Fair Housing Commission to determine if checks received were deposited timely.

For the year ended June 30, 2019, 9 of the 30 checks reviewed, totaling \$3,800, were not deposited timely. The time period held until deposit averaged 21 days.

For the year ended June 30, 2020, 26 of the 52 checks reviewed, totaling \$10,717, were not deposited timely. The time period held until deposit averaged 42 days. However, it should be noted that 2 of the 26 checks were held from March 17, 2020 to April 30, 2021.

In addition, we reviewed the AASIS cash journal deposits to ensure the Commission's check log was complete and discovered four deposits totaling \$1,600 that had not been included in the check log for the year ended June 30, 2020.

Finally, our review revealed that the check log did not contain any entries from April 2, 2020 through June 30, 2020. As a result, we were unable to determine if additional checks were received during this time period.

- The Office of Internal Audit submitted four invoices, totaling \$24,276, to the Arkansas Development Finance Authority (ADFA) and one invoice, totaling \$4,746, to the DFA - Office of Arkansas Lottery representing its quarterly project hours.

The Department was only able to provide documentation for one payment representing the invoices to ADFA, totaling \$3,272, confirming that it was not deposited timely.

Because a check log was not being maintained, we were unable to confirm if the remaining payments received from ADFA and the Office of Arkansas Lottery, totaling \$25,750, were deposited timely.

- The Office of Medicaid Inspector General (OMIG) receives Medicaid reimbursement checks resulting from overpayments identified in audits. OMIG is responsible for ensuring the checks are transferred to the Department of Human Services (DHS), the Agency responsible for depositing the checks into the appropriate Medicaid bank account.

Our review of 60 checks revealed that OMIG failed to transfer 9 checks, totaling \$14,747, to DHS timely. The time period from receipt to transfer for these checks averaged 10 days. One of the nine checks came from the June 30, 2019, sampling, and the remaining eight checks were discovered in the sampling representing the year ending June 30, 2020.

Recommendation:

We recommend the Agency develop and implement controls to provide assurance of compliance with DFA regulations in regard to timely deposits and receipting/check logging procedures.

Agency Response:

We have reviewed the finding and developed and implemented controls to provide assurance of compliance with DFA regulations regarding timely deposits and receipting/check logging procedures. Check logs are maintained, and checks are deposited on a daily basis, unless only a minimal amount of checks are received in a day. In the case of minimal checks, the Department controls will ensure that the checks are deposited weekly. In addition, the Department has brought on new staff and specifically trained on this procedure. Finally, the Arkansas Fair Housing Commission has also developed an online registration and payment portal to provide for receipt of electronic payment, which will create a more efficient receipting and depositing system.