

Operation Restore Trust: Key Steps Thus Far:

Appointment of a Chief Compliance Officer and Creation of a New Compliance Program for MDHS. The Chief Compliance Officer has direct oversight for the monitoring function over our TANF subgrantees and related subgrantees who were the subject of much of the TANF spending questioned by the State Auditor. Their monitoring functions have already begun recouping questioned costs from subgrantees. The Compliance Department has designed and pushed out across the entire agency a training package designed to familiarize all employees about their obligations to become familiar with and act in compliance with all state and federal regulations pertaining to MDHS programs and explain how to self-report compliance issues.

Implementing a More Robust Subgrantee Monitoring Function. Our updated monitoring program requires that all monitoring reports which identify questioned costs are being followed by findings letters requesting repayment of the questioned costs. Subgrantees who dispute those findings are offered due process in the form of administrative hearings, and recoveries have already begun to flow back to MDHS as a result of the revamped and reinvigorated monitoring program.

Revamped Request for Proposal and Training Directives for the TANF Program. MDHS issued a Request for Proposals ("RFP") for new TANF subgrants and assembled a multi-agency evaluation committee to review and score those proposals. At the outset of the RFP process, the leadership of MDHS had agreed to accept the scoring evaluations of the evaluation committee. Before issuing RFPs for TANF subgrants, MDHS offers specially designed training on grant-writing, subgrantee oversight, and performance guidelines to prospective subgrantees to preclude the abuses of the past. These measures are designed and aimed at creating better proposals, generating better performance and outcomes from subgrantees, and performing more oversight of the subgrantees who work alongside MDHS.

Strengthening the Office of Inspector General. The Office of Inspector General has strengthened its vital role in the agency's fight against fraud, waste, and abuse. For example, the Internal Audit Division housed within OIG has adopted an annual charter and pushes out an annual audit workload informed by senior leadership as well as issues identified by division directors and anonymous tips within the agency. Over the past year, OIG recoveries combined with monitoring recoveries of questioned costs have exceeded \$2 million.

We understand this audit has highlighted areas that will need continued oversight and improvement. MDHS has already implemented some of the audit firm's recommendation. Moving forward, MDHS is committed to the process of continuous improvement of our internal controls and vigilant management of our external relations with subgrantees so that the abuses of the past will not be repeated.