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Missouri State Auditor

**State of Missouri
Single Audit
Year Ended June 30, 2019**

Report No. 2020-014

March 2020

auditor.mo.gov



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Missouri State Auditor

CITIZENS SUMMARY

Findings in the Fiscal Year 2019 Statewide Single Audit

| | |
|---|---|
| Background | A single audit requires an audit of the state's financial statements and expenditures of federal awards. The state spent approximately \$12.3 billion in federal awards through 306 different federal programs during the fiscal year ended June 30, 2019. Our Single Audit involved audit work on 12 major federal programs administered by 5 state agencies, with expenditures totaling approximately \$8.8 billion. The audit reported 8 federal award findings related to 8 major federal programs at 3 state agencies. Of these audit findings, 3 have been repeated from prior Single Audits for 2 to 6 years. These findings are summarized below. |
| Adoption Assistance Eligibility and Payments | As noted in our five previous audits of the Adoption Assistance program, Department of Social Services (DSS) controls over eligibility and assistance payments are not sufficient to prevent and/or detect payments made on behalf of ineligible children and unallowable assistance payments. Our review of eligibility and payment documentation for 60 children receiving Adoption Assistance payments noted the DSS - Children's Division made payments on behalf of 7 ineligible children and paid unallowable costs for 2 additional children. Total known questioned costs for these errors represent approximately 11 percent of payments reviewed. |
| Department of Social Services Public Assistance Cost Allocation Plan | As noted in our previous audit, DSS - Division of Finance and Administrative Services controls over cost allocation are not sufficient to ensure administrative costs are accurately allocated to various federal programs in accordance with the proposed public assistance cost allocation plan. |
| CSBG and CSE Program Subrecipient Risk Assessments | The DSS did not prepare and document risk assessments for subrecipients of the Community Services Block Grant (CSBG) and Child Support Enforcement (CSE) programs to determine the nature, timing, and extent of monitoring procedures. |
| CSBG Program Reporting | The DSS does not have adequate procedures for preparation of the annual CSBG program federal financial report, and as a result, amounts on the interim report were misstated for the federal fiscal year ended September 30, 2018 grant. |
| Medicaid and CHIP MAGI-Based Participant Eligibility | The DSS does not have sufficient controls to ensure compliance with eligibility redetermination requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). In addition, the DSS does not have sufficient controls to ensure the eligibility status is updated in the claims payment system when participants are determined to be ineligible for benefits. Our review of eligibility documentation for 60 participants, of which 45 required a redetermination, identified 4 participants for which eligibility redeterminations were not performed as required and 1 ineligible participant for which the case was not closed in the claims payment system. These errors represent approximately 9 percent and 2 percent of the participants reviewed. The errors resulted from various Medicaid Eligibility Determination and Enrollment System (MEDES) problems. |

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| Medicaid Nursing Facility Audits | The DSS - MO HealthNet Division has not established adequate internal controls to ensure audits of financial records of nursing facilities participating in the Medicaid program are conducted as required. |
| Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates | As noted in our prior four audit reports, the Department of Mental Health - Division of Developmental Disabilities (DD) continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver program. The DD did not retain documentation to support per diem rates, paid at historical rates exceeding acuity-based rates, for 2 of the 16 group home habilitation service payments tested. The federal share of payments to providers for habilitation services provided to these 2 participants totaled \$244,757 during state fiscal year 2019. |
| MVC SEFA | The Missouri Veterans Commission's (MVC) controls and procedures related to the preparation of the schedule of expenditures of federal awards (SEFA) were not sufficient; and as a result, expenditures reported on the MVC SEFA submitted to the Office of Administration - Division of Accounting for inclusion in the statewide SEFA for the year ended June 30, 2019, were misstated. |

Because of the nature of this audit, no rating is provided.

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Common Abbreviations

| | |
|--------|--|
| CFDA | Catalog of Federal Domestic Assistance |
| CFR | Code of Federal Regulations |
| CSR | Code of State Regulations |
| OMB | Office of Management and Budget |
| RSMo | Missouri Revised Statutes |
| SAM II | Statewide Advantage for Missouri |
| USC | United States Code |

State of Missouri - Single Audit

Introduction and Summary

Year Ended June 30, 2019

Introduction

The United States Congress passed the Single Audit Act Amendments of 1996 to establish uniform requirements for audits of federal awards. The Office of Management and Budget (OMB) issued Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) to set forth uniform cost principles and audit requirements for federal awards to nonfederal entities and administrative requirements for all federal grants and cooperative agreements.

A single audit under the Uniform Guidance requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is stated fairly in all material respects in relation to the financial statements as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs.
- The summary schedule of prior audit findings prepared by the state materially represents the status of the prior audit findings.

The Single Audit report includes the federal awards expended by all state agencies and offices that are part of the primary government. The report does not include the public universities and other component units, which are legally separate from the state and audited by other auditors. The state expended approximately \$12.3 billion in federal awards during the state fiscal year ended June 30, 2019.



State of Missouri - Single Audit
Introduction and Summary
Year Ended June 30, 2019

Summary of Single Audit Results

Financial Statements

The following is the summary of our Single Audit results for the state fiscal year ended June 30, 2019.

We issued our audit report (Report No. 2020-001¹) of the state's Comprehensive Annual Financial Report (CAFR), as of and for the year ended June 30, 2019. In addition, we issued our Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2020-010²). In that report, we reported two findings related to internal control deficiencies. The agencies prepared a Corrective Action Plan (CAP) for each finding. The CAPs were submitted to the Office of Administration (OA) and are in the Corrective Action Plans section of this report. The state agencies prepared and submitted to the OA the status of the prior financial statement audit findings. They are presented in the Summary Schedule of Prior Audit Findings section of this report.

Federal Awards

We issued our report on the accompanying Schedule of Expenditures of Federal Awards (SEFA). The state's SEFA, which does not include federal award expenditures of the public universities and other component units, reported the state expended approximately \$12.3 billion in federal funds in state fiscal year 2019. Our report expressed the opinion that the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We audited 12 major federal programs with expenditures totaling approximately \$8.8 billion, administered by 5 state agencies.

We issued a qualified opinion on 3 major federal programs and an unmodified opinion on 9 major federal programs. A qualified opinion is issued when the audit of a major federal program detects material noncompliance with direct and material compliance requirements. A qualified opinion was issued on the following major programs administered by the Department of Social Services:

Adoption Assistance
Children's Health Insurance Program
Medicaid Cluster

In total, we reported 8 audit findings related to 8 major federal programs at 3 state agencies. We identified over \$265,000 in known questioned costs related to federal awards. Of the 8 audit findings, 3 were repeated from prior Single Audits. These findings have been reported for 2 to 6 years.

¹ The CAFR is available online at: <<https://oa.mo.gov/accounting/reports/annual-reports/comprehensive-annual-financial-reports>>.

² See report at <<https://app.auditor.mo.gov/Repository/Press/2020010733175.pdf>>.



State of Missouri - Single Audit
Introduction and Summary
Year Ended June 30, 2019

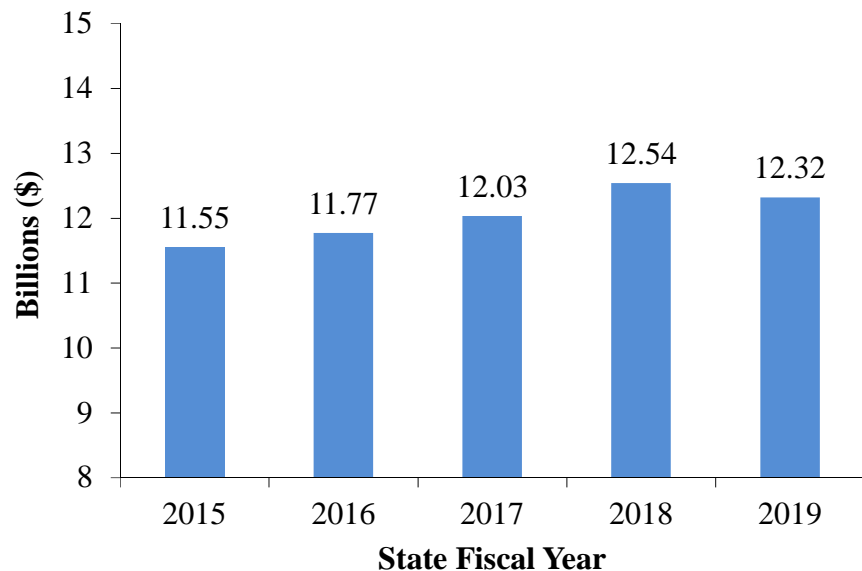
Of the 8 federal award audit findings, 7 related to internal control deficiencies. We consider 3 findings of internal control deficiencies to be material weaknesses and 4 to be significant deficiencies.

The state agencies' responses to the audit findings are included in this report. The state agencies prepared a CAP for each audit finding and submitted them to the OA. They are presented in the Corrective Action Plans section of this report.

In addition, the state agencies prepared and submitted to the OA the status of the prior audit findings. They are presented in the Summary Schedule of Prior Audit Findings section of this report.

Except for a slight decline in state fiscal year 2019, expenditures of federal awards increased each year over the past 5 years. The decrease in state fiscal year 2019 was due largely to a decrease in Medicaid enrollment.

**Total Expenditures of Federal Awards
5 Year Comparison**

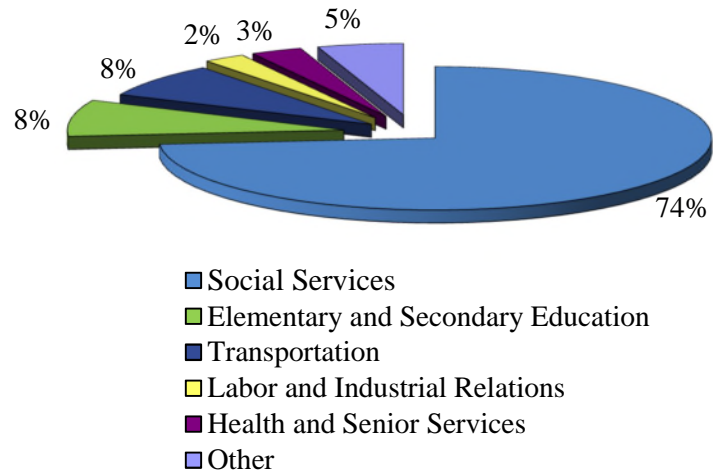




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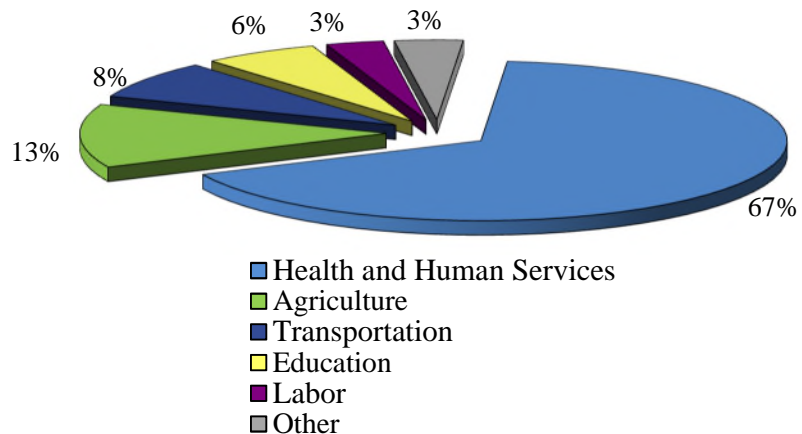
Of the 20 state agencies and other state offices that expended federal awards, 5 state agencies spent the majority of the awards (95 percent) during state fiscal year 2019.

Expenditures of Federal Awards by State Agency



The state expended federal awards received from 24 different federal agencies. Most of the federal award expenditures (97 percent) were from programs of 5 federal agencies.

Expenditures of Federal Awards by Federal Agency



Overall, the state expended federal awards in 306 different programs. These programs are listed in the accompanying Schedule of Expenditures of Federal Awards.

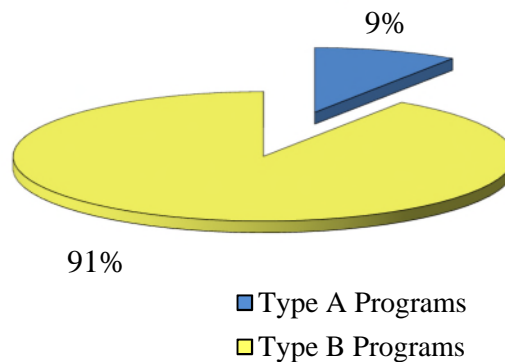


State of Missouri - Single Audit
Introduction and Summary
Year Ended June 30, 2019

The Uniform Guidance requires federal programs to be labeled Type A programs or Type B programs based on a dollar threshold. For the state of Missouri, the Uniform Guidance defines the dollar threshold as \$30 million since the federal award expenditures exceeded \$10 billion, but were less than or equal to \$20 billion.

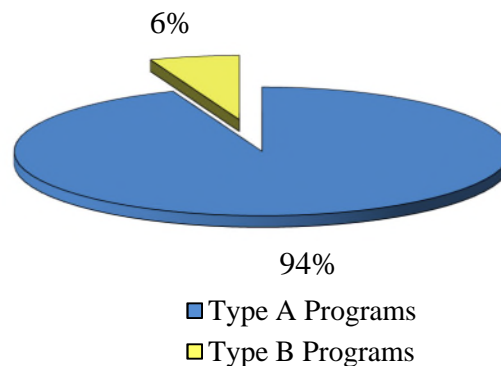
Programs with federal award expenditures over \$30 million are Type A programs and programs with federal award expenditures under \$30 million are Type B programs. Of the 306 federal award programs, 27 were Type A programs and 279 were Type B programs.

**Type A and Type B Programs
Number of Programs**



The 27 Type A programs had expenditures totaling approximately \$11.6 billion, or 94 percent of total expenditures. The 279 Type B programs had expenditures totaling approximately \$721 million, or 6 percent of total expenditures.

**Type A and Type B Programs
Expenditures of Federal Awards**





State of Missouri - Single Audit
Introduction and Summary
Year Ended June 30, 2019

The Uniform Guidance requires the auditor to perform risk assessments on Type A programs and to audit as major each Type A program assessed as high risk based on specified risk factors. We performed a risk assessment on each Type A program and determined 16 of the 27 Type A programs were low risk and did not need to be audited as major. In accordance with the Uniform Guidance, we audited as major the 11 Type A programs assessed as high risk.

The Uniform Guidance also requires the auditor to perform risk assessments on larger Type B programs to determine which are high risk and need to be audited as major. The dollar threshold to determine the larger Type B programs is 25 percent of the Type A threshold, or \$7.5 million. We performed risk assessments on the 27 larger Type B programs and determined 1 program was high risk. In accordance with the Uniform Guidance, we audited the program as major.

The programs audited as major are listed in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. We audited 71 percent of total state fiscal year 2019 federal expenditures.

Major and Non-major Federal Programs

| Type of Programs | Number of Programs | Expenditures | Percentage of Expenditures |
|-----------------------------|--------------------|-------------------|----------------------------|
| <u>Programs Audited</u> | | | |
| Type A major programs | 11 | \$ 8,785,572,098 | |
| Type B major programs | 1 | 19,436,643 | |
| Total major programs | 12 | 8,805,008,741 | 71% |
| <u>Programs not Audited</u> | | | |
| Type A non-major programs | 16 | 2,811,662,329 | |
| Type B non-major programs | 278 | 701,096,371 | |
| Total non-major programs | 294 | 3,512,758,700 | 29% |
| Total programs | 306 | \$ 12,317,767,441 | 100% |

**New Medicaid and CHIP
Audit Requirements**

Modified Adjusted Gross Income (MAGI)-based eligibility for participants of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) was established under the Patient Protection and Affordable Care Act (ACA). The Department of Health and Human Services - Centers for Medicare and Medicaid Services maintained oversight of MAGI-based eligibility determinations during the initial years of the ACA. For single audits of fiscal years beginning after June 30, 2018, auditors are responsible for testing eligibility for MAGI-based participants; and accordingly, we performed such testing in the Statewide Single Audit for the



State of Missouri - Single Audit
Introduction and Summary
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Year Ended June 30, 2019. Our testing of eligibility for MAGI-based participants identified material noncompliance; therefore, we issued a qualified opinion on the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility compliance requirements for the Medicaid and the CHIP. See Schedule of Findings and Questioned Costs, finding number 2019-005.

Department of Social
Services (DSS) Audit Delays

The department's delays in providing items requested and access to appropriate DSS personnel led to significant inefficiencies and difficulties in performing the fiscal year 2019 CAFR audit and the Statewide Single Audit. Details surrounding the delays were outlined in a series of letters to the DSS. The DSS provided written responses to two of the letters. See Appendix A (copies of the letters to the DSS), and Appendix B (copies of the department's responses).

State of Missouri
Summary of Type A Programs and Total Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Program or Cluster Name | Federal Grantor Agency | Federal Awards Expended |
|-------------|---|---------------------------------|-------------------------|
| | SNAP Cluster: | | |
| 10.551 | Supplemental Nutrition Assistance Program | Agriculture | \$ 1,009,812,892 |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | Agriculture | 51,979,513 |
| | Total SNAP Cluster | | 1,061,792,405 |
| | Child Nutrition Cluster: | | |
| 10.553 | School Breakfast Program | Agriculture | 80,345,162 |
| 10.555 | National School Lunch Program | Agriculture | 240,299,465 |
| 10.556 | Special Milk Program for Children | Agriculture | 579,522 |
| 10.559 | Summer Food Service Program for Children | Agriculture | 15,322,451 |
| | Total Child Nutrition Cluster | | 336,546,600 |
| 10.557 | WIC Special Supplemental Nutrition Program for Women, Infants, and Children | Agriculture | 72,510,812 |
| 10.558 | Child and Adult Care Food Program | Agriculture | 61,413,543 |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects | Defense | 41,440,756 |
| 16.575 | Crime Victim Assistance | Justice | 41,008,372 |
| 17.225 | Unemployment Insurance | Labor | 296,627,514 |
| | WIOA Cluster: | | |
| 17.258 | WIOA Adult Program | Labor | 14,408,901 |
| 17.259 | WIOA Youth Activities | Labor | 16,618,413 |
| 17.278 | WIOA Dislocated Worker Formula Grants | Labor | 15,408,816 |
| | Total WIOA Cluster | | 46,436,130 |
| | Highway Planning and Construction Cluster: | | |
| 20.205 | Highway Planning and Construction | Transportation | 871,653,600 |
| 20.219 | Recreational Trails Program | Transportation | 823,108 |
| 20.224 | Federal Lands Access Program | Transportation | 210,064 |
| | Total Highway Planning and Construction Cluster | | 872,686,772 |
| 64.015 | Veterans State Nursing Home Care | Veterans Affairs | 72,439,625 |
| | Clean Water State Revolving Fund Cluster: | | |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | Environmental Protection Agency | 31,984,998 |
| | Total Clean Water State Revolving Fund Cluster | | 31,984,998 |
| 84.010 | Title I Grants to Local Educational Agencies | Education | 227,128,228 |
| | Special Education Cluster (IDEA): | | |
| 84.027 | Special Education Grants to States | Education | 222,541,263 |
| 84.173 | Special Education Preschool Grants | Education | 4,187,018 |
| | Total Special Education Cluster (IDEA) | | 226,728,281 |
| 84.032 | Federal Family Education Loans | Education | 98,533,341 |
| 84.126 | Rehabilitation Services - Vocational Rehabilitation Grants to States | Education | 68,547,199 |
| 84.367 | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | Education | 33,596,046 |
| 93.268 | Immunization Cooperative Agreements | Health and Human Services | 69,189,872 |
| | TANF Cluster: | | |
| 93.558 | Temporary Assistance for Needy Families | Health and Human Services | 240,487,698 |
| | Total TANF Cluster | | 240,487,698 |

State of Missouri
Summary of Type A Programs and Total Expenditures of Federal Awards
Year Ended June 30, 2019

| <u>CFDA Number</u> | <u>Program or Cluster Name</u> | <u>Federal Grantor Agency</u> | <u>Federal Awards Expended</u> |
|--------------------|--|--------------------------------|------------------------------------|
| 93.563 | Child Support Enforcement | Health and Human Services | 35,551,492 |
| 93.568 | Low-Income Home Energy Assistance | Health and Human Services | 78,299,708 |
| | CCDF Cluster: | | |
| 93.575 | Child Care and Development Block Grant | Health and Human Services | 68,608,683 |
| | Child Care Mandatory and Matching Funds of the Child Care and | | |
| 93.596 | Development Fund | Health and Human Services | 48,904,413 |
| | Total CCDF Cluster | | <u>117,513,096</u> |
| 93.658 | Foster Care Title IV-E | Health and Human Services | 61,231,246 |
| 93.659 | Adoption Assistance | Health and Human Services | 40,154,503 |
| 93.667 | Social Services Block Grant | Health and Human Services | 51,369,183 |
| 93.767 | Children's Health Insurance Program | Health and Human Services | 276,205,940 |
| | Medicaid Cluster: | | |
| 93.775 | State Medicaid Fraud Control Units | Health and Human Services | 1,725,254 |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title | | |
| | XVIII) Medicare | Health and Human Services | 19,435,402 |
| 93.778 | Medical Assistance Program | Health and Human Services | 6,972,548,179 |
| | Total Medicaid Cluster | | <u>6,993,708,835</u> |
| | Disability Insurance/SSI Cluster: | | |
| 96.001 | Social Security Disability Insurance | Social Security Administration | 44,102,232 |
| | Total Disability Insurance/SSI Cluster | | <u>44,102,232</u> |
| | Total Type A Programs (expenditures greater than \$30,000,000) | | <u>11,597,234,427</u> |
| | Total Type B Programs (expenditures less than \$30,000,000) | | <u>720,533,014</u> |
| | Total Expenditures of Federal Awards | | <u>\$ 12,317,767,441</u> |



NICOLE GALLOWAY, CPA

Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Michael L. Parson, Governor
and
Members of the General Assembly

Report on Compliance for Each Major Federal Program

We have audited the state of Missouri's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the state's major federal programs for the year ended June 30, 2019. The state of Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The state of Missouri's basic financial statements include the operations of the public universities and other component units, which may have expended federal awards, and which are not included in the state's Schedule of Expenditures of Federal Awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of these component units because federal awards administered by the component units are the subject of audits completed by other auditors, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the state of Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the state's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in the accompanying Schedule of Findings and Questioned Costs, the state of Missouri did not comply with requirements regarding the following:

| Finding Number | CFDA Number(s) | Program (or Cluster) Name | Compliance Requirement(s) |
|-----------------------|--------------------------------------|--|---|
| 2019-001 | 93.659 | Adoption Assistance | Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility |
| 2019-005 | 93.767 93.775 93.777 93.778 | Children's Health Insurance Program and Medicaid Cluster | Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility |
| 2019-006 | 93.775 93.777 93.778 | Medicaid Cluster | Special Tests and Provisions |

Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Adoption Assistance program, the Children's Health Insurance Program, and the Medicaid Cluster for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2019-003, 2019-004, 2019-007, and 2019-008. Our opinion on each major federal program is not modified with respect to these matters.

The state of Missouri's responses to and corrective action plans for the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the state's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2019-001, 2019-005, and 2019-006 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2019-002 through 2019-004 and 2019-008 to be significant deficiencies.

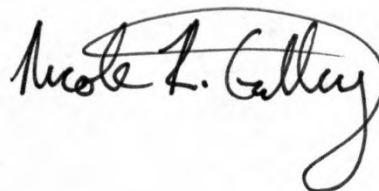
The state of Missouri's responses to and corrective action plans for the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the state's basic financial statements. We issued our report thereon dated January 9, 2020, which contained qualified opinions on the governmental activities and the General Fund, a major fund, and unmodified opinions on all remaining opinion units.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

March 16, 2020, except for our report
on the Schedule of Expenditures of
Federal Awards, for which the date is
January 9, 2020

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|---|--|----------------------------|-------------------------------------|
| Department of Agriculture | | | |
| 10.U01 | School Lunch Commodity Refund | \$ 142,483 | \$ 142,483 |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | 738,416 | - |
| 10.069 | Conservation Reserve Program | 320,495 | - |
| 10.093 | Voluntary Public Access and Habitat Incentive Program | 255,944 | - |
| 10.117 | Biofuel Infrastructure Partnership | 1,238,029 | 1,238,029 |
| 10.153 | Market News | 8,874 | - |
| 10.163 | Market Protection and Promotion | 64,927 | - |
| 10.170 | Specialty Crop Block Grant Program - Farm Bill | 266,232 | 238,992 |
| 10.171 | Organic Certification Cost Share Programs | 83,057 | 69,308 |
| 10.304 | Homeland Security Agricultural | 28,676 | - |
| 10.435 | State Mediation Grants | 13,185 | - |
| 10.475 | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 1,004,752 | - |
| 10.479 | Food Safety Cooperative Agreements | 257,514 | - |
| | SNAP Cluster: | | |
| 10.551 | Supplemental Nutrition Assistance Program | 1,009,812,892 | - |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 51,979,513 | 12,696,763 |
| | Total SNAP Cluster | 1,061,792,405 | 12,696,763 |
| Child Nutrition Cluster: | | | |
| 10.553 | School Breakfast Program | 80,345,162 | 80,345,162 |
| 10.555 | National School Lunch Program | 240,299,465 | 240,299,465 |
| 10.556 | Special Milk Program for Children | 579,522 | 579,522 |
| 10.559 | Summer Food Service Program for Children | 15,322,451 | 14,727,343 |
| | Total Child Nutrition Cluster | 336,546,600 | 335,951,492 |
| 10.557 | WIC Special Supplemental Nutrition Program for Woman, Infants, and Children | 72,510,812 | 22,070,233 |
| 10.558 | Child and Adult Care Food Program | 61,413,543 | 60,442,174 |
| 10.560 | State Administrative Expenses for Child Nutrition | 4,970,229 | 1,477,107 |
| Food Distribution Cluster: | | | |
| 10.565 | Commodity Supplemental Food Program | 7,215,781 | 1,799,564 |
| 10.568 | Emergency Food Assistance Program (Administrative Costs) | 2,164,696 | 2,067,833 |
| 10.569 | Emergency Food Assistance Program (Food Commodities) | 18,664,024 | 25,491 |
| | Total Food Distribution Cluster | 28,044,501 | 3,892,888 |
| 10.574 | Team Nutrition Grants | 323,441 | 39,742 |
| 10.575 | Farm to School Grant Program | 10,899 | 4,000 |
| 10.576 | Senior Farmers Market Nutrition Program | 55,591 | 55,591 |
| 10.578 | WIC Grants To States (WGS) | 3,679,477 | 336,782 |
| 10.579 | Child Nutrition Discretionary Grants Limited Availability | 726,406 | 370,102 |
| 10.580 | Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants | 180,169 | - |
| 10.582 | Fresh Fruit and Vegetable Program | 3,088,973 | 3,088,973 |
| 10.664 | Cooperative Forestry Assistance | 1,212,051 | 421,000 |
| Forest Service Schools and Roads Cluster: | | | |
| 10.665 | Schools and Roads - Grants to States | 3,008,100 | 3,008,100 |
| | Total Forest Service Schools and Roads Cluster | 3,008,100 | 3,008,100 |
| 10.680 | Forest Health Protection | 8,149 | - |
| 10.698 | State & Private Forestry Cooperative Fire Assistance | 314,368 | 314,368 |
| 10.902 | Soil and Water Conservation | 1,199,995 | 209,930 |
| | Total Department of Agriculture | 1,583,508,293 | 446,068,057 |
| Department of Commerce | | | |
| 11.550 | Public Telecommunications Facilities Planning and Construction | 51,340 | - |
| | Total Department of Commerce | 51,340 | - |
| Department of Defense | | | |
| 12.U01 | Excess Property Program | 990,746 | - |
| 12.U02 | Troops to Teachers | 19,872 | - |
| 12.112 | Payments to States in Lieu of Real Estate Taxes | 1,497,245 | 1,497,245 |
| 12.113 | State Memorandum of Agreement Program for the Reimbursement of Technical Services | 732,129 | - |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects | 41,440,756 | - |
| 12.620 | Troops to Teachers Grant Program | 148,958 | - |
| | Total Department of Defense | 44,829,706 | 1,497,245 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|---|---|----------------------------|-------------------------------------|
| Department of Housing and Urban Development | | | |
| 14.228 | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 23,670,099 | 22,519,417 |
| 14.231 | Emergency Solutions Grant Program | 3,208,272 | 3,203,530 |
| 14.241 | Housing Opportunities for Persons with AIDS | 860,253 | 860,253 |
| 14.267 | Continuum of Care | 12,375,421 | - |
| 14.401 | Fair Housing Assistance Program State and Local | 29,509 | - |
| 14.416 | Education and Outreach Initiatives | 669 | - |
| Total Department of Housing and Urban Development | | 40,144,223 | 26,583,200 |
| Department of the Interior | | | |
| 15.250 | Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | 152,853 | - |
| 15.252 | Abandoned Mine Land Reclamation (AMLR) | 2,671,002 | - |
| 15.438 | National Forest Acquired Lands | 2,119,087 | 2,119,087 |
| Fish and Wildlife Cluster: | | | |
| 15.605 | Sport Fish Restoration | 7,771,653 | 259,556 |
| 15.611 | Wildlife Restoration and Basic Hunter Education | 21,962,103 | 1,033,042 |
| Total Fish and Wildlife Cluster | | 29,733,756 | 1,292,598 |
| 15.608 | Fish and Wildlife Management Assistance | 301,357 | 200,000 |
| 15.615 | Cooperative Endangered Species Conservation Fund | 1,200,698 | 860,084 |
| 15.616 | Clean Vessel Act | 61,478 | 61,478 |
| 15.622 | Sportfishing and Boating Safety Act | 200,000 | 200,000 |
| 15.634 | State Wildlife Grants | 1,014,583 | - |
| 15.657 | Endangered Species Conservation – Recovery Implementation Funds | 13,234 | - |
| 15.658 | Natural Resource Damage Assessment and Restoration | 2,654 | - |
| 15.808 | U.S. Geological Survey Research and Data Collection | 11,988 | - |
| 15.810 | National Cooperative Geologic Mapping | 142,427 | - |
| 15.814 | National Geological and Geophysical Data Preservation | 41,807 | - |
| 15.904 | Historic Preservation Fund Grants-In-Aid | 891,341 | 107,765 |
| 15.916 | Outdoor Recreation Acquisition, Development and Planning | 997,587 | 438,804 |
| 15.978 | Upper Mississippi River Restoration Long Term Resource Monitoring | 447,066 | - |
| 15.980 | National Ground-Water Monitoring Network | 28,339 | - |
| 15.981 | Water Use and Data Research | 77,595 | - |
| Total Department of the Interior | | 40,108,852 | 5,279,816 |
| Department of Justice | | | |
| 16.U01 | FBI Joint Terrorism Task Force | 26,287 | - |
| 16.017 | Sexual Assault Services Formula Program | 255,080 | 227,841 |
| 16.540 | Juvenile Justice and Delinquency Prevention | 740,234 | 514,312 |
| 16.554 | National Criminal History Improvement Program (NCHIP) | 780,955 | 478,643 |
| 16.560 | National Institute of Justice Research, Evaluation, and Development Project Grants | 257,020 | 156,631 |
| 16.575 | Crime Victim Assistance | 41,008,372 | 40,389,289 |
| 16.576 | Crime Victim Compensation | 2,605,575 | 2,605,575 |
| 16.582 | Crime Victim Assistance/Discretionary Grants | 334,843 | 334,474 |
| 16.585 | Drug Court Discretionary Grant Program | 60,257 | - |
| 16.588 | Violence Against Women Formula Grants | 2,004,854 | 1,826,000 |
| 16.593 | Residential Substance Abuse Treatment for State Prisoners | 251,559 | 38,913 |
| 16.609 | Project Safe Neighborhoods | 2,587 | - |
| 16.710 | Public Safety Partnership and Community Policing Grants | 389,650 | - |
| 16.734 | Special Data Collections and Statistical Studies | 628,254 | - |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program | 4,969,984 | 4,403,535 |
| 16.741 | DNA Backlog Reduction Program | 702,341 | - |
| 16.750 | Support for Adam Walsh Act Implementation Grant Program | 748,650 | - |
| 16.813 | NICS Act Record Improvement Program | 1,167,401 | 609,273 |
| 16.827 | Justice Reinvestment Initiative | 358,765 | - |
| 16.833 | National Sexual Assault Kit Initiative | 57,827 | - |
| 16.839 | STOP School Violence | 46,533 | - |
| Total Department of Justice | | 57,397,028 | 51,584,486 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|------------------------------|---|----------------------------|-------------------------------------|
| Department of Labor | | | |
| 17.002 | Labor Force Statistics | 952,927 | - |
| 17.005 | Compensation and Working Conditions | 273,506 | - |
| | Employment Service Cluster: | | |
| 17.207 | Employment Service/Wagner-Peyser Funded Activities | 13,632,599 | - |
| 17.801 | Disabled Veterans' Outreach Program (DVOP) | 2,299,433 | - |
| 17.804 | Local Veterans' Employment Representative Program | 1,065,505 | - |
| | Total Employment Service Cluster | 16,997,537 | - |
| 17.225 | Unemployment Insurance | 296,627,514 | - |
| 17.235 | Senior Community Service Employment Program | 1,832,747 | 1,801,467 |
| 17.245 | Trade Adjustment Assistance | 6,297,160 | - |
| | WIOA Cluster: | | |
| 17.258 | WIOA Adult Program | 14,408,901 | 13,795,758 |
| 17.259 | WIOA Youth Activities | 16,618,413 | 13,433,612 |
| 17.278 | WIOA Dislocated Worker Formula Grants | 15,408,816 | 13,588,331 |
| | Total WIOA Cluster | 46,436,130 | 40,817,701 |
| 17.261 | WIOA Pilots, Demonstrations, and Research Projects | 41,799 | - |
| 17.271 | Work Opportunity Tax Credit Program (WOTC) | 271,948 | - |
| 17.273 | Temporary Labor Certification for Foreign Workers | 146,618 | - |
| 17.277 | WIOA National Dislocated Worker Grants / WIA National Emergency Grants | 3,148,388 | 1,600,540 |
| 17.285 | Apprenticeship USA Grants | 376,948 | 158,887 |
| 17.504 | Consultation Agreements | 1,528,506 | - |
| 17.600 | Mine Health and Safety Grants | 333,189 | - |
| | Total Department of Labor | 375,264,917 | 44,378,595 |
| Department of Transportation | | | |
| 20.106 | Airport Improvement Program | 20,145,973 | 20,145,973 |
| | Highway Planning and Construction Cluster: | | |
| 20.205 | Highway Planning and Construction | 871,653,600 | 95,893,977 |
| 20.219 | Recreational Trails Program | 823,108 | 609,441 |
| 20.224 | Federal Lands Access Program | 210,064 | 210,064 |
| | Total Highway Planning and Construction Cluster | 872,686,772 | 96,713,482 |
| 20.218 | Motor Carrier Safety Assistance | 4,224,003 | - |
| 20.232 | Commercial Driver's License Program Implementation Grant | 77,404 | - |
| 20.237 | Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements | 2,081 | - |
| 20.240 | Fuel Tax Evasion-Intergovernmental Enforcement Effort | 50,877 | - |
| 20.321 | Railroad Safety Technology Grants | 12,024,877 | 12,024,877 |
| | Federal Transit Cluster: | | |
| 20.500 | Federal Transit Capital Investment Grants | 166,257 | 166,257 |
| 20.526 | Bus and Bus Facilities Formula Program | 3,523,394 | 3,523,394 |
| | Total Federal Transit Cluster | 3,689,651 | 3,689,651 |
| 20.505 | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 208,262 | 115,960 |
| 20.509 | Formula Grants for Rural Areas | 20,545,459 | 19,899,496 |
| | Transit Services Programs Cluster: | | |
| 20.513 | Enhanced Mobility of Seniors and Individuals with Disabilities | 761,482 | 610,959 |
| 20.521 | New Freedom Program | 554,849 | 554,849 |
| | Total Transit Services Programs Cluster | 1,316,331 | 1,165,808 |
| 20.528 | Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program | 223,392 | 160,238 |
| | Highway Safety Cluster: | | |
| 20.600 | State and Community Highway Safety | 4,973,020 | 3,251,743 |
| 20.616 | National Priority Safety Programs | 5,373,896 | 3,499,304 |
| | Total Highway Safety Cluster | 10,346,916 | 6,751,047 |
| 20.607 | Alcohol Open Container Requirements | 5,392,972 | 4,075,295 |
| 20.614 | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements | 215,618 | - |
| 20.700 | Pipeline Safety Program State Base Grant | 654,353 | - |
| 20.703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | 307,457 | 211,302 |
| 20.720 | State Damage Prevention Program Grants | 38,680 | - |
| 20.721 | PHMSA Pipeline Safety Program One Call Grant | 7,439 | - |
| | Total Department of Transportation | 952,158,517 | 164,953,129 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|---|--|----------------------------|-------------------------------------|
| Department of the Treasury | | | |
| 21.016 | Equitable Sharing | 375,963 | - |
| | Total Department of the Treasury | 375,963 | - |
| Equal Employment Opportunity Commission | | | |
| 30.001 | Employment Discrimination Title VII of the Civil Rights Act of 1964 | 624,799 | - |
| | Total Equal Employment Opportunity Commission | 624,799 | - |
| General Services Administration | | | |
| 39.003 | Donation of Federal Surplus Personal Property | 1,597,662 | 1,250,400 |
| 39.011 | Section 8 New Construction and Substantial Rehabilitation | 257 | - |
| | Total General Services Administration | 1,597,919 | 1,250,400 |
| National Endowment for the Arts | | | |
| 45.025 | Promotion of the Arts Partnership Agreements | 723,720 | 360,438 |
| 45.301 | Museums for America | 72,618 | - |
| 45.310 | Grants to States | 3,188,287 | 2,007,089 |
| | Total National Endowments for the Arts | 3,984,625 | 2,367,527 |
| Small Business Administration | | | |
| 59.061 | State Trade Expansion | 386,629 | 236,063 |
| | Total Small Business Administration | 386,629 | 236,063 |
| Department of Veterans Affairs | | | |
| 64.015 | Veterans State Nursing Home Care | 72,439,625 | - |
| 64.024 | VA Homeless Providers Grant and Per Diem Program | 798,013 | - |
| 64.101 | Burial Expenses Allowance for Veterans | 919,545 | - |
| 64.115 | Veterans Information and Assistance | 546,951 | - |
| 64.203 | Veterans Cemetery Grants Program | 1,339,683 | - |
| | Total Department of Veterans Affairs | 76,043,817 | - |
| Environmental Protection Agency | | | |
| 66.032 | State Indoor Radon Grants | 138,732 | - |
| 66.034 | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 654,931 | - |
| 66.040 | State Clean Diesel Grant Program | 328,811 | 165,995 |
| 66.204 | Multipurpose Grants to States and Tribes | 70,078 | 68,090 |
| 66.419 | Water Pollution Control State, Interstate, and Tribal Program Support | 156,180 | - |
| 66.433 | State Underground Water Source Protection | 144,687 | - |
| 66.454 | Water Quality Management Planning | 327,637 | 60,783 |
| | Clean Water State Revolving Fund Cluster: | | |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | 31,984,998 | 23,655,657 |
| | Total Clean Water State Revolving Fund Cluster | 31,984,998 | 23,655,657 |
| 66.460 | Nonpoint Source Implementation Grants | 1,234,158 | 791,915 |
| | Drinking Water State Revolving Fund Cluster: | | |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds | 9,639,624 | 2,695,178 |
| | Total Drinking Water State Revolving Fund Cluster | 9,639,624 | 2,695,178 |
| 66.605 | Performance Partnership Grants | 12,379,879 | 25,991 |
| 66.608 | Environmental Information Exchange Network Grant Program and Related Assistance | 76,487 | - |
| 66.707 | TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals | 340,384 | - |
| 66.802 | Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements | 1,994,056 | 292,785 |
| 66.804 | Underground Storage Tank Prevention, Detection and Compliance Program | 496,498 | - |
| 66.805 | Leaking Underground Storage Tank Trust Fund Corrective Action Program | 1,263,711 | - |
| 66.817 | State and Tribal Response Program Grants | 923,936 | - |
| | Total Environmental Protection Agency | 62,154,787 | 27,756,394 |
| Department of Energy | | | |
| 81.041 | State Energy Program | 940,562 | 130,473 |
| 81.042 | Weatherization Assistance for Low-Income Persons | 5,566,474 | 4,877,648 |
| 81.092 | Environmental Restoration | 261,734 | - |
| 81.104 | Environmental Remediation and Waste Processing and Disposal | 76,628 | - |
| 81.119 | State Energy Program Special Projects | 12,731 | 12,009 |
| 81.136 | Long-Term Surveillance and Maintenance | 55,226 | - |
| 81.138 | State Heating Oil and Propane Program | 5,095 | - |
| | Total Department of Energy | 6,918,450 | 5,020,130 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|--|--|----------------------------|-------------------------------------|
| Department of Education | | | |
| 84.U01 | Cooperative System Grant | 6,268 | - |
| 84.002 | Adult Education - Basic Grants to States | 8,993,916 | 7,881,179 |
| 84.010 | Title I Grants to Local Educational Agencies | 227,128,228 | 226,025,491 |
| 84.011 | Migrant Education State Grant Program | 1,575,944 | 1,562,769 |
| 84.013 | Title I State Agency Program for Neglected and Delinquent Children and Youth Special Education Cluster (IDEA): | 2,070,701 | 2,058,809 |
| 84.027 | Special Education Grants to States | 222,541,263 | 198,405,236 |
| 84.173 | Special Education Preschool Grants | 4,187,018 | 4,187,018 |
| | Total Special Education Cluster (IDEA) | 226,728,281 | 202,592,254 |
| 84.032 | Federal Family Education Loans | 98,533,341 | - |
| 84.048 | Career and Technical Education -- Basic Grants to States | 21,915,850 | 19,863,529 |
| 84.126 | Rehabilitation Services Vocational Rehabilitation Grants to States | 68,547,199 | - |
| 84.144 | Migrant Education Coordination Program | 81,047 | 81,047 |
| 84.177 | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind | 764,183 | - |
| 84.181 | Special Education-Grants for Infants and Families | 8,339,257 | - |
| 84.184 | School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs) | 422,309 | - |
| 84.187 | Supported Employment Services for Individuals with the Most Significant Disabilities | 132,952 | - |
| 84.196 | Education for Homeless Children and Youth | 1,142,701 | 1,133,216 |
| 84.224 | Assistive Technology | 194,332 | 194,332 |
| 84.287 | Twenty-First Century Community Learning Centers | 18,518,895 | 18,151,569 |
| 84.323 | Special Education - State Personnel Development | 1,379,502 | 1,379,502 |
| 84.326 | Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | 162,320 | - |
| 84.358 | Rural Education | 2,964,689 | 2,815,733 |
| 84.365 | English Language Acquisition State Grants | 4,741,079 | 4,497,836 |
| 84.366 | Mathematics and Science Partnerships | 1,532,453 | 1,532,453 |
| 84.367 | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 33,596,046 | 30,941,120 |
| 84.369 | Grants for State Assessments and Related Activities | 6,848,481 | - |
| 84.377 | School Improvement Grants | 3,523,966 | 3,372,372 |
| 84.424 | Student Support and Academic Enrichment Program | 9,390,190 | 9,307,355 |
| 84.902 | National Assessment of Educational Progress | 111,739 | - |
| | Total Department of Education | 749,345,869 | 533,390,566 |
| National Archives and Records Administration | | | |
| 89.003 | National Historical Publications and Records Grants | 1,258 | - |
| | Total National Archives and Records Administration | 1,258 | - |
| Elections Assistance Commission | | | |
| 90.401 | Help America Vote Act Requirements Payments | 282,900 | - |
| | Total Elections Assistance Commission | 282,900 | - |
| Department of Health and Human Services | | | |
| 93.041 | Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 118,889 | 42,719 |
| 93.042 | Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 340,502 | 126,147 |
| 93.043 | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services Aging Cluster: | 419,595 | 389,285 |
| 93.044 | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 8,483,192 | 8,156,264 |
| 93.045 | Special Programs for the Aging, Title III, Part C, Nutrition Services | 11,770,219 | 11,353,760 |
| 93.053 | Nutrition Services Incentive Program | 4,115,260 | 4,115,260 |
| | Total Aging Cluster | 24,368,671 | 23,625,284 |
| 93.052 | National Family Caregiver Support, Title III, Part E | 3,335,096 | 3,112,175 |
| 93.069 | Public Health Emergency Preparedness | 10,718,454 | 5,636,732 |
| 93.070 | Environmental Public Health and Emergency Response | 1,592,219 | 457,607 |
| 93.071 | Medicare Enrollment Assistance Program | 509,195 | 208,950 |
| 93.073 | Birth Defects and Developmental Disabilities - Prevention and Surveillance | 204,913 | 62,011 |
| 93.074 | Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 2,447,774 | - |
| 93.079 | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 70,025 | 70,025 |
| 93.090 | Guardianship Assistance | 8,068,857 | - |
| 93.092 | Affordable Care Act (ACA) Personal Responsibility Education Program | 990,515 | 699,856 |
| 93.093 | Affordable Care Act (ACA) Health Profession Opportunity Grants | 2,616,002 | 2,497,262 |
| 93.094 | Well-Integrated Screening and Evaluation for Women Across the Nation | 104,614 | 48,695 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|----------------|---|----------------------------|-------------------------------------|
| 93.103 | Food and Drug Administration Research | 2,107,163 | 519 |
| 93.104 | Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | 1,847,033 | - |
| 93.110 | Maternal and Child Health Federal Consolidated Programs | 416,306 | - |
| 93.116 | Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 621,892 | 205,761 |
| 93.130 | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | 218,692 | 15,456 |
| 93.136 | Injury Prevention and Control Research and State and Community Based Programs | 1,468,340 | 728,438 |
| 93.150 | Projects for Assistance in Transition from Homelessness (PATH) | 903,907 | - |
| 93.165 | Grants to States for Loan Repayment Program | 425,554 | 425,554 |
| 93.184 | Disabilities Prevention | 141,488 | 87,073 |
| 93.197 | Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 354,406 | 4,783 |
| 93.234 | Traumatic Brain Injury State Demonstration Grant Program | 170,261 | 125,472 |
| 93.235 | Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program | 1,310,090 | 1,081,540 |
| 93.236 | Grants to States to Support Oral Health Workforce Activities | 57,747 | - |
| 93.240 | State Capacity Building | 385,027 | - |
| 93.241 | State Rural Hospital Flexibility Program | 780,950 | 616,076 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | 4,594,933 | 171,826 |
| 93.251 | Universal Newborn Hearing Screening | 243,643 | 115,955 |
| 93.268 | Immunization Cooperative Agreements | 69,189,872 | 2,880 |
| 93.270 | Viral Hepatitis Prevention and Control | 155,123 | 277 |
| 93.283 | Centers for Disease Control and Prevention Investigations and Technical Assistance | 116,107 | - |
| 93.301 | Small Rural Hospital Improvement Grant Program | 400,202 | 387,520 |
| 93.305 | PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF) | 1,100,114 | 111,999 |
| 93.314 | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program | 103,275 | - |
| 93.323 | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 1,544,572 | 126,138 |
| 93.324 | State Health Insurance Assistance Program | 890,454 | - |
| 93.336 | Behavioral Risk Factor Surveillance System | 294,229 | - |
| 93.354 | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 580,141 | 338,570 |
| 93.366 | State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes | 104,031 | 1,695 |
| 93.367 | Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs | 389,782 | - |
| 93.369 | ACL Independent Living State Grants | 337,229 | 206,913 |
| 93.391 | Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises | 1,218,979 | - |
| 93.426 | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke | 981,565 | 395,745 |
| 93.434 | Every Student Succeeds Act/Preschool Development Grants | 16,364 | - |
| 93.435 | Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke | 38,150 | 3,665 |
| 93.436 | Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN) | 253,448 | 77,553 |
| 93.439 | State Physical Activity and Nutrition (SPAN) | 292,819 | 41,693 |
| 93.464 | ACL Assistive Technology | 448,427 | 262,944 |
| 93.500 | Pregnancy Assistance Fund Program | 167,969 | 167,969 |
| 93.521 | The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF | 60,363 | - |
| 93.539 | PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds | 2,529,357 | 170,615 |
| 93.556 | Promoting Safe and Stable Families | 5,671,700 | - |
| 93.558 | TANF Cluster: | | |
| | Temporary Assistance for Needy Families | 240,487,698 | 3,882,818 |
| | Total TANF Cluster | 240,487,698 | 3,882,818 |
| 93.563 | Child Support Enforcement | 35,551,492 | 9,166,441 |
| 93.566 | Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 352,782 | - |
| 93.568 | Low-Income Home Energy Assistance | 78,299,708 | 49,213,467 |
| 93.569 | Community Services Block Grant | 19,436,643 | 18,332,644 |
| | CCDF Cluster: | | |
| 93.575 | Child Care and Development Block Grant | 68,608,683 | 5,460,683 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 48,904,413 | - |
| | Total CCDF Cluster | 117,513,096 | 5,460,683 |
| 93.586 | State Court Improvement Program | 596,949 | - |
| 93.590 | Community-Based Child Abuse Prevention Grants | 521,310 | 459,044 |
| 93.597 | Grants to States for Access and Visitation Programs | 130,050 | 130,050 |
| 93.599 | Chafee Education and Training Vouchers Program (ETV) | 1,032,886 | - |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|--|---|----------------------------|-------------------------------------|
| 93.603 | Adoption and Legal Guardianship Incentive Payments | 4,078,543 | - |
| 93.609 | The Affordable Care Act – Medicaid Adult Quality Grants | 119,982 | - |
| 93.630 | Developmental Disabilities Basic Support and Advocacy Grants | 1,432,816 | - |
| 93.643 | Children's Justice Grants to States | 229,438 | - |
| 93.645 | Stephanie Tubbs Jones Child Welfare Services Program | 1,357,978 | - |
| 93.658 | Foster Care Title IV-E | 61,231,246 | 128,309 |
| 93.659 | Adoption Assistance | 40,154,503 | - |
| 93.667 | Social Services Block Grant | 51,369,183 | 12,967,140 |
| 93.669 | Child Abuse and Neglect State Grants | 863,240 | - |
| 93.671 | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 1,912,941 | 1,850,788 |
| 93.674 | Chafee Foster Care Independence Program | 3,055,433 | - |
| 93.733 | Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF) | 682,296 | - |
| 93.735 | State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF) | 424,092 | 422,119 |
| 93.747 | Elder Abuse Prevention Interventions Program | 98,294 | - |
| 93.753 | Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program | 154,057 | 24,172 |
| 93.757 | State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) | 700,034 | 413,825 |
| 93.758 | Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | 3,007,698 | 1,089,312 |
| 93.767 | Children's Health Insurance Program Medicaid Cluster: | 276,205,940 | - |
| 93.775 | State Medicaid Fraud Control Units | 1,725,254 | - |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 19,435,402 | - |
| 93.778 | Medical Assistance Program Total Medicaid Cluster | 6,972,548,179 | 1,237,320 |
| 93.788 | Opioid STR | 24,123,579 | - |
| 93.791 | Money Follows the Person Rebalancing Demonstration | 5,719,620 | - |
| 93.815 | Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC). | 98,082 | 93,360 |
| 93.817 | Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities | 320,312 | 320,228 |
| 93.870 | Maternal, Infant and Early Childhood Home Visiting Grant Program | 3,289,147 | 2,789,853 |
| 93.876 | Antimicrobial Resistance Surveillance in Retail Food Specimens | 139,281 | - |
| 93.889 | National Bioterrorism Hospital Preparedness Program | 3,842,452 | 2,017,177 |
| 93.898 | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | 3,898,279 | 2,690,529 |
| 93.913 | Grants to States for Operation of State Offices of Rural Health | 145,539 | 20,000 |
| 93.917 | HIV Care Formula Grants | 20,401,222 | 19,743,085 |
| 93.940 | HIV Prevention Activities Health Department Based | 4,419,204 | 2,037,661 |
| 93.945 | Assistance Programs for Chronic Disease Prevention and Control | 477,266 | 427,310 |
| 93.946 | Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs | 182,158 | 6,200 |
| 93.958 | Block Grants for Community Mental Health Services | 11,735,399 | - |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | 25,912,789 | - |
| 93.977 | Sexually Transmitted Diseases (STD) Prevention and Control Grants | 1,720,408 | 312,904 |
| 93.981 | Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools | 193,242 | 108,472 |
| 93.982 | Mental Health Disaster Assistance and Emergency Mental Health | 311,442 | - |
| 93.994 | Maternal and Child Health Services Block Grant to the States | 11,245,510 | 6,177,555 |
| Total Department of Health and Human Services | | 8,211,721,119 | 184,373,843 |
| Corporation for National and Community Service | | | |
| 94.003 | State Commissions | 297,251 | - |
| 94.006 | AmeriCorps | 5,466,096 | 5,447,423 |
| 94.009 | Training and Technical Assistance | 140,287 | 6,666 |
| Total Corporation for National and Community Service | | 5,903,634 | 5,454,089 |
| Executive Office of the President | | | |
| 95.001 | High Intensity Drug Trafficking Areas Program | 3,473,599 | 2,649,157 |
| Total Executive Office of the President | | 3,473,599 | 2,649,157 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|---------------------------------|---|----------------------------|-------------------------------------|
| Social Security Administration | | | |
| | Disability Insurance/SSI Cluster: | | |
| 96.001 | Social Security Disability Insurance | 44,102,232 | - |
| | Total Disability Insurance/SSI Cluster | 44,102,232 | - |
| | Total Social Security Administration | 44,102,232 | - |
| Department of Homeland Security | | | |
| 97.008 | Non-Profit Security Program | 261,197 | 261,197 |
| 97.012 | Boating Safety Financial Assistance | 2,498,114 | - |
| 97.023 | Community Assistance Program State Support Services Element (CAP-SSSE) | 225,345 | 2,000 |
| 97.029 | Flood Mitigation Assistance | 934,446 | 893,362 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 24,747,236 | 22,643,180 |
| 97.039 | Hazard Mitigation Grant | 10,033,406 | 9,307,083 |
| 97.041 | National Dam Safety Program | 55,954 | - |
| 97.042 | Emergency Management Performance Grants | 6,980,322 | 3,707,481 |
| 97.045 | Cooperating Technical Partners | 4,505,571 | - |
| 97.047 | Pre-Disaster Mitigation | 306,244 | 280,222 |
| 97.056 | Port Security Grant Program | 99,110 | - |
| 97.067 | Homeland Security Grant Program | 5,944,605 | 5,129,890 |
| 97.082 | Earthquake Consortium | 3,021 | - |
| 97.088 | Disaster Assistance Projects | 792,394 | 766,375 |
| | Total Department of Homeland Security | 57,386,965 | 42,990,790 |
| | Total Expenditures of Federal Awards | \$ 12,317,767,441 | \$ 1,545,833,487 |

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

1. Significant Accounting Policies

The following is a summary of the significant accounting policies used by the State of Missouri.

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of the State of Missouri is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the State's basic financial statements. The Uniform Guidance requires a schedule that shows total federal awards expended for each federal financial assistance program, the Catalog of Federal Domestic Assistance (CFDA) number, and the total amount provided to subrecipients from each federal program. Federal financial assistance programs that have not been assigned a CFDA number are identified as CFDA Number XX.Uxx, where XX represents the federal grantor agency and Uxx represents an unknown extension number.

The Schedule includes all federal awards expended by the State during the year ended June 30, 2019, except for those programs administered by public universities and other component units, which are legally separate from the State. They are responsible for engaging other auditors to perform audits in accordance with the Uniform Guidance, if required.

To compile the Schedule, the Office of Administration required each department, agency, and office that expended direct and/or indirect federal funding during the state fiscal year to prepare a schedule of expenditures of federal awards. The schedules for the departments, agencies, and offices were combined to form the Schedule of Expenditures of Federal Awards for the State of Missouri.

B. Basis of Presentation

The accompanying Schedule includes the federal award activity of the State of Missouri for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, which defines federal awards as federal financial assistance and cost-reimbursement contracts that non-federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash assistance, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include other contracts that a federal agency uses to buy goods or services from a contractor. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

not present the financial position, changes in net assets, or cash flows of the State.

C. Basis of Accounting

Most expenditures presented in the Schedule are reported on the cash basis of accounting, while some are presented on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, or Indian Tribal Governments*; or the cost principles contained in the Uniform Guidance; wherein certain types of expenditures are not allowable or are limited as to reimbursement.

D. Indirect Cost Rate

The state agencies administering the federal programs presented in the Schedule did not elect to use the de minimis cost rate per the Uniform Guidance.

2. Unemployment Insurance Expenditures

The Unemployment Insurance program (CFDA No. 17.225) is administered by the Department of Labor and Industrial Relations through a unique federal-state partnership that was founded upon federal law but implemented through state law. Benefits are paid from federal funds and state unemployment taxes that are deposited into the state's account in the Federal Unemployment Trust Fund. The state's administrative expenditures incurred under this program are funded by federal grants. For the purposes of presenting the expenditures of this program in the Schedule, both state and federal funds have been considered federal awards expended. The breakdown of the state and federal portions of the total program expenditures for the fiscal year ended June 30, 2019, is as follows:

| | |
|--|----------------------|
| State Portion (Benefits Paid) | \$253,178,292 |
| Federal Portion (Benefits Paid) | 4,504,430 |
| Federal Portion (Administrative Costs) | <u>38,944,792</u> |
| Total Program Expenditures | <u>\$296,627,514</u> |

3. Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Rebates

The State received cash rebates from an infant formula manufacturer totaling \$33,717,005 on sales of formula to participants in the WIC program (CFDA No. 10.557) administered by the Department of Health and Senior Services (DHSS). This amount was excluded from total program expenditures. Rebate contracts with infant formula manufacturers are authorized by 7 CFR Section 246.16a as a cost containment measure. Rebates represent a reduction of



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

4. Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) Prescription Drug Rebates

The state received cash rebates from drug manufacturers totaling \$485,741,642 (federal share) on purchases of covered outpatient drugs for participants in the Medicaid and the CHIP (CFDA Nos. 93.778 and 93.767) administered by the Department of Social Services - MO HealthNet Division. This amount was excluded from total program expenditures. Rebate contracts with drug manufacturers are authorized by 42 USC Section 1396r-8 as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for medical assistance costs.

5. HIV Care Formula Grants Prescription Drug Rebates

The State received cash rebates from drug manufacturers totaling \$32,279,507 on purchases of covered drugs for participants in the HIV Care Formula Grants program (CFDA No. 93.917) administered by the DHSS. This amount was excluded from total program expenditures. The allowable use of drug rebates is restricted by 42 USC Section 300ff-26(g). Rebates represent a reduction in expenditures previously incurred for program costs.

6. Federal Loan Guarantees

Because of the Healthcare and Education Affordability Reconciliation Act enacted March 30, 2010 (Public Law 111-152), the authority to make or ensure loans under the Federal Family Education Loans program (CFDA No. 84.032) ended June 30, 2010. The Department of Higher Education (DHE) will continue to act as the federal Department of Education's agent in fulfilling the responsibilities related to the outstanding guarantees. The original principal outstanding of all loans guaranteed by the DHE is \$1,036,972,994 as of June 30, 2019. The balance of defaulted loans (including principal and accrued interest) that the federal Department of Education imposes continuing compliance requirements of the DHE is \$227,629,703 as of June 30, 2019.



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

7. Non-cash Assistance

The Schedule contains values for non-cash assistance for several programs.

Supplemental Nutrition Assistance Program (CFDA No. 10.551) expenditures totaling \$1,009,787,817 represent actual disbursements for client purchases of authorized food products through the use of the electronic benefits card program administered by the Department of Social Services - Family Support Division (DSS-FSD).

The Department of Elementary and Secondary Education distributes food commodities to school districts under the National School Lunch Program (CFDA No. 10.555). Distributions are valued at the cost of the food paid by the federal government and totaled \$30,866,249.

The DSS-FSD, through the Summer Food Service Program for Children (CFDA No. 10.559), provides United States Department of Agriculture (USDA)-donated foods to providers who serve free healthy meals to children and teens in low-income areas during the summer months when school is not in session. The DSS-FSD, through the Emergency Food Assistance Program (CFDA No. 10.569), provides USDA-donated foods for disaster relief and to six non-profit food banks for distribution to food pantries and community groups for feeding those in need. Distributions are valued at the federally assigned value of the product distributed and totaled \$34,825 for the Summer Food Service Program for Children and \$18,664,024 for the Emergency Food Assistance Program.

The DHSS distributes food commodities to low-income persons under the Commodity Supplemental Food Program (CFDA No. 10.565). Distributions are valued at the cost of the food paid by the federal government and totaled \$5,370,794.

The Department of Public Safety distributes excess federal Department of Defense (DOD) equipment to state and local law enforcement agencies under the DOD Excess Property Program (CFDA No. 12.U01). Property distributions totaled \$4,409,195 when valued at the historical cost assigned by the federal government. Distributions are presented at the estimated fair market value of the property at the time of distribution, calculated as 22.47 percent of the historical cost, or \$990,746.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program (CFDA No. 39.003). Property distributions totaled \$7,110,200 when valued at the historical cost assigned by the federal government. Distributions are presented at the estimated fair market value of the property at the time of distribution, calculated as 22.47 percent of the historical cost, or \$1,597,662.



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

The DHSS distributes vaccines to local health agencies and other health care professionals under the Immunization Cooperative Agreements program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$67,718,997.

The DHSS received donated equipment/supplies from Heart to Heart International, Inc. for activities related to the Centers for Disease Control (CDC) Opioid Crisis Grant Project under the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program (CFDA No. 93.391). Donated items are valued at the cost of the equipment purchased with funding from grant number 1 NU1ROT000013-01-00 from the Federal Department of Health and Human Services and totaled \$1,218,979.

State of Missouri - Single Audit

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified

Unmodified for all opinion units except for the governmental activities and the General Fund, which were qualified.

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? X yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified for all major programs except for the following major programs that were qualified:

| <u>CFDA</u> <u>Number</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------------|--|
| 93.659 | Adoption Assistance |
| 93.767 | Children's Health Insurance Program |
| | Medicaid Cluster: |
| 93.775 | State Medicaid Fraud Control Units |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare |
| 93.778 | Medical Assistance Program |

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))?

 X yes no



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Identification of major federal programs:

CFDA

| <u>Number</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------------------|--|
| SNAP Cluster: | |
| 10.551 | Supplemental Nutrition Assistance Program |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| 10.557 | WIC Special Supplemental Nutrition Program for Woman, Infants, and Children |
| 64.015 | Veterans State Nursing Home Care |
| 84.126 | Rehabilitation Services Vocational Rehabilitation Grants to States |
| 93.268 | Immunization Cooperative Agreements |
| 93.563 | Child Support Enforcement |
| 93.569 | Community Services Block Grant |
| 93.659 | Adoption Assistance |
| 93.667 | Social Services Block Grant |
| 93.767 | Children's Health Insurance Program |
| Medicaid Cluster: | |
| 93.775 | State Medicaid Fraud Control Units |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare |
| 93.778 | Medical Assistance Program |
| Disability Insurance/ SSI Cluster: | |
| 96.001 | Social Security Disability Insurance |

Dollar threshold used to distinguish
between Type A and Type B programs: \$30,000,000

Auditee qualified as a low-risk auditee? _____ Yes X no



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section II - Financial Statement Findings

The findings related to the financial statement audit are reported in the Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2020-010³). That report included the following findings:

- FS2019-001 Department of Social Services Financial Reporting Controls
- FS2019-002 Department of Natural Resources Capital Asset Controls

³ See report at <<https://app.auditor.mo.gov/Repository/Press/2020010733175.pdf>>.



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section III - Federal Award Findings and Questioned Costs

2019-001.
Adoption Assistance
Eligibility and Payments

| | |
|-------------------|---|
| Federal Agency: | Department of Health and Human Services |
| Federal Program: | 93.659 Adoption Assistance 2018 - G1801MOADP 2019 - G1901MOADP |
| State Agency: | Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS) |
| Type of Finding: | Internal Control (Material Weakness) and Noncompliance |
| Questioned Costs: | \$17,600 |

As noted in our five previous audits⁴ of the Adoption Assistance program, DSS controls over eligibility and assistance payments are not sufficient to prevent and/or detect payments made on behalf of ineligible children and unallowable assistance payments. From the Adoption Assistance program, the CD made payments on behalf of 7 ineligible children and paid unallowable costs for 2 additional children. During the year ended June 30, 2019, the CD paid Adoption Assistance program benefits totaling about \$57 million for more than 13,300 children.

The Adoption Assistance program assists families in adopting eligible children with special needs by providing subsidy payments to adoptive parents. To be eligible to receive benefits under the program, eligibility requirements outlined at 42 USC Section 673 must be met. In addition, 42 USC Section 671(a)(20)(A) requires that prospective adoptive parent(s) must satisfactorily have met a criminal records check, including a fingerprint-based check. The DSS is required to enter into adoption subsidy agreements with adoptive parents who receive subsidy payments on behalf of the child. The nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy agreement as required by 45 CFR Section 1356.40 and 45 CFR Section 1356.41. Subsidized costs may include maintenance, child care, and nonrecurring adoption expenses.

The subsidy agreement must be signed and in effect prior to or at the time of the final adoption decree per federal regulations and DSS policy. The DSS Child Welfare Manual Adoption Subsidy policy requires subsidy agreements be signed by both the adoptive parents and the DFAS Director to be considered in effect. Subsidy agreements are established by case workers and reviewed by supervisors in the local offices. After the subsidy agreements are signed by the adoptive parents and reviewed and approved by local office

⁴See single audit reports at <<https://app.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=35>>, finding numbers 2018-004, 2015-005, 2014-008, 2011-15, and 2009-14.



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Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

supervisors, the agreements are sent to the Central Office Procurement Unit ((formerly the Contract Management Unit (CMU)) where the DFAS Director's (previously the CD Director's) signature is applied by Procurement Unit staff. In previous audits, the Director's signature was applied with a signature stamp, but is now applied as an electronic signature.

The CD also administers a state-funded adoption assistance program. CD personnel are responsible for determining if a child is qualified for federal Title IV-E adoption assistance or state (non-IV-E) assistance. Once a determination is made, CD personnel must enter the correct code into the Families and Children Electronic System (FACES) so that assistance payments come from the right program. Children who have been determined ineligible for federal Title IV-E adoption assistance benefits should only receive payments from the state-funded program.

To test compliance with these requirements, we reviewed eligibility and payment documentation for 60 children receiving Adoption Assistance. Assistance payments totaling approximately \$252,800 were made on behalf of these children during the year ended June 30, 2019. We identified payments made on behalf of 7 children ineligible for Adoption Assistance benefits and unallowable payments for 2 other children. Total known questioned costs for these errors represent approximately 11 percent of payments reviewed. If similar errors were made on the remaining population of Adoption Assistance program assistance payments, questioned costs could be significant.

Subsidy agreement not signed at the date of adoption For 1 case, the adoption subsidy agreement was not signed and in effect prior to or at the date of adoption.

The adoption subsidy agreement was not signed by the CD Director (i.e., not in effect) until approximately 15 months after the adoption decree. In addition, the adoptive parent's signature was not dated. Payments totaling \$3,804, made on behalf of the ineligible child during the year ended June 30, 2019, were unallowable. We question the federal share, or \$2,483 (approximately 65 percent). Payments for this child were charged to the Adoption Assistance program from December 2003 to June 2019.

Backdated subsidy agreements

For 4 cases, the DSS did not maintain adequate documentation to support that the subsidy agreements were signed and in effect prior to or at the date of adoption because the CD Director's signature date or the subsidy agreement effective date was backdated.

For 3 of these cases, with subsidy agreements prior to May 2008, the date of the CD Director's signature precedes the adoptive parent(s)' and local supervisors' signature dates, indicating the Director's signature (and thus, the effective date of the agreement) was backdated. Although all signature dates



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

were before the adoption date for each of these cases, because the CD Director's signature was backdated, we could not determine whether the subsidy agreement was signed and in effect prior to the adoption decree. CD officials indicated backdating of subsidy agreements by CMU personnel was permissible under DSS policy prior to May 2008, and backdating was utilized due to a backlog in processing and submitting subsidy agreements to the CMU. For another case, the subsidy agreement effective date (May 1, 2013) precedes the adoptive parents' and the CD Director's signatures; therefore, the effective date was likely backdated. During the year ended June 30, 2019, payments totaling \$17,489 were made on behalf of these 4 children, for which there is not adequate documentation to support that the subsidy agreements were signed and in effect prior to or at the date of the adoption decree. We question the federal share, or \$11,413 (approximately 65 percent). Payments for these 4 children were charged to the Adoption Assistance program from November 2004 to June 2019.

In May 2008, the CD issued a policy memo prohibiting backdating of subsidy agreements. The subsidy agreements for 3 of these cases were established prior to this directive. Federal resolutions of prior audit findings have required the DSS to pay back the costs associated with backdated subsidy agreements identified in the audits. However, the DSS has not attempted to identify all children for which the subsidy agreements were backdated, and as a result, it is likely additional children adopted prior to May 2008 are ineligible.

Background check

For 1 case, criminal background check results for one of the adoptive parents were not received until after the date of the subsidy agreement and adoption decree. Payments totaling \$1,902, made on behalf of the ineligible child during the year ended June 30, 2019, were unallowable. We question the federal share, or \$1,239 (approximately 65 percent). Payments for this child were charged to the Adoption Assistance program from September 2002 to June 2019.

State-only adoption

For 1 case, the subsidy agreement was a state-only contract incorrectly coded and claimed to the Adoption Assistance program. Payments totaling \$3,444, made on behalf of the ineligible child during the year ended June 30, 2019, were unallowable. We question the federal share, or \$2,248 (approximately 65 percent). Payments for this child were charged to the Adoption Assistance program from December 2009 to June 2019.

Unallowable assistance payments

For 2 cases, unallowable assistance payments were claimed for eligible children. For one child, the CD made a regular maintenance payment of \$235 twice, for the month of July 2018, when the child was determined to be eligible past the age of 18. For another case, a Guardian Ad-Litem payment of \$100 was inappropriately claimed. The unallowable assistance payments for these 2 children totaled \$335. We question the federal share, or \$217 (approximately 65 percent).



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Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Conclusions

The failure to implement adequate internal controls over eligibility and assistance payments can result in federal reimbursements for ineligible children and/or unallowable costs. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations and assistance payments. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to the adoption, criminal background checks are obtained for all prospective adoptive parents, and payments are allowable. The DSS should review and correct the eligibility and payments for the children identified in this finding.

Auditee's Response

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Auditor's Comment

The DSS Corrective Action Plan states the DSS disagrees that policies and procedures regarding Adoption Assistance eligibility determinations need to be strengthened and enforced because the DSS implemented processes in fiscal year 2008 prohibiting backdating of subsidy agreements and continues to provide training regarding dating of subsidy agreements and allowable costs. However, as noted in the finding, the DSS has not attempted to identify all children for whom the subsidy agreements were backdated and redetermine eligibility for those children. Therefore, similar errors of noncompliance will likely continue until all children with backdated subsidy agreements age out of the program. In addition, 5 of the 9 errors were unrelated to the pre-2008 backdating practice. Therefore, this finding is valid and improvements are needed to ensure the Adoption Assistance program is administered in accordance with federal requirements.

2019-002.
Department of Social
Services Public Assistance
Cost Allocation Plan

| | |
|------------------|--|
| Federal Agency: | Department of Health and Human Services (DHHS) |
| Federal Program: | 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States 2018 - H126A180037 2019 - H126A190037 |
| | 93.563 Child Support Enforcement 2018 - 1804MOCSES and 1804MOCEST 2019 - 1901MOCSES and 1901MOCEST |
| | 93.659 Adoption Assistance 2018 - G1801MOADP 2019 - G1901MOADP |
| | 93.667 Social Services Block Grant |



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2018 - 1801MOSOSR

2019 - 1901MOSOSR

State Agency: Department of Social Services (DSS) - Division of
Finance and Administrative Services (DFAS)
Type of Finding: Internal Control (Significant Deficiency)

As noted in our previous audit,⁵ DFAS controls over cost allocation are not sufficient to ensure administrative costs are accurately allocated to various federal programs in accordance with the proposed public assistance cost allocation plan (PACAP).

The DSS is required to develop, document, and implement a PACAP in accordance with 45 CFR Sections 95.501 to 95.519. The PACAP is a narrative document outlining procedures to allocate administrative costs to the various programs administered by the DSS, and must be reviewed and approved by the DHHS - Division of Cost Allocation Services (DHHS-CAS) and various federal grantor agencies. The DSS fully revised its PACAP, effective October 1, 2017, and submitted 5 amended proposed PACAPs (2 were revised) to the DHHS-CAS for review.⁶ With the exception of one part that was approved in September 2018,⁷ as of February 2020, the proposed PACAP was still under review by the DHHS-CAS. Rule 45 CFR 95.517 provides the DSS may claim federal financial participation under the proposed plan with the understanding that, if necessary, the DSS shall retroactively adjust its claims to the plan as subsequently approved by the DHHS-CAS.

DFAS personnel are responsible for preparing and submitting proposed PACAPs for approval and for ensuring costs are allocated in accordance with the proposed PACAP. To develop and implement the new proposed PACAP, the DSS contracted with a vendor to develop it, purchased the vendor's cost allocation system (AlloCAP system) for allocating costs to the various programs, and developed data input and output reports for the AlloCAP system. The AlloCAP system replaced the DFAS's previous procedures to allocate costs through various spreadsheets.

The proposed PACAP describes the procedures used to identify, measure, and allocate costs to the various programs administered by the DSS. Cost centers are used to classify costs based on the organizational structure of the DSS.

⁵See single audit reports at <<https://app.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=35>>, finding number 2018-005.

⁶Periods October 1, 2017 to March 31, 2018; April 1, 2018 to June 30, 2018; July 1, 2018 to September 30, 2018; October 1, 2018 to December 31, 2018 (revised); January 1, 2019 to March 31, 2019 (revised); and April 1, 2019 to June 30, 2019.

⁷PACAP, Attachment 3 – Title IV-E Eligibility Rate Calculations, approved in a letter dated September 6, 2018, from the DHHS-CAS.



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The AlloCAP system used about 350 cost centers during the quarter ended June 30, 2019. The proposed PACAP includes organizational charts reflective of the layout of cost centers, a description of activities performed by each cost center, a listing of federal and state programs benefitting from the cost centers, and procedures and methods used to allocate costs. Rule 45 CFR 95.507 outlines the various requirements of the PACAP.

Each quarter, DFAS personnel obtain expenditure data from the state's accounting system and import the data to the AlloCAP system. Manual adjustments are made to account for expenditures not reflected in the state's accounting system. The AlloCAP system produces data output reports showing total amounts to be allocated to various programs. DFAS personnel use the output reports to prepare and submit quarterly federal reports to the federal agencies. During the quarter ended June 30, 2019, the state allocated administrative costs totaling \$30.3 million (combined state and federal funds) to the Vocational Rehabilitation, Child Support Enforcement, Adoption Assistance, and Social Services Block Grant programs through the AlloCAP system.

In addition, the DFAS is responsible for monitoring and making changes to the PACAP and the AlloCAP system as needed. If changes are made that affect costs allocated to programs, the DFAS must submit a revised proposed PACAP to the DHHS-CAS and ensure changes are made to the AlloCAP system. DFAS personnel made numerous changes to both the proposed PACAP and the AlloCAP system throughout the year ended June 30, 2019. These changes were to remove cost centers, create new cost centers, or revise the names, descriptions, or allocation methodology of existing cost centers.

Internal controls

Although recommended in the previous audit, the DFAS did not establish and document adequate internal controls over cost allocation.

The DSS Corrective Action Plan and the Summary Schedule of Prior Audit Findings for prior audit finding number 2018-005 stated the DSS disagreed with the finding and did not take corrective action because (1) the DSS believes it has documented evidence to support internal controls and procedures, and (2) no deviations were found in audit sampling. However, the DFAS did not document various internal control procedures verbally described to auditors and internal control deficiencies can exist regardless of whether noncompliance is identified.

Documentation of internal controls

The DFAS does not have a documented system of internal controls to ensure the AlloCAP system provides for accurate, allowable, and proper allocations in accordance with the proposed PACAP.

DFAS personnel verbally described to auditors various internal control procedures established and performed to ensure the AlloCAP system



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accurately allocated costs in accordance with the proposed PACAP. However, DFAS personnel did not document most of these procedures in the AlloCAP system procedures manual or maintain documentation they performed the procedures. Examples of internal controls verbally described but not documented include testing of AlloCAP system allocations; approval of system reports; and segregation of duties over, and review and approval of, revisions to the AlloCAP system. DSS officials indicated they believe the AlloCAP system procedures manual serves as documented evidence of internal controls and procedures; however, the manual does not address these procedures and DFAS personnel did not document that these procedures were performed.

Effective internal controls include policies and procedures designed to ensure compliance with federal regulations. These policies and procedures should require personnel to document when required procedures were performed.

PACAP and AlloCAP system
changes

The DFAS has not implemented procedures to document each change made to the proposed PACAP or the AlloCAP system or approval of the changes, and did not document procedures to test the changes for accuracy and consistency with the proposed PACAP.

During each quarter of the year ended June 30, 2019, the DFAS made changes to both the proposed PACAP and the AlloCAP system. Our comparison of the proposed PACAPs for the periods ended June 30, 2018, and June 30, 2019, determined the DFAS added 49, removed 12, and changed approximately 75 cost centers.

DFAS personnel did not maintain adequate documentation to support all changes or a complete log of all changes. We requested supporting documentation for all 8 changes identified in the proposed PACAP for the period April 1, 2019, to June 30, 2019. While DFAS personnel provided emails, meeting invitations, and other documentation showing discussions about certain changes; that documentation did not support the reasons and/or justification for 6 of the 8 changes. DFAS personnel indicated the Chief Financial Officer (CFO) and the Assistant CFO review all changes to the AlloCAP system; however, they could not provide documentation that any of these system changes were approved. In addition, DFAS personnel did not test the changes for accuracy and consistency with the proposed PACAP.

DFAS personnel stated they document changes to the proposed PACAP through the track change function of the electronic PACAP document and that changes to the AlloCAP system can be identified by comparing the current and prior quarter chart of accounts reports. In December 2018, DFAS personnel implemented the AlloCAP Approval Checklist and the AlloCAP Approval Tracking Sheet to document cumulative quarterly updates to the proposed PACAP and AlloCAP system. However, these documents and



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methods do not provide proper support for the reason and/or justification of each change.

Documentation of changes, approvals, and testing are critical components of an internal control system designed to ensure data reliability and compliance with federal requirements. The AlloCAP system procedures manual, Chapter VII, states users are encouraged to manually document all changes made to the AlloCAP system because the system does not have an internal function that allows the user to automatically track changes made over time. The manual also states "after you make any single change, we recommend that you run the CAP and verify the results before proceeding to make other changes." In addition, according to the Government Accountability Office,⁸ as part of the control of master data, the organization should have an effective auditing and monitoring capability that allows changes to master data records to be recorded and reviewed where necessary.

Compliance test results

To determine if the DFAS followed its proposed PACAP when allocating costs to federal programs, we sampled 17 cost centers allocated during the quarter ended June 30, 2019, and determined each sampled cost center was supported and allocated in accordance with the proposed PACAP. However, without adequate internal controls, there is less assurance the other cost centers allocated using different methodologies, or cost centers applicable to other programs not audited as major programs, were allocated accurately and/or in accordance with the proposed PACAP.

Conclusions

The failure to implement adequate internal controls to ensure costs are allocated and reported in accordance with the proposed PACAP and federal requirements increases the risk that DFAS staff will not allocate an appropriate share of costs to programs, errors will not be detected timely, and federal grantor agencies will disallow costs charged to federal programs. Inadequate internal controls could hinder the department's ability to manage federal funds effectively and to comply with federal regulations.

Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of

⁸ GAO, Report GAO-09-232G, *Federal Information System Controls Audit Manual*, February 2009, p. 425, <<https://www.gao.gov/products/gao-09-232g>>, accessed February 14, 2020.



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Sponsoring Organizations of the Treadway Commission." The *Standards for Internal Control in the Federal Government*, also known as the Green Book, requires management to develop and maintain documentation of its internal control system. Paragraph 3.10 of the Green Book states, "[e]ffective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors."

Rule 45 CFR 95.517(a) provides that "[a] state must claim FFP [federal financial participation] for costs associated with a program only in accordance with its approved cost allocation plan." Rule 2 CFR Section 200.405(a) states, "[a] cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received."

Recommendation

The DSS through the DFAS implement internal controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include sufficiently detailed policies and procedures; documentation of the reason, justification, and approvals of changes to the proposed PACAP and the AlloCAP system; documented testing of system changes; and a complete log of all changes.

Auditee's Response

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

Auditor's Comment

The DSS Corrective Action Plan states the DSS disagrees with the finding. The DSS asserts that because no deviations were found in audit sampling, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated. The DSS further disagrees because the department believes the finding is based on grants not sampled in this audit.

The department's claim that audit sample results support sufficient evidence of effective internal controls is not valid. We used *Audit Guide Government Auditing Standards and Single Audits (Audit Guide)*, published by the AICPA, for decisions regarding the reporting of internal control deficiencies. While the results of compliance testing should be considered when evaluating the operating effectiveness of internal controls, Audit Guide paragraph 9.46 states the absence of noncompliance detected by a compliance test does not provide audit evidence that controls related to a compliance requirement are



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effective. Also, the department's claim that the finding is based on grants not sampled in this audit is not correct. As discussed with DSS officials on multiple occasions, the finding is based on our review of the department's controls over cost allocation, and we sampled cost centers used to allocate costs to the 4 applicable DSS major programs (listed at the beginning of the finding) in the year ended June 30, 2019, audit.

The DSS Corrective Action Plan lists various procedures, reports, and signatures supporting the preparation of the quarterly PACAP and federal financial reports. However, as stated in the finding, these items do not provide for sufficient evidence that the DSS is testing and ensuring AlloCAP system allocations are in accordance with the proposed PACAP. Most of the department's PACAP records are cumulative for a quarter and do not document sufficient detail, testing, or approval of each individual change. Also, as stated in the finding, the AlloCAP system manual does not address all of these procedures. Without appropriate documentation of internal controls, the DSS cannot demonstrate effective procedures over cost allocation.

Federal regulations require the DSS to maintain effective controls over, and accountability for, all funds of the DSS programs. Effective internal controls are well documented and include policies and procedures designed to ensure compliance with federal regulations. Because the DSS did not adequately establish and document such controls and procedures over cost allocation, this finding is valid.

2019-003.
CSBG and CSE Program
Subrecipient Risk
Assessments

| | |
|-------------------|--|
| Federal Agency: | Department of Health and Human Services |
| Federal Programs: | 93.563 Child Support Enforcement (CSE) 2018 - 1804MOCSES and 1804MOCEST 2019 - 1901MOCSES and 1901MOCEST 93.569 Community Services Block Grant (CSBG) 2018 - 18B1MOCOSR 2019 - 19B1MOCOSR |
| State Agency: | Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Family Support Division (FSD) |
| Type of Finding: | Internal Control (Significant Deficiency) and Noncompliance |

During the year ended June 30, 2019, the DSS did not prepare and document risk assessments for subrecipients of the CSBG and CSE programs to determine the nature, timing, and extent of monitoring procedures. During the year ended June 30, 2019, the DSS disbursed approximately \$18 million to 19 subrecipients for costs related to the CSBG program and approximately \$9 million to 69 subrecipients for costs related to the CSE program.



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Rule 45 CFR Section 75.352(b) requires the DSS to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

DFAS and FSD personnel performed various procedures to monitor the CSBG and CSE program subrecipients; however, the monitoring procedures were not based on documented risk assessments. Monitoring procedures, which varied among the programs, generally included reviewing external audits, following up on corrective actions related to audit findings, reviewing periodic subrecipient reports, performing on-site visits, verifying invoices to supporting documentation, and/or testing cases handled by the subrecipients.

To comply with federal regulations, the DSS should develop procedures to ensure risk assessments are prepared for all subrecipients, and utilize the risk assessments in determining the nature, timing, and extent of monitoring procedures. Rule 45 CFR Section 75.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the DFAS and the FSD develop controls and procedures to ensure evaluations of each CSBG and CSE program subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed, documented, and used for monitoring decisions as required by federal regulations.

Auditee's Response

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Auditor's Comment

The DSS Corrective Action Plan (CAP) states the DSS partially agrees with the finding because the DSS has performed risk-based monitoring of the CSE and CSBG subrecipients in accordance with the Uniform Guidance. However, during the audit, DSS officials agreed they had not documented risk assessments on any of the 88 subrecipients of the CSBG and CSE programs, and the DSS acknowledges in the CAP that risk assessments were not consistently documented. Therefore, this finding is valid.

**2019-004.
CSBG Program Reporting**

| | |
|------------------|---|
| Federal Agency: | Department of Health & Human Services (DHHS) |
| Federal Program: | 93.569 Community Services Block Grant (CSBG) 2018 - 18B1MOCOSR |
| State Agency: | Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) |



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Type of Finding: Internal Control (Significant Deficiency) and
Noncompliance

The DSS does not have adequate procedures for preparation of the annual CSBG program federal financial report (SF-425), and as a result, amounts on the interim SF-425 report were misstated for the federal fiscal year ended September 30, 2018 (FFY18) grant. The DFAS overstated the federal share of unliquidated obligations by about \$7.8 million and understated the unobligated balance of federal funds by about \$7.8 million on this report.

The DSS (1) allocates 90 percent of its annual CSBG program award to 19 subrecipients based on relative percentages of impoverished populations in the areas served by each subrecipient, (2) executes annual federal fiscal year contracts with each subrecipient for the allocation amount plus any unused allocation from the prior year, and (3) distributes funds to the subrecipients based on subrecipient expenditures claimed on monthly invoices. The DSS allocates the remaining 10 percent for DSS administrative costs and contracts with various entities for training and other services. For the FFY18 award, the DSS executed contracts totaling about \$20.6 million to subrecipients and contractors. DSS records indicate the unpaid balances on those contracts as of September 30, 2018, totaled about \$3.8 million. This includes about \$2.2 million in unpaid invoices and about \$1.6 million in costs not yet billed to the DSS that the DSS included as carry forward funds in subsequent contracts for the applicable subrecipients and contractors.

Rule 45 CFR Section 75.341 requires the DSS to prepare and submit federal financial reports as required by the terms of the federal award, but not less than annually. The terms of the CSBG program award require the DFAS to complete an interim SF-425 report covering the first year of the grant period and a final report covering the entire 2-year grant period. To prepare the SF-425 report, the DFAS must record the total federal funds authorized, the federal share of expenditures, and the federal share of unliquidated obligations. The remaining unobligated balance of federal funds is automatically calculated as federal funds authorized less expenditures and unliquidated obligations. Rule 45 CFR Section 75.2 defines unliquidated obligations as the unpaid balance on contracts and subawards.

On the FFY18 grant interim SF-425 report, the DFAS reported unliquidated obligations as the total unspent FFY18 grant award of \$11.6 million rather than the total unpaid FFY18 contract amounts of \$3.8 million. By incorrectly reporting unliquidated obligations as the unspent FFY18 grant award, the DFAS overstated unliquidated obligations and understated the resulting unobligated balance at September 30, 2018, by about \$7.8 million. A CSBG State Assessment review performed by the DHHS, Administration for Children and Families, Office of Community Services, released in April



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2019, similarly questioned the accuracy of amounts reported in federal reports.

It is essential the data reported in CSBG program federal financial reports is accurate to properly reflect the status of the grant. Rule 45 CFR Section 96.30(a) requires the DSS to establish fiscal controls and accounting procedures sufficient to permit preparation of the required reports.

Recommendation

The DSS through the DFAS establish controls and procedures to ensure CSBG program federal financial reports are accurately prepared in accordance with federal requirements. In addition, the DSS should review, revise, and resubmit previously submitted inaccurate federal reports.

Auditee's Response

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

Auditor's Comment

The DSS Corrective Action Plan states the DSS disagrees with the finding because the difference between records referenced in the finding is due to the accounting methodology for drawing and disbursing funds. However, as explained to DSS officials at the audit exit meeting held on February 18, 2020, the misstatements identified in the finding were not due to the manner in which the funds were drawn and disbursed, but rather were due to reporting unliquidated obligations as the unspent grant award amount instead of the unpaid contract amounts on the federal report. Therefore, this finding is valid.

**2019-005.
Medicaid and CHIP
MAGI-Based Participant
Eligibility**

| | |
|-------------------|---|
| Federal Agency: | Department of Health and Human Services |
| Federal Program: | 93.767 Children's Health Insurance Program 2018 - 1805MO5021 2019 - 1905MO5021 93.778 Medical Assistance Program 2018 - 1805MO5MAP and 1805MO5ADM 2019 - 1905MO5MAP and 1905MO5ADM |
| State Agency: | Department of Social Services (DSS) - MO HealthNet Division (MHD) and Family Support Division (FSD) |
| Type of Finding: | Internal Control (Material Weakness) and Noncompliance |
| Questioned Costs: | \$2,832 |

The DSS does not have sufficient controls to ensure compliance with eligibility redetermination requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). In addition, the DSS does not have sufficient controls to ensure the eligibility status is updated in the claims payment system when participants are determined to be ineligible for benefits. Of the approximately



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907,000 Medicaid and CHIP participants as of June 30, 2019, approximately 600,000 (66 percent) were MAGI-based participants.

To ensure MAGI-based participants continue to be eligible for benefits, 42 CFR Section 435.916 requires a redetermination of eligibility once every 12 months, or when circumstances affecting a participant's eligibility changes.

The Medicaid Eligibility Determination and Enrollment System (MEDES), implemented in January 2014, tracks eligibility information for MAGI-based participants, including redetermination due dates; and in some cases, performs redeterminations. Other redeterminations are performed manually by FSD eligibility specialists. Eligibility information is transferred from the MEDES into the Medicaid Management Information System (MMIS), the Medicaid claims payment system, nightly. MEDES operations have been problematic since implementation and the DSS continues to address system errors. DSS officials stated various system errors occurred in the initial years and DSS personnel made manual overrides to individual cases in the system to correct certain errors. However, some overrides led to additional errors and problems. DSS officials indicated the initial system errors have been resolved, but they have not identified and corrected all of the cases for which manual overrides were made.

To test compliance with eligibility requirements, we reviewed eligibility documentation for 60 MAGI-based participants, of which 45 participants required a redetermination during the year ended June 30, 2019. Medicaid and CHIP capitation and fee for service payments totaling approximately \$182,500 were made on behalf of these 60 participants during the year ended June 30, 2019. We identified 4 participants for which eligibility redeterminations were not performed as required and 1 ineligible participant for which the case was not closed in the MMIS. These errors represent approximately 9 percent (4 of 45) and 2 percent (1 of 60) of the participants reviewed. If similar errors were made on the remaining population of MAGI-based participants, errors and related questioned costs could be significant.

Eligibility redeterminations

For 2 of the 4 participants, the DSS did not perform the required eligibility redeterminations. One participant was last determined eligible in April 2015 and the other participant was last determined eligible in January 2017. For the 2 other participants, the eligibility redeterminations were initiated between 2 months and 2 years after they were due. DSS officials indicated the redeterminations were not performed as required for these 4 participants due to various system errors and limitations. For example, prior to June 2018, the system did not automatically initiate the redetermination process for some cases. In addition, DSS officials explained there was a period of time when the MEDES was incorrectly closing some cases before a redetermination could be performed. To prevent affected cases from being closed, DSS personnel manually overrode system controls. However, once the system



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errors were corrected, the DSS did not remove the previously-established system overrides, which prevented the system from identifying the cases as needing redeterminations. Medicaid capitation and fee for service payments made during the year ended June 30, 2019, on behalf of the 2 participants for which eligibility redeterminations were not performed, totaled \$4,344. We question the federal share, or \$2,832 (65.20 percent).

Incorrect eligibility status

We identified 1 participant who became ineligible for MAGI-based benefits in 2016; however, a MEDES system error prevented the participant's MAGI-based eligibility case from being closed in the MMIS and the case was still open as of December 2019. As a result, the MMIS would have paid claims on behalf of this individual. However, because no payments occurred for this individual as a result of MAGI-based eligibility, there are no questioned costs.

Conclusions

The failure to implement adequate internal controls to ensure annual eligibility redeterminations are performed as required and participants' eligibility statuses in the MMIS are accurate can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which are unallowable costs of the federal program. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required and that participants' eligibility statuses in the MMIS are accurate. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

Auditee's Response

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2019-006.
Medicaid Nursing Facility
Audits

| | |
|------------------|---|
| Federal Agency: | Department of Health and Human Services (DHHS) |
| Federal Program: | 93.778 Medical Assistance Program 2018-1805MO5MAP and 1805MO5ADM 2019-1905MO5MAP and 1905MO5ADM |
| State Agency: | Department of Social Services (DSS) - MO HealthNet Division (MHD) |
| Type of Finding: | Internal Control (Material Weakness) and Noncompliance |

The MHD has not established adequate internal controls to ensure audits of financial records of nursing facilities participating in the Medical Assistance Program (Medicaid) are conducted as required. During the year ended



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June 30, 2019, the MHD made payments totaling approximately \$1.1 billion to over 500 nursing facility providers on behalf of Medicaid recipients.

In the Missouri Medicaid State Plan (State Plan), the DSS provided assurances and outlined procedures designed to collect uniform cost reports from each participating provider and to provide for periodic audits of financial and statistical records of participating providers.

Cost report audits

The MHD has not established a plan for providing periodic audits of cost reports or other provider financial information of participating providers, and only a few cost report audits have been performed in recent years. Cost reports serve as the primary method for nursing facilities to provide financial information to the MHD.

The State Plan, Attachment 4-19D, Findings and Assurances, states the MHD requires the filing of uniform cost reports by each participating provider and provides for periodic audits of the financial and statistical records of the providers. However, the MHD has not established a methodology for determining when audits are to be conducted.

According to MHD records, 0, 14, and 4 cost report audits were performed during each of state fiscal years 2019, 2018, and 2017, respectively. During the 3-year period, cost report audits covered less than 4 percent of the total nursing facility providers. Furthermore, the most recently completed audits (performed in fiscal year 2018) covered cost reports for fiscal years ended in 2016 and 2013.

MHD officials indicated they have outsourced cost report audits to a contractor for future periods. They also indicated they believe they have complied with the cost report audit requirements because they conducted audits in the past. They also stated they believe cost report audits are not necessary since the MHD does not use the cost reports to set rates and the federal regulations do not specifically require audits of cost reports. However, to ensure compliance with State Plan requirements, the MHD needs to establish and follow a plan for performing audits of cost reports or other financial information.

Independent audits

During the year ended June 30, 2019, the MHD did not ensure required independent financial audit reports were received for any of the facilities that began participating in the Medicaid program during the previous 2 years. The MHD's log of independent audits received showed no independent audits were received during fiscal year 2019.

The State Plan, Attachment 4-19D, page 36 (10)(D.4) requires nursing facilities in the first 2 full fiscal years of participation in the Medicaid program have an annual audit of the financial records used to prepare the annual cost reports. The audits are required to be performed by an



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independent certified public accountant in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards. DSS officials did not provide an explanation for not ensuring the independent audits were received.

Conclusions

To ensure compliance with the State Plan, the MHD should establish internal controls over required audits. When providers do not have periodic audits, there is an increased risk the submitted cost reports are not accurate and complete. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the MHD establish and enforce a plan for periodic audits of cost reports or other financial information of nursing facilities and ensure independent audits are obtained in accordance with the State Plan.

Auditee's Response

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Auditor's Comment

The DSS Corrective Action Plan (CAP) asserts the State Plan, Attachment 4-19D, referenced in the finding, is not part of the State Plan because the federal legislation that previously required the filing of cost reports and audits was repealed in 1997. However, this attachment is included in the State Plan document and 42 CFR Section 430.12(c)(1)(i) requires the State Plan to provide it will be amended whenever necessary to reflect changes in federal law, regulations, policy interpretations, or court decisions. The DSS has acknowledged no State Plan amendments have been submitted to the DHHS - Centers for Medicare and Medicaid Services to reflect the 1997 changes to the federal law.

The DSS CAP includes additional inaccurate claims: (1) The DSS CAP lists various audits and reviews performed by the DSS; however, those audits and reviews were of statistical reports or limited financial information. Currently, cost reports are the only method for reporting of complete financial information. (2) The DSS CAP states the DSS provided auditors documentation that the DSS performed 5 (instead of 0) cost report audits and received independent audits for 2 (instead of 0) new facilities during the year ended June 30, 2019. However, the DSS did not provide appropriate evidence for any of these audits. These audits were not listed in the log of audits provided to auditors on August 8, 2019, and DSS officials did not provide complete records in response to discussions with auditors about the errors on December 12, 2019, February 11, 2020, and March 2, 2020. Even if auditors were provided these records, the DSS would not have demonstrated



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compliance with the State Plan as the majority of the nursing facilities still have not had a cost report audit. Because the DSS failed to comply with the State Plan, the finding is valid.

2019-007.
Medicaid Developmental
Disabilities
Comprehensive Waiver
Per Diem Rates

Federal Agency: Department of Health and Senior Services (DHHS)
Federal Program: 93.778 Medical Assistance Program
2018-1805MO5MAP and 1805MO5ADM
2019-1905MO5MAP and 1905MO5ADM
State Agency: Department of Mental Health (DMH) - Division of
Developmental Disabilities (DD)
Type of Finding: Noncompliance
Questioned Costs: \$244,757

As noted in our prior four audit reports,⁹ the DD continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services (HCBS), Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver program.

The DD with its six habilitation centers and five regional offices is responsible for the direct administration of various Medical Assistance Program (Medicaid)-funded HCBS programs for children and adults with disabilities, including the Comprehensive Waiver program. Various types of services are allowed under the waiver, including residential habilitation services provided to 1,609 participants in group homes and 5,116 participants served by individualized supported living (ISL) providers during the year ended June 30, 2019. Residential habilitation services include care, supervision, and skills training in activities of daily living, home management, and community integration. Providers are paid a per diem rate for each participant receiving these services, based on the individual's needs. Certain costs, such as room and board, are not allowed to be included in per diem rates under the waiver program. During the year ended June 30, 2019, per diem payments for group home services totaled approximately \$132 million, and per diem payments for ISL services totaled approximately \$599 million.

In October 2013, the DD began phasing in acuity-based per diem rates to replace historical rates for residential habilitation services, and renewed the Comprehensive Waiver in July 2016 to include the new rates. However these acuity-based per diem rates were not fully phased in as of June 30, 2019.

⁹See single audit reports at <<https://app.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=35>>, finding numbers 2018-014, 2017-017, 2016-006, and 2015-015.



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Payments at the historical per diem rates are expressed as a percentage of the acuity-based rates, but some of these rates exceed 100 percent of the acuity-based rate. For participants who received residential habilitation services during the year ended June 30, 2019, DD officials indicated the DMH paid acuity-based per diem rates for approximately 97 percent of the participants in group homes and approximately 33 percent of the participants in ISL placements, and historical per diem rates for the remaining 3 percent and 67 percent, respectively. DMH officials indicated the per diem rates for the remaining group homes are expected to be standardized by 2021. A corrective action plan approved by the federal DHHS - Centers for Medicare and Medicaid Services (DHHS-CMS), Division of Medicaid Field Operations - North in June 2019, states the rates for ISL providers are planned to be fully implemented by 2024.

To test compliance with various Comprehensive Waiver program requirements, we tested 60 payments to service providers during the year ended June 30, 2019. Of these 60 payments, 25 were to ISL providers, and 16 were to group homes for habilitation services. The DD did not retain documentation to support per diem rates, paid at historical rates exceeding acuity-based rates, for 2 of the 16 group home habilitation service payments tested. The DD retained the group home individual plans of care and cost of living allowance (COLA) notices supporting some per diem rate increases. However, these documents did not show how the rates were originally determined or what costs were included in the per diem rates. The remaining 25 ISL and 14 group home payments were based on acuity-based per diem rates or historical rates that were less than or equal to acuity-based rates. Payments to providers for habilitation services provided to the 2 participants during the year ended June 30, 2019, for which the historical per diem rates were not supported or exceeded acuity-based rates, totaled \$375,336. We question the federal share, or \$244,757 (65.21 percent).

Audits performed by the DHHS - Office of Inspector General (DHHS-OIG), *Missouri Claimed Unallowable and Unsupported Medicaid Payments for Group Home Habilitation Services*, released in August 2015, and *Missouri Claimed Unallowable and Unsupported Medicaid Payments for Individualized Supported Living Habilitation Services*, released in March 2016, noted similar concerns with unsupported per diem rates for some group home payments and noted some ISL payments included unapproved and unallowable costs.

In July 2018, the DHHS-CMS, Division of Medicaid and Children's Health Operations issued a decision letter stating it did not concur with our fiscal year 2017 audit finding because the DMH changed to the acuity-based rate-setting method for residential habilitation per diem rates, effective July 2016. However, as noted above, payments to providers for those participants that have not been transitioned from the historical per diem rates to the acuity-



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based per diem rates, are not adequately supported and documented as required by federal regulations. Similar errors of noncompliance will likely continue until all participants are transitioned to the acuity-based rate model.

Without proper documentation of the payment rates, the DD cannot demonstrate that payments based on these rates are proper and only include allowable costs. Rule 42 CFR Section 447.203(a) states "[t]he agency must maintain documentation of payment rates. . . ." Rule 2 CFR Section 200.403(g) states costs must be adequately documented to be allowable. Also, the approved DD Comprehensive Waiver Program Application, Appendix I: Financial Accountability, section I-2(e), states "[r]ecords documenting the audit trail of adjudicated claims (including supporting documentation) are maintained by the Medicaid agency, the operating agency (if applicable), and providers of the waiver services for a minimum period of 3 years." Adequate documentation of habilitation services per diem rates is necessary to ensure compliance with the federal requirements related to the Comprehensive Waiver program and to ensure only allowable costs are included in the per diem rates.

Recommendation

The DMH through the DD continue to transition all per diem rates paid to providers for residential habilitation services provided under the Comprehensive Waiver program from historical rates to acuity-based rates and ensure documentation to support per diem rates is maintained as required.

Auditee's Response

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

Auditor's Comment

The DMH Corrective Action Plan states the DMH disagrees with the finding because all existing rates are now a factor of a rate study, the rate study serves as the documentation for all residential rates paid, and any other forms of documentation are irrelevant. However, as stated in the finding, payments to providers for any participants at historical per diem rates that exceed 100 percent of amounts calculated using the rate study are not adequately supported and documented, as required by federal regulations. Therefore, this finding is valid. Similar errors of noncompliance will likely continue until all participants are at or below 100 percent of the amounts calculated using the approved rate methodology.

2019-008.
MVC SEFA

| | |
|------------------|---|
| Federal Agency: | Department of Veterans Affairs |
| Federal Program: | 64.015 Veterans State Nursing Home Care |
| State Agency: | Missouri Veterans Commission (MVC) |
| Type of Finding: | Internal Control (Significant Deficiency) and Noncompliance |

The MVC's controls and procedures related to the preparation of the schedule of expenditures of federal awards (SEFA) were not sufficient; and as a result,



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expenditures reported on the MVC SEFA submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the statewide SEFA for the year ended June 30, 2019, were misstated. If the misstatement had not been identified during the audit, Veterans State Nursing Home Care program expenditures would have been overstated by approximately \$758,000 in the statewide SEFA as shown below:

| Reported Expenditures | Actual Expenditures | Overstated |
|-----------------------|---------------------|------------|
| \$73,197,173 | \$72,439,625 | \$757,548 |

The errors resulted from the incorrect compilation of per diem reimbursements from Statewide Advantage for Missouri (SAM II) Financial system records. Although the MVC SEFA stated expenditures were reported on the accrual basis of accounting, which was the MVC's practice in prior years; expenditures were actually reported on the cash basis of accounting. By reporting on the cash basis, June 2018 per diem reimbursements received in July 2018 were included and June 2019 per diem reimbursements received in July 2019 were not included, overstating reported expenditures by \$134,940. Similarly, all retroactive per diem reimbursements received during state fiscal year 2019 were included, instead of only those related to state fiscal year 2019 services, overstating reported expenditures by an additional \$622,608. In total, these errors resulted in the overstatement of federal expenditures by \$757,548. The errors occurred without detection due to (1) staff turnover, (2) the absence of documented procedures for preparing the SEFA, and (3) inadequate review procedures. After we notified the MVC of these errors, the MVC submitted a revised SEFA to the DOA, and the DOA included the revised amount in the statewide SEFA.

Rule 2 CFR Section 200.510(b) requires the recipient of federal awards to prepare a SEFA including federal awards expended for each federal program. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." Effective internal controls should include procedures to ensure federal expenditures are accurately reported on the SEFA.

Recommendation

The MVC implement controls and procedures to prepare and submit an accurate SEFA to the DOA.

Auditee's Response

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.



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**Additional State Auditor's
Reports**

The Missouri State Auditor's Office regularly issues audit reports on various programs, agencies, and divisions of the state of Missouri. Audit reports may include issues related to the administration of federal programs. We reviewed the reports issued from April 2019 to March 2020 and noted there were no reports that relate to a federal program and were required to be reported in the Schedule of Findings and Questioned Costs in accordance with the Uniform Guidance.

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Summary Schedule of Prior Audit Findings

Year Ended June 30, 2019

The Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings included in the prior audit's Schedule of Findings and Questioned Costs. The schedule is also to report the status of findings included in the prior audit's Summary Schedule of Prior Audit Findings, except those that were corrected, no longer valid, or not warranting further action.

The Uniform Guidance requires the auditor to follow up on prior audit findings; perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and report, as a current year audit finding, when the auditor concludes the schedule materially misrepresents the status of any prior audit finding.



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Michael L. Parson
Governor



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Commissioner

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Stacy Neal
Director

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

The Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings included in the prior audit's Schedule of Findings and Questioned Costs. The Schedule is also to report the status of findings included in the prior audit's Summary Schedule of Prior Audit Findings, except those that were corrected, no longer valid, or not warranting further action.

The attached documents are the Summary Schedule of Prior Audit Findings for the year ended June 30, 2019, and includes all findings from the audit for the Fiscal Year ended June 30, 2018, and certain similar findings from the audits for the Fiscal Years ended June 30, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010.

These documents were prepared by the applicable State agencies as noted with each prior year finding.



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2018-001. Department of Revenue Financial Reporting Controls

State Agency: Department of Revenue (DOR)

The DOR did not have adequate controls and procedures over financial reporting of sales and use tax accounts receivables following the implementation of a new computerized system in September 2017. As a result, sales and use tax accounts receivable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the *Missouri Comprehensive Annual Financial Report* for the year ended June 30, 2018, was misstated. In addition, the data was not submitted to the DOA timely.

Recommendation:

The DOR implement controls and procedures to prepare and submit accurate and timely financial reports to the DOA.

Status of Finding:

The Department implemented procedures and controls to submit accurate and timely financial reports to the DOA.

Contact Person: Nancy Holtschneider

Phone Number: 751-5236



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2018-002. Department of Corrections SAM II User Account Controls

State Agency: Department of Corrections (DOC)

The DOC did not establish adequate controls to ensure Statewide Advantage for Missouri (SAM II) Financial system users at the DOC were prevented from approving transactions they created without independent review or approval.

Recommendation:

The DOC establish procedures to restrict SAM II Financial system users from approving expenditure transactions they create.

Status of Finding: Corrective action was taken.

Contact Person: Gil Long
Phone Number: 573-526-3258



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2018-003. Department of Social Services SAM II User Account Controls

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DSS-DFAS did not establish adequate controls to ensure Statewide Advantage for Missouri (SAM II) Financial system users at the DSS were prevented from approving transactions they created without independent review or approval.

Recommendation:

The DSS through the DFAS establish procedures to restrict SAM II Financial system users from approving expenditure transactions they create.

Status of Finding:

Completed. Monthly reviews are conducted to ensure system controls are also in place to prevent a user from approving transactions they create.

Contact Person: Gina Jacobs/Theresa McDonald
Phone Number: 751-2171



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2018-004. Adoption Assistance Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 Adoption Assistance
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Division of
Finance and Administrative Services (DFAS)
Questioned Costs: \$28,963 (2018)

DSS controls over eligibility were not sufficient to prevent and/or detect payments made on behalf of ineligible children. The CD made payments on behalf of ineligible children, and could not provide documentation to demonstrate that another child met the various program eligibility requirements. Some adoption subsidy agreements were not signed and in effect prior to or at the date of adoption; and for some agreements, the CD Director's signature date was apparently backdated.

Recommendation:

The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to adoption and ensure eligibility determinations are proper, documented, and retained. In addition, the DSS should review and correct the eligibility for the children identified in this finding.

Status of Finding:

Since the audit findings from the 2018 audit, CD and DFAS have strengthened and enforced policies and procedures regarding Adoption Assistance eligibility determinations by completing the following steps. A Practice Alert was sent out to appropriate CD staff and FCCM contractors regarding the policy implemented in May of 2008 clarifying initial adoption agreements and subsequent amendments shall not be backdated. Training for new and current staff to assure service start dates are after the date of the director's signature on the agreements are ongoing. This is relayed through one on one phone calls and emails, as well as information on meeting agendas with subsidy staff as appropriate. CD Central Office staff have worked hand in hand with DFAS staff to enforce these policies and procedures through communication and teamwork. Training with the IV-E Eligibility Analysts on criteria for applicable/non-applicable children for the adoption subsidy determination has been provided through supervisors. Eligibility segments and payments were corrected for the youth identified in the finding.

Contact Person: Amy Martin and Jodi Lodewegen
Phone Number: 573-751-2542



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2018-005A. Department of Social Services Public Assistance Cost Allocation Plan

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
 93.659 Adoption Assistance
 93.558 Temporary Assistance for Needy Families
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative
 Services (DFAS)

The DFAS did not have a documented system of internal controls to ensure the contractor properly designed the AlloCAP system to provide for accurate, allowable, and proper allocations in accordance with the proposed public assistance cost allocation plan (PACAP). In addition, the DFAS did not implement procedures to document changes made to the proposed PACAP or the AlloCAP system or approval of such changes, and did not document procedures to test the changes for accuracy and consistency with the proposed PACAP.

Recommendation:

The DSS through the DFAS implement controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include policies and procedures, a log of changes to the PACAP and the AlloCAP system, and documentation of approvals and testing of system changes.

Status of Finding:

The DSS disagrees with this recommendation.

Audit Requirements for Federal Awards are covered under 2 CFR 200. Under section 200.516 subpart 7, auditors are required to indicate whether an audit finding represents an isolated instance or a systematic problem. Instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

As noted in the audit finding, the sample selected included 14 cost centers allocated during the quarter ending March 31, 2018 and for every cost center examined, it was determined that all costs were supported and allocated in accordance with the proposed PACAP. No deviations were found in the tested sample to support that the DSS did not effectively design, implement, or put controls in place to prevent detection of non-compliance.

In addition to the successful results of the tested sample supporting DSS' position, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated.

Effective October 1, 2017, the DSS transitioned from utilizing an indirect cost rate methodology allocated manually on a spreadsheet to implementing a PACAP to directly allocate through cost pools which is allocated systematically in a proprietary cost allocation system. Implementation of a thoroughly documented PACAP coupled with the AlloCAP system supports that DSS has strengthened internal controls and procedures. Additionally, the DSS has provided documented evidence to support the internal controls and procedures over PACAP and AlloCAP which includes but is not limited to: (1) All changes made to the PACAP narrative are submitted in track changes



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format to Cost Allocation Services (CAS) for review and evaluation by federal partners; (2) The submitted PACAP narrative is provided to the Grants Unit in addition to a summary of the quarterly changes which is prepared by the Cost Allocation Manager to assist the Grants Unit in ensuring that AlloCAP matches the PACAP narrative exactly; (3) The AlloCAP manual outlining procedures for the quarterly cost allocation process; (4) Grant approval tracking sheets which document all levels of approval for each grant sheet from preparation to submission; and (5) Reports directly from the AlloCAP system showing the allocation methodology matches the PACAP as submitted quarterly.

The DSS' internal controls were and continue to be a component of the successful implementation of the PACAP and AlloCAP system in order to ensure accuracy and compliance with federal requirements as supported by the sample results reviewed under this audit.

The DSS can provide the documented evidence to support the internal controls and procedures over PACAP and AlloCAP again if needed.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2542



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2018-005B. Department of Social Services Public Assistance Cost Allocation Plan

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
93.659 Adoption Assistance
93.558 Temporary Assistance for Needy Families
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DFAS did not include an estimated cost impact analysis in the proposed public assistance cost allocation plan (PACAP), as required by federal regulations.

Recommendation:

The DSS through the DFAS prepare and submit an estimated cost impact analysis as part of the PACAP, as required by federal regulations.

Status of Finding:

The DSS disagrees with this finding; however, the DSS has already corresponded with Cost Allocation Services (CAS) regarding submission of cost impact statements.

As noted in the audit finding, the PACAP narrative states that the DSS will notify the CAS of any significant funding changes as a result of the proposed PACAP implementation. The cost impact statements were submitted to CAS on August 22, 2019 as promised via previous correspondence with CAS.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2542



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2018-006. Child Care Eligibility Case Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)

The DSS did not ensure monthly supervisory case reviews were completed as required for FSD eligibility specialists who perform eligibility determinations of households participating in the Child Care Development Fund (Child Care) subsidy program. Also, the case review policy did not require that case reviews be completed timely.

Recommendation:

The DSS through the CD and the FSD ensure monthly supervisory case reviews are performed as required by DSS policy and strengthen the policy to indicate when the reviews should be performed.

Status of Finding:

Effective July 1, 2019, the Child Care Case Review policy was updated through a memorandum to all FSD staff to clarify when Eligibility Specialist Supervisors need to complete case reviews. In the department's corrective action plan to this finding, there was reference to DSS sending an "All About Child Care" email reminder to Eligibility Specialist Supervisors to complete required case reviews. This email reminder was not sent because the updated policy required review by all supervisors in lieu of sending an email.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294



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2018-007. Child Care Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and
Development Fund
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Family
Support Division (FSD)
Questioned Costs: \$586 (2018)
Similar Findings: 2017-010, 2016-002A, 2015-002, 2014-005, 2013-009, 2012-11A&B, 2011-14A,
and 2010-16A

DSS controls over Child Care Development Fund (Child Care) subsidy provider payments were not sufficient to prevent and/or detect improper payments to child care providers. The DSS had only limited procedures to monitor payments to providers, and overpayments were made to some providers.

Recommendation:

The DSS through the CD and the FSD continue to review, strengthen and enforce policies and procedures regarding Child Care subsidy provider payments. These procedures should include sufficient monitoring of provider payments and follow up on errors identified.

Status of Findings:

The Child Care Business Information Solution (CCBIS) will replace paper attendance records and will capture attendance electronically. This will allow for greater control of attendance tracking, invoicing, and monitoring for provider compliance. The CCBIS is scheduled to be delivered to all child care providers by March 31, 2020 and will be fully implemented by June 30, 2020.

Claims have been entered or adjustments have been made for agreed upon unallowable costs.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294



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2018-008. Child Care Provider Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Similar Findings: 2017-011 and 2016-002B

The DSS' procedures to follow up on provider noncompliance identified during Child Care Review Team (CCRT) reviews were not sufficient. The CCRT and the CD did not have established criteria or guidance for determining the type and extent of follow-up action, if any, to address identified provider noncompliance. For some reviews that appeared to require follow up, the CCRT required the providers to repay the overpayments, but took no further action to address the provider noncompliance, such as referring the provider to the CD for training or other corrective action, or conducting a follow-up review in a timely manner.

Recommendation:

The DSS through the DFAS and the CD continue to strengthen and enforce procedures to ensure proper follow up on noncompliance identified during CCRT reviews is performed.

Status of Findings:

The CCRT had previously established the following procedures:

- Notify all child care providers of new future monitoring and follow-up processes.
- Update entrance letters to clarify requirements for submitting attendance records to the DSS.
- If the review finds error rates of 5% or more, DSS's notification letter to the provider references Educare training as an option to be completed within 45 days of the date of the letter.
- A follow up review will be conducted of the first full month's records following the 45-day Educare option provided in the decision letter.
- If the provider has an error rate in excess of 5% in the follow up desk review (FUDR), an additional follow up will be conducted.
- If the provider has an error rate in excess of 5% after second follow up desk (FUDR2) review, the provider will be referred to Early Childhood and Prevention Services Section for corrective action.

In addition to what the DSS had previously stated in their corrective action plan, new tools and entrance letters were developed to be effective July 1, 2019.

Currently the CCRT has assigned or completed 1,087 provider reviews from July 1, 2018 to present. Thirty provider reviews are now pending for the FUDR2 at which time if they are over the 5% they will be referred to Early Childhood and Prevention Services Section.

Contact Person: Brenda Labella
Phone Number: 573-526-6806



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2018-009. Foster Care Case Management Contract Payment Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Questioned Costs: \$172 (2018)

The DFAS did not establish adequate internal controls to ensure certain Foster Care assistance payments to foster care case management (FCCM) contractors were allowable and adequately supported.

Recommendation:

The DSS through the CD and the DFAS strengthen monitoring controls and procedures over FCCM contractor payments to ensure costs claimed to the Foster Care program as assistance payments are allowable and adequately supported. Detailed reviews of data submitted by the FCCM contractors should include reviews of foster care payment rates and supporting documentation.

Status of Finding:

The DSS disagrees with this recommendation.

The Foster Care payment was allowable as the child was IV-E eligible and in a reimbursable placement. The rate paid should have been slightly less due to the child's age. This occurred due to timing of system changes with the FCCM and is a unique instance. Based on the finding, the selected sample population of \$271,000 included 60 items of which \$50,700 and 9 children correspond to FCCMs. The sample identified \$266 (\$172 federal share) of questioned costs pertaining to FCCMs which results in a potential deviation of 0.10% of the total and 0.52% corresponding to FCCMs and is deemed by the DSS to be immaterial. In addition to the immateriality of questioned costs, the DAB upheld that FCCMs are a contractor of the DSS pursuant to decision 2681. In accordance with the DAB decision, the DSS will not request documentation from FCCMs for review that would be required of a subrecipient as doing so would be imposing extraneous requirements of contractors. As evidenced by the sample tested under this audit, the DSS has demonstrated sufficient monitoring controls and procedures over FCCM contractor payments to ensure accuracy and compliance with federal requirements.

Additionally, child placement and IV-E eligibility are not uploaded to the system by the vendor. Placement and eligibility for all children in the care of Children's Division are housed in the same area of the system regardless of internal versus external case management.

Payment data for children case managed by a FCCM is uploaded to the state's system. Once payments are uploaded, the data runs through case management and eligibility code to determine the payment fund to assign. The system is programmed to only allow a IV-E Foster Care claim if the child is determined to meet Title IV-E eligibility criteria and is in an allowable placement to Title IV-E. Therefore, payments for foster care could only be claimed to the grant if the child was in a foster home setting where a family would receive a payment to meet the needs of the child(ren) in their care and if both the child and the placement were eligible.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2542



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2018-010. TANF Work Participation Sanctions

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families (TANF)
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: \$171 (2018)

The FSD did not have adequate controls to ensure TANF program recipients who failed to meet work participation requirements were sanctioned. The FSD's procedures to monitor subrecipients responsible for referring TANF program recipients to the FSD for failure to meet work participation requirements were not sufficient; and as a result, a recipient was not sanctioned and continued to receive full benefits.

Recommendation:

The DSS through the FSD continue to review, strengthen, and enforce controls to ensure TANF program recipients who fail to meet work participation requirements are sanctioned as required, or referred to the FSD for exemption.

Status of Finding:

The DSS disagrees with this audit finding. Although it is important to continue to review, strengthen, and enforce controls regarding TANF work participation sanctions, the DSS asserts the amounts referenced in this finding are immaterial. Regarding the immateriality, there was an error rate of less than 2% regarding the costs under review and an error rate of 5% regarding the cases under review.

The DSS agrees that internal controls are imperative to reducing errors and has successfully implemented controls to ensure clients are timely sanctioned. While the TANF regulations do not provide a threshold or an acceptable error rate, this is below what is required in other programs.

Contact Person: Jeriane Jaegers-Brenneke
Phone Number: (573) 751-1078



State of Missouri - Single Audit
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2018-011. TANF Subrecipient Risk Assessments

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families (TANF)
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Family Support Division (FSD)

The DSS did not prepare risk assessments for some TANF program subrecipients to determine the nature, timing, and extent of monitoring procedures. DFAS and FSD subrecipient monitoring procedures were not based on documented risk assessments.

Recommendation:

The DSS through the DFAS and the FSD strengthen controls and procedures to ensure evaluations of each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed and used for monitoring decisions as required by federal regulations.

Status of Finding:

The DSS continues to perform risk based monitoring of subrecipients in accordance with Uniform Guidance. In addition, DSS has developed a standardized process to document risk assessments performed and is working to implement this process across the department.

Contact Person: Alicia Kolb
Phone Number: 573-751-2432



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2018-012. VOCA Subrecipient Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 16.575 Crime Victim Assistance (CVA)
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DFAS did not perform monitoring reviews in accordance with its monitoring policy for the CVA program, also known as the Victims of Crime Act (VOCA) program.

Recommendation:

The DSS through the DFAS ensure VOCA program subrecipients are monitored in accordance with the monitoring policy.

Status of Finding:

DSS updated policy and completed all onsite monitoring on or before 9/30/19 as required by OJP.

Contact Person: Kristin Morgan
Phone Number: (573) 522-3730



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2018-013. MO HealthNet Division Provider Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD) and
Missouri Medicaid Audit and Compliance (MMAC)
Similar Findings: 2017-013 and 2016-003A

The DSS did not establish effective internal controls over and did not fully implement federal revalidation requirements for providers participating in the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). As of June 30, 2018, the DSS had not performed required revalidations for 48 percent of Medicaid and CHIP providers requiring revalidation.

Recommendation:

The DSS through the MHD and MMAC continue to implement internal controls designed to ensure Medicaid and CHIP provider revalidations are performed every 5 years as required by federal regulations.

Status of Findings:

During SFY-2019, MMAC contracted with the state Medicaid Management Information System (MMIS) fiscal agent to develop a provider revalidations portal in the same system providers use to submit their electronic claims to MHD. The electronic portal became operational on January 7, 2019. The new portal allows providers to electronically update their enrollment information and upload any needed documentation. The portal allows the MMAC Provider Enrollment Unit (PEU) to process revalidations applications more quickly and without duplicate data entry.

During SFY-2019, MMAC completed revalidations for 18,703 MHD providers. MMAC also deactivated the MHD enrollments of 7,239 providers who did not respond to revalidation requests or submit required information. As of June 30, 2019, MMAC had eliminated the backlog of overdue provider revalidations.

There were 284 enrolled organizational providers who had not completed the revalidation process and were scheduled to be deactivated on June 30, 2019, but were left in an active status at the request of Department of Health and Senior Services, Division of Senior and Disability Services, Department of Mental Health, and MHD due to legitimate "access to care" issues. The MMAC PEU continued to work with those providers to promptly complete their revalidation applications.

Prior to September 2016, MMAC had already implemented monthly eligibility screening and monitoring requirements, the collection of enrollment application fees, fingerprint-based criminal history checks, and assignment of provider risk categories. MMAC had also notified all active providers of the revalidation requirements prior to September 2016 and posted MMAC's revalidation schedule on its website.

Although the DSS did not revalidate all providers prior to September 24, 2016, during the period from September 24, 2016 to June 30, 2019 all of the 60,000+ enrolled MHD providers (including those that had not been revalidated) were screened monthly against more federal and state databases than are required by Centers for Medicare and Medicaid Services to verify their continued eligibility to participate in the Medicaid program.

Contact Person: Dale Carr
Phone Number: 573-751-5296



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2018-014. Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Mental Health (DMH) - Division of Developmental Disabilities (DD)
Questioned Costs: \$732,022 (2018)
Similar Findings: 2017-017, 2016-006, and 2015-015

The DD continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver Program.

Recommendation:

The DMH through the DD continue to transition all per diem rates paid to providers for residential habilitation services provided under the Comprehensive Waiver program from historical rates to acuity-based rates, ensure documentation to support per diem rates is maintained as required, and ensure the rates only include allowable costs.

Status of Findings: The Centers for Medicaid and Medicare (CMS) has notified the Division that it is suspending a disallowance for this finding pending completion of a corrective action plan that has been approved for the Division of Developmental Disabilities. The result of the correction action plan will be to align rates paid to providers with the approved rate methodology for this service.

Contact Person: Gary Schanzmeyer
Phone Number: 573-751-8666



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2018-015A. State Emergency Management Agency Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA fiscal department did not perform risk assessments for all Public Assistance program subrecipients, as required by the Recovery Division Monitoring Policy and the Uniform Guidance. In addition, the policy did not address when subrecipient risk assessments should be performed, and the fiscal department's practice provided for risk assessments that were not effective.

Recommendation:

The SEMA, through the fiscal department ensure evaluations of each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed as required by the Uniform Guidance.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324



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2018-015B. State Emergency Management Agency Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA fiscal department did not monitor all Public Assistance program subrecipients at least annually as required by the Recovery Division Monitoring Policy. In addition, the fiscal department did not use the prepared risk assessments to determine the type of monitoring necessary for each subrecipient.

Recommendation:

The SEMA through the fiscal department review, strengthen, and enforce policies and procedures regarding subrecipient monitoring.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324



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2018-015C. State Emergency Management Agency Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not establish procedures to ensure Public Assistance program subrecipients minimized the time elapsed between receipt of funds to disbursement of funds for program purposes.

Recommendation:

The SEMA establish controls and procedures to ensure subrecipients comply with SEMA policy and federal regulations requiring subrecipients to minimize the time elapsed between the receipt of federal funds to disbursement of the funds.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324



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2018-016A. State Emergency Management Agency Subrecipient Audits and Awards

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not establish controls and procedures to follow up on subrecipient audit findings of the Public Assistance program. The SEMA did not follow up on or issue management decisions on audit findings as required by federal regulations.

Recommendation:

The SEMA strengthen internal controls and procedures to follow up on subrecipient audit findings related to Public Assistance program awards and issue management decisions for the applicable audit findings as required by federal regulations.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324



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2018-016B. State Emergency Management Agency Subrecipient Audits and Awards

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not establish internal controls to ensure subawards included all federal award information required by federal regulations. The subrecipient award letters did not identify the Catalog of Federal Domestic Assistance (CFDA) number and name as required by federal regulations.

Recommendation:

The SEMA strengthen internal controls and procedures to communicate all required federal award information to subrecipients at the time of the subaward as required by federal regulations.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324



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2018-017. MoDOT Project Closeouts and Final Vouchers

Federal Agency: Federal Highway Administration
Federal Program: 20.205 Highway Planning and Construction
State Agency: Missouri Department of Transportation (MoDOT)
Questioned Costs: \$19,432 (2018)

The MoDOT's procedures related to preparation and review of Highway Planning and Construction program project closeouts and final vouchers were not sufficient to ensure the proper reporting of total project costs and the proper determination of the federal and state/local shares of project costs. As a result, the MoDOT incorrectly reported the costs of 2 projects, causing an overstatement of the federal share of costs for one project and an incorrect allocation of local entity matching funds for another project.

Recommendation:

The MoDOT strengthen project closeout procedures to ensure project costs, including federal and state/local share, are accurately reported on final vouchers.

Status of Finding:

Corrective action was taken.

Contact Person: Todd Grosvenor, Financial Services Director
Phone Number: 573-751-4626



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2018-018. MoDOT Subrecipient Risk Assessments

Federal Agency: Federal Highway Administration
Federal Program: 20.205 Highway Planning and Construction
State Agency: Missouri Department of Transportation (MoDOT)

The MoDOT did not adequately perform and document risk assessments of Highway Planning and Construction program subrecipients (local public agencies (LPAs)), and did not use prepared risk assessments to determine the nature, timing, and extent of monitoring procedures.

Recommendation:

The MoDOT ensure risk of noncompliance with federal statutes, regulations, and terms and conditions of the subaward is assessed on each LPA, and used for monitoring decisions as required by federal regulations. Policies and procedures should be strengthened to define risk assessment criteria; require risk assessments to be completed and documented; and include guidelines for using the risk assessments to determine the nature, timing, and extent of monitoring procedures.

Status of Finding:

The Financial Services, Design, Audits and Investigations, Multimodal, Highway Safety and Traffic, Maintenance and Transportation Planning divisions developed standard procedures for performing and documenting risk assessments of federal program subrecipients (LPAs) and guidelines to determine the nature, timing and extent of monitoring activities. Training was provided to all staff responsible for performing risk assessments and monitoring federal program subrecipients (LPAs).

Contact Person: Todd Grosvenor, Financial Services Director
Phone Number: 573-751-4626

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The Uniform Guidance requires the auditee to prepare a Corrective Action Plan (CAP) for each finding reported in the Schedule of Findings and Questioned Costs. The CAPs were prepared by the management of the applicable state agencies.



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Michael L. Parson
Governor



Sarah H. Steelman
Commissioner

State of Missouri
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Stacy Neal
Director

CORRECTIVE ACTION PLANS

The State of Missouri's Office of Administration, Division of Accounting respectfully submits the following Corrective Action Plans for the findings related to the Statewide Single Audit for fiscal year ended June 30, 2019. Each Corrective Action Plan was prepared by the State agency noted.



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State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2019-001 – Financial Reporting Controls

Name of the contact person responsible for corrective action: Kristen Pattrin

Anticipated completion date for corrective action: Not applicable

Recommendation: The DSS through the DFAS implement controls and procedures to prepare and submit accurate accounts receivable reports to the DOA.

DSS Response: The DSS disagrees with this finding. The Department has internal controls and procedures in place to prepare and submit accurate accounts receivable reports to the Division of Accounting. In fact, the accounts receivable balance was correct as originally reported.

Although the department did revise the SFY 2019 CAFR accounts receivable report after submission and upon discussion with the SAO, the department's original position, in reporting the accounts receivables as received after August (or as a deferred inflow for reporting purposes) was a more conservative approach for the financial statements. Additionally, the DSS does view this as a difference of opinion in how this information is captured, as a revenue versus as a deferred inflow.

The department does and will continue to submit accurate accounts receivable reports to the Division of Accounting.

Corrective action plan is as follows: Not applicable.



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State Agency: Missouri Department of Natural Resources

Audit Finding Number: FS2019-002 Capital Asset Controls

Name of the contact person: Jennifer Eddy

Responsible for corrective action: Tracy Farris

Anticipated completion date for corrective action: June 30, 2020

Corrective action planned is as follows:

Our specific action steps include the following:

- As part of our revised internal physical inventory process, the Department has converted its inventory schedule from a CY system to a FY system; this change should make CAFR reporting easier and more straightforward.
- The Department has implemented procedures to record the specific completion date for each physical inventory to ensure we have the documentation necessary to demonstrate we are completing inventories annually.
- The Department completed all physical inventories for CY 2019 by December 31, 2019, and records the status of all capital assets. We are working now to complete reconciliation of the CY information with FY 2020 information, which will bring our CY and FY data together moving forward. We anticipate that process will be complete at the close of the fiscal year.

The Department does not propose any corrective action beyond the actions described in this response.



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State Agency: Department of Social Services (DSS) – Children’s Division
(CD) and Division of Finance and Administrative Services
(DFAS)

Audit Finding Number: 2019-001 Adoption Assistance Eligibility and Payments

Name of the contact person

Responsible for corrective action: Amy Martin and Jodi Lodewegen

Anticipated completion date for corrective action: April 30, 2020.

Recommendation: The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations and assistance payments. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to the adoption, criminal background checks are obtained for all prospective adoptive parents, and payments are allowable. The DSS should review and correct the eligibility and payments for the children identified in this finding.

DSS Response: The DSS partially agrees with this finding.

The DSS agrees with correcting the eligibility and payments for the children identified in this finding. The questioned costs of \$17,600 out of the annual \$40 million federal share claim will be returned on the March 2020 quarterly report filed no later than April 30, 2020. Since 66% of the questioned costs were due to action taken before the 2008 policy change, this is not indicative of current caseload or practices.

The DSS disagrees with strengthening and enforcing policies and procedures regarding Adoption Assistance eligibility determinations. The Department implemented new processes in FY 2008 regarding backdating subsidy agreements as stated in the prior audit response and demonstrated during the review. The DSS continues to provide new worker and refresher trainings of adoption assistance staff regarding adoption assistance agreement requirements and quality assurance reviews to ensure service start dates of the agreement are as of or after the Director’s signature on the agreement and ensuring start dates are on or prior to the date of adoption to assure eligibility for IV-E funds. The DSS continues provide training to IV-E Eligibility Analysts on reviewing adoption



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assistance payments to ensure they are allowable. Additionally DSS has internal steps in place to ensure agreements have proper signatures and effective dates. Documentation of these processes and trainings were provided to the SAO audit crew during the review.



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State Agency: Department of Social Services (DSS) – Division of Finance and Administrative Services (DFAS)

Audit Finding Number: 2019-002 - Public Assistance Cost Allocation Plan

Name of the contact person
responsible for corrective action: Kristen Pattrin

Anticipated completion date for corrective action: Not Applicable

Recommendation: The DSS through the DFAS implement internal controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include sufficiently detailed policies and procedures; documentation of the reason, justification, and approvals of changes to the proposed PACAP and the AlloCAP system; documented testing of system changes; and a complete log of all changes.

DSS Response: The DSS firmly disagrees with this finding/recommendation.

Audit Requirements for Federal Awards are covered under 2 CFR 200. Under section 200.516 subpart 7, auditors are required to indicate whether an audit finding represents an isolated instance or a systematic problem. Instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

As noted in the audit finding, the sample selected included 17 cost centers allocated during the quarter ending June 30, 2019 and for every cost center examined, it was determined all costs were supported and allocated in accordance with the proposed Public Assistance Cost Allocation Plan (PACAP). No deviations were found in the tested sample to support that the DSS did not effectively design, implement, or put controls in place to prevent detection of non-compliance. In the prior year audit the sample selected included 14 cost centers allocated during the quarter ending March 31, 2018 and for every cost center



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examined, it was determined all costs were supported and allocated properly as well. Thus DSS has demonstrated consistently the system in place produces accurate results.

DSS offered additional cost pools for sampling; however the SAO audit crew conveyed, as those programs were not in the scope of the SWSA, a sample from grants outside of the scope would not be taken and reviewed.

Since results of the tested sample supports the Department's position, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated. Therefore DSS disagrees with the finding as 100% of the sample taken was accurate and compliant with federal requirements. Additionally DSS further disagrees with the finding as it is based on grants not sampled in this audit.

Effective October 1, 2017, the DSS transitioned from utilizing an indirect cost rate methodology allocated manually on a spreadsheet to implementing a PACAP to directly allocate through cost pools which is allocated systematically in a proprietary cost allocation system. Implementation of a thoroughly documented PACAP coupled with the AlloCAP system supports that DSS has strengthened internal controls and procedures. Cost Allocation Services (CAS) requires DSS to document quarterly changes in a specific format, consisting of submission of summary of changes in Section III of the PACAP as well as submitting the PACAP in track change format from the previous version. DSS has been in compliance with this requirement each quarter, which was demonstrated through the documentation provided to the SAO audit crew. Additionally, the DSS has provided documented evidence to support the internal controls and procedures over PACAP and AlloCAP which includes but is not limited to: (1) the Chief Financial Officer and the Assistant Chief Financial Officer sign the internal approval sheet of PACAP changes prior to submission and the Chief Financial Officer signs each formal PACAP submission; (2) the Cost Allocation Manager submits PACAP narrative and a summary of quarterly changes to the Grants Unit to assist the Grants Unit in ensuring that AlloCAP matches the PACAP narrative exactly; (3) the AlloCAP manual outlines procedures for the quarterly cost allocation process; (4) the AlloCAP quarterly preparation is documented on grant approval tracking sheets with signatures from the Grants Unit Manager, Assistant Chief Financial Officer, and Chief Financial Officer each quarter prior to grant claiming; and (5) reports are produced directly from the AlloCAP system showing the allocation methodology matches the PACAP as submitted quarterly. Specifically the Chart of Accounts reports produced from AlloCAP from present quarter compared to prior quarter document the changes were in accordance with the submitted PACAP.

The DSS' internal controls were and continue to be a component of the successful implementation of the PACAP and AlloCAP system in order to ensure



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accuracy and compliance with federal requirements as supported by the sample results reviewed under this audit.

DSS had a conversation regarding the prior year finding with the prior year audit crew. Although DSS disagreed with the prior finding, DSS was willing to consider further steps to implement if these steps would provide a greater comfort level. The signature page was discussed and implemented in addition to the current adequate process as requested.

Corrective action planned is as follows: Not applicable



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State Agency: Department of Social Services (DSS)

Audit Finding Number: 2019-003 – CSBG and CSE Program Subrecipient Risk Assessments

Name of the contact person

Responsible for corrective action: John Ginwright and Kimberley Sprenger

Anticipated completion date for corrective action: Documentation of the Child Support Enforcement (CSE) risk assessments will be completed by March 31, 2020. Documentation of the Community Services Block Grant (CSBG) risk assessments will be completed by June 30, 2020.

Recommendation: The DSS through the DFAS and the FSD develop controls and procedures to ensure evaluations of each CSBG and CSE program subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed, documented, and used for monitoring decisions as required by federal regulations.

DSS Response: The DSS partially agrees with this finding. The DSS plans and performs monitoring of subrecipients based on federal requirements, risk assessments, and effective, efficient use of resources. The DSS has performed risk based monitoring of the CSE and CSBG subrecipients in accordance with Uniform Guidance and will continue to do so. However, the DSS acknowledges that risk assessments were not consistently documented. The DSS has developed a process to document risk assessments performed and is working to implement this process across the department.

Corrective action planned is as follows: Documentation of the CSE risk assessments will be implemented by March 31, 2020. Documentation of the risk assessments for CSBG will be implemented by June 30, 2020.



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State Agency: Department of Social Services (DSS)

Audit Finding Number: 2019-004 – CSBG Program Reporting

Name of the contact person

Responsible for corrective action: Kristen Pattrin and Sheena Frazer

Anticipated completion date for corrective action: Not applicable.

Recommendation: The DSS through the DFAS establish controls and procedures to ensure CSBG program federal financial reports are accurately prepared in accordance with federal requirements. In addition, the DSS should review, revise, and resubmit previously submitted inaccurate federal reports.

DSS Response: The DSS disagrees with this finding. In accordance with the DSS' 12/21/2018 response letter to the Administration for Children and Families (ACF) CSBG Missouri State Assessment Draft Monitoring Report, the accounting methodology employed for drawing and disbursing the CSBG award funds to eligible entities was based on the "first-in, first-out" approach. While the DSS contended the accounting records and methodologies were in compliance with the general terms and conditions of the grant and 45 CFR 75.309(a)(b), it acknowledged ACF's request to discontinue the "first-in, first-out" approach. On 6/26/2019 following issuance of the ACF CSBG Missouri State Assessment Final Monitoring Report, the DSS again acknowledged ACF's request to discontinue use of the "first-in, first-out" accounting method and confirmed the work being completed with the Community Action Agencies and other internal actions to affect the change that was implemented on October 1, 2019. As such, the difference between records referenced in the finding is due to the accounting methodology employed for drawing and disbursing CSBG award funds to eligible entities during the referenced time period.

Corrective action planned is as follows: Not applicable. The DSS disagrees with this finding and does not plan to resubmit the previously submitted FFY 18 federal reports.



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State Agency: Department of Social Services (DSS) – MO HealthNet Division (MHD) and Family Support Division (FSD)

Audit Finding Number: 2019-005 – Medicaid and CHIP MAGI-Based Participant Eligibility

Name of the contact person
responsible for corrective action: Heather Atkins

Anticipated completion date for corrective action: September 1, 2020

Recommendation: The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required and that participants' eligibility statuses in the MMIS are accurate. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

DSS Response: The DSS agrees with the finding. Missouri Eligibility Determination and Enrollment System (MEDES) functionality to complete annual redeterminations was not complete until 6/2018. Prior to full implementation, MEDES was unable to complete systematic auto renewals and population of required pre-populated review forms. Since full implementation in 2018, FSD has strengthened controls as the system has been updated to automatically initiate the annual eligibility redetermination process. DSS staff will continue to strengthen controls and monitor the process to ensure eligibility redeterminations in MEDES are completed as required and accurate in MMIS. Additionally, the DSS has taken actions to close the eligibility case noted in the recommendation.

The questioned costs identified in this finding are \$2,832, federal share. The total computable amount of \$4,344 will be reduced from the annual expenditures of \$3.1 billion for the MAGI population.

It should also be noted that the SAO reviewed 60 ABD participants and no errors were found.

Corrective action planned is as follows: The DSS is developing a monthly report to identify overdue reviews. DSS will analyze the reports to determine if



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additional policy or system updates are necessary. To address accuracy in the MMIS system, DSS is implementing a Continuous Case Improvement review on MAGI cases targeting the findings and trends of this audit. The Department will develop training and guidance for staff when needs are identified.



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State Agency: Department of Social Services (DSS) - MO HealthNet Division
(MHD)

Audit Finding Number: 2019-006 – Medicaid Nursing Facility Audits

Name of the contact person
responsible for corrective action: Rebecca Rucker

Anticipated completion date for corrective action: October 2020

Recommendation: The DSS through the MHD establish and enforce a plan for periodic audits of cost reports or other financial information of nursing facilities and ensure independent audits are obtained in accordance with the State Plan.

DSS Response: DSS partially agrees with the finding.

DSS agrees the State Plan language should be reviewed and updated. However, Attachment 4-19D (or TN00-18) Findings and Assurances that the State Auditor references in the finding is not part of Missouri's State Plan.

The DSS disagrees with the remainder of the findings. The Findings and Assurances that outlined procedures to collect uniform cost reports and the periodic audit of financial and statistical records was an annual assurance and finding required until the Boren Amendment and its corresponding regulations were repealed by the Balanced Budget Act of 1997. The purpose of the Boren Amendment was to require the State Medicaid Agency to consider the costs of efficient and economic providers in setting rates. In considering the costs of the efficient and economic providers, the State Medicaid Agency was required to collect uniform cost reports and audit financial and statistical records of the providers, among other requirements. Once the Boren Amendment was repealed, the costs of efficient and economic providers did not need to be considered in setting rates. The Findings and Assurances that the State Medicaid Agency provided each year were no longer required after 2000, and were no longer considered part of the State Plan.

The finding states that MHD is not fulfilling the requirement of periodic auditing of providers' financial and statistical records; however, MHD provided a list of



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financial and statistical records that it audits or reviews, which in addition to cost reports, includes provider credit balance reports, Certificate of Need (CoN) reports, and NFRA cycle reports.

The Auditor's report stated that MHD performed 0 cost report audits in 2019. MHD provided supplemental documentation of 5 cost report audits before the finding was complete; however, these audits were not reflected in the finding.

In the Auditor's report it is documented that MHD did not receive independent audits in 2019 for new facilities established in the past two years. MHD received independent audits from two facilities in FY2019. Of the remaining new facilities that entered the nursing facility program in the last two years, the independent audits are not due until 2020/2021.

MHD has contracted with an outside vendor to perform audits of the nursing facility cost reports to assist with changes that resulted from new legislation. The contractor will collect the cost reports from the providers and ensure the cost reports are complete and submitted on a timely basis. In addition, the vendor will ensure the independent audits are received according to the State Plan.

Corrective Action Plan is as follows: DSS will review and update the State Plan language to ensure the current processes are reflected and any known changes to processes within the Nursing Facility program at the time the plan is submitted. The updated State Plan will be submitted no later than October 2020.



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State Agency: Department of Mental Health

Audit Finding Number: 2019-007 Medicaid Developmental Disabilities
Comprehensive Waiver Per Diem Rates

Name of the contact person
Responsible for corrective action: Bryan Connell

Anticipated completion date for corrective action: Not applicable

The agency does not agree with the audit findings and believes that a corrective action is not required. Explanation and specific reasons are as follows:

Although some rates are at a level established prior to the rate methodology change, as stated last year, all existing rates are now a factor of the rate study and therefore any other forms of documentation are irrelevant. The rate study serves as the documentation for all residential rates paid. The Division of Developmental Disabilities is under a corrective action plan (CAP) with the Centers for Medicare and Medicaid Services (CMS) that requires the division to standardize its Individualized Supported Living rates according to the current approved rate methodology (which is based on the rate study) by July 1 2024. The division anticipates completing the CAP by July 1 2023.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2019

**State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019**

State Agency: Missouri Veterans Commission

Audit Finding Number: 2019-008 DPS-MVC SEFA

Name of the contact person

Responsible for corrective action: Terressa Sherlock

Completion date for corrective action: December 9, 2019

Corrective action planned is as follows:

In the Fiscal Year 2019 SEFA report, MVC reported actual expenditures rather than accrual basis expenditures in the initial report dated August 30, 2019. Immediately upon notification from the auditor's office of an error in the expenditure amount listed on the report, MVC updated the report with accurate accrual basis expenditures and returned the amended report to both the Auditor's office and to the Office of Administration. The amended report is dated December 5, 2019.

MVC recognizes the audit finding on CFDA 64.015 Veterans State Nursing Home Care, and has implemented internal controls to mitigate reoccurrence in the future. Beginning in December of 2019, Fiscal and Administrative Manager initiated the changes to internal processes to address this issue.



Appendix A
State of Missouri - Single Audit
Letters to the Department of Social Services Regarding
Audit Delays
Year Ended June 30, 2019



NICOLE GALLOWAY, CPA
Missouri State Auditor

September 10, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

I am writing this letter to express concern regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019.

The SAO has three audit crews at DSS auditing 22 significant accounts and seven major programs. Due to the number and size of the DSS significant accounts and major programs as well as new federal audit requirements regarding Medicaid eligibility, we ensured we began audit work with ample time to meet audit deadlines. The MO HealthNet Division (MHD) audit crew began audit field work on June 12, 2019, followed by the Children's Division (CD) audit crew on June 17 and the Family Support Division (FSD) audit crew on June 24. As discussed with DSS personnel during entrance conferences, the audit crews are required to finalize CAFR audit field work by November 15, 2019, to ensure timely issuance of the CAFR audit; and single audit field work by December 31, 2019, to ensure that the SAO can finalize and submit the statewide single audit report by the March 31, 2020, deadline.

To meet audit deadlines, beginning in fiscal year 2016, the DSS and SAO agreed upon document and meeting request procedures and timeframes for requests. These deadlines are not being met by the DSS.

Since our audits began two and a half months ago, the SAO has not been provided appropriate access to DSS program personnel and has experienced significant delays in receiving the requested items necessary to perform the audits timely. If this continues, we could be forced to issue a qualified opinion on the CAFR opinion units and/or major programs.

Specifically, the SAO has encountered the following examples of roadblocks in our audit work:

1. Requested documents are not received timely within the agreed-upon timeframes (see below).
2. Requests are not properly or completely fulfilled. We have received incorrect or partial information, requiring additional follow-up that subsequently is not answered by DSS staff.
3. Answers to audit questions are not complete or sufficient to address the questions.
4. Meetings are not held timely and are being rescheduled. While the DSS has agreed to schedule meetings within one week, meetings are often scheduled over two weeks after our request. Meetings were scheduled up to five weeks (CD and MHD) and 3.5 weeks (FSD) after requested.



Appendix A
State of Missouri - Single Audit
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5. DSS personnel have told auditors they are unable to hold meetings with Division of Finance and Administrative Services (DFAS) personnel during the month of October 2019. Not having access to DFAS personnel for one month effectively stops work for significant audit areas during that month.
6. Appropriate DSS personnel are not present at meetings, requiring additional meetings and follow up questions. As an example, for a CD audit meeting, scheduled for three weeks after requested, the appropriate personnel were not present so the meeting had to be re-scheduled. However, the second meeting was not scheduled until five weeks later, a total of almost two months after the meeting was initially scheduled. For another FSD meeting, which took two weeks to schedule, no DSS personnel showed up to the scheduled meeting.
7. A fully functional method of transmitting electronic records to auditors has yet to be established. It took the DSS over 6 weeks to establish one File Transfer Protocol site; however, the site is still not fully functional and the DSS did not upload all requested files to that site. Some records were placed on a shared website for auditors over 2 weeks ago, but access to that site is yet to be provided. In addition, over 350 records were placed on another shared website, but not in an appropriate manner for auditor use.
8. Most CAFR survey responses related to the significant accounts have not been submitted. These were due to the Office of Administration on August 15, 2019.

Section 29.130, RSMo, provides, "The state auditor shall have free access to all offices of this state for the inspection of such books, accounts and papers as concern any of his duties." Section 29.235.1(1), RSMo, provides that the auditor and her authorized agent are authorized to:

Examine all books, accounts, records, reports, vouchers of any state agency or entity subject to audit, insofar as they are necessary to conduct an audit under this chapter, provided that the auditor complies with state and federal financial privacy requirements prior to accessing financial records including provisions presented in chapter 408 and provided that the auditor or other public entity reimburses the reasonable documentation and production costs relating to compliance with examination by the auditor or auditor's authorized agents that pertain to:

- (a) Amounts received under a grant or contract from the federal government or the state or its political subdivisions;
- (b) Amounts received, disbursed, or otherwise handled on behalf of the federal government or the state.

Also, 2 CFR 200.508(d) (Uniform Guidance), mandates that a state entity that expends federal awards which must be audited, such as DSS, must "[p]rovide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required." Additionally, audit standards this office is required to follow under state and federal law require the auditor obtain sufficient, appropriate audit evidence to support audit conclusions and opinions. Such audit evidence includes communications with appropriate auditee personnel.

While SAO staff have adhered to the agreed-upon procedures, DSS staff have not. The table below summarizes the SAO requests to the DSS from June 12 to August 28, 2019:



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State of Missouri - Single Audit
Letters to the Department of Social Services Regarding
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Year Ended June 30, 2019

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|---|
| CD crew | 84 | 60% | 40% | 17 requests outstanding, 9 overdue (1-29 days) |
| FSD crew | 31 | 35% | 65% | 8 requests outstanding, 3 overdue (38-43 days) |
| MHD crew | 75 | 79% | 21% | 42 requests outstanding, 14 overdue (1-29 days) |

Clear, immediate, and significant change to the DSS's cooperation is needed. Requests are not being properly fulfilled and our auditors are not receiving the items needed to conduct the audits. Due to the lack of cooperation from DSS staff, the following final deadlines are being implemented for the audits:

| | Estimated Field Work Completion Date | Outstanding Audit Requests- Final Deadline |
|-------------------------|--------------------------------------|--|
| CD crew - CAFR Audit | 11/15/2019 | 10/15/2019 |
| CD crew - Single Audit | 12/31/2019 | 11/30/2019 |
| FSD crew - Single Audit | 10/31/2019 | 9/30/2019 |
| MHD crew - CAFR Audit | 11/15/2019 | 10/15/2019 |
| MHD crew - Single Audit | 12/31/2019 | 11/30/2019 |

The DSS should fulfill all outstanding audit requests no later than the final deadlines listed above. Audit field work will continue after the final deadlines and the SAO will continue reviewing the items received as of those dates. The SAO will also submit follow up requests and exception listings, if necessary, pertaining to those items. The DSS must make all extension requests no later than one month prior to the final deadline.

The DSS's adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. The SAO will provide monthly letters showing the status of the DSS's compliance with the previously-agreed upon deadlines.

We need the DSS's full commitment and cooperation in this matter. If the DSS is unable to meet these deadlines, please let me know so that the SAO can consider how to proceed with this audit. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix A
State of Missouri - Single Audit
Letters to the Department of Social Services Regarding
Audit Delays
Year Ended June 30, 2019



NICOLE GALLOWAY, CPA
Missouri State Auditor

October 4, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my September 10, 2019 letter regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019, as well as a response to your letter of October 3, 2019 replying to my letter. The September 10 letter expressed concerns that the SAO had not been provided appropriate access to DSS program personnel and had experienced significant delays in receiving the requested items necessary to perform the audits timely. The letter outlined the requests to date, including those in which the DSS did not meet previously-agreed upon deadlines. In an effort to meet audit deadlines, the letter also communicated final deadlines for audit requests.

As a reminder, the following final deadlines were implemented for the audits:

| | Estimated Field Work Completion Date | Outstanding Audit Requests- Final Deadline |
|-------------------------|---|---|
| CD crew - CAFR Audit | 11/15/2019 | 10/15/2019 |
| CD crew - Single Audit | 12/31/2019 | 11/30/2019 |
| FSD crew - Single Audit | 12/13/2019* | 11/15/2019* |
| MHD crew - CAFR Audit | 11/15/2019 | 10/15/2019 |
| MHD crew - Single Audit | 12/31/2019 | 11/30/2019 |

*Please note that the FSD audit crew estimated fieldwork completion date has been extended to December 13, 2019, due to the addition of the Child Support Enforcement program as a major program. Therefore, the final deadline for the FSD crew-Single Audit has been extended to November 15, 2019.

The DSS should fulfill all outstanding audit requests no later than the final deadlines listed above. The DSS must make all extension requests no later than one month prior to the final deadline.

In this letter, I am providing an update regarding the DSS's fulfillment of our audit requests. While all Family Support Division (FSD) crew and MO HealthNet Division (MHD) crew outstanding requests as of August 28, 2019, and identified in the September 10 letter, have now been fulfilled, three Children's Division (CD) crew requests remained outstanding as shown in the table below. Additionally, subsequent requests were completed late or are overdue, and timely access to appropriate DSS staff has not always been provided.



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The table below lists the overdue CD crew requests identified in the September 10, 2019 letter still overdue as of September 30, 2019:

| Request number | Item(s) requested | Request date | Due date | Number of days overdue |
|---------------------|---|--------------|----------|------------------------|
| 19-SAO-CD-DFAS-014B | Internal Control/Risk Questions | 07/30/19 | 08/06/19 | 55 |
| 19-SAO-CD-DFAS-042 | Fraud Risk Questions | 07/23/19 | 07/30/19 | 62 |
| 19-SAO-CD-DFAS-047 | Single Audit Planning Inquiry Questions | 07/30/19 | 08/06/19 | 55 |

The table below summarizes the SAO requests to the DSS from June 12 to September 30, 2019:

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|--|
| CD crew | 135 | 71 (59%) | 49 (41%) | 15 requests outstanding, 6 overdue (4-62 days) |
| FSD crew | 42 | 17 (44%) | 22 (56%) | 3 requests outstanding, 0 overdue |
| MHD crew | 147 | 79 (55%) | 65 (45%) | 3 requests outstanding, 0 overdue |

Many of the above requests were late or overdue because (1) the requests were initially not properly or completely fulfilled and additional follow up was needed; (2) DSS personnel did not ask for clarification of request terms until the request deadline; (3) auditors were denied access to DSS program personnel to discuss and develop the request; (4) DSS personnel questioned the reason for the request; and/or (5) DSS personnel initially denied a meeting request because a similar meeting was held during the previous audit. Incomplete and challenged requests, as well as the lack of access to appropriate DSS personnel, have led to additional inefficiencies for both the SAO and the DSS.

In addition, the DSS has not submitted to the Office of Administration (OA), the Accounts Receivable - MHD survey for presentation in the CAFR. The survey was due August 15, 2019. The MHD crew is unable to begin audit procedures and make requests related to this material account until the survey is prepared. Prompt submission of this survey and strict adherence to the agreed-upon deadlines will be necessary for us to give an opinion on these accounts receivables.

Also, I would like to address some of the items you mention in your October 3, 2019 letter. First, per your request, we believe weekly meetings will be helpful to discuss our requests and resolve issues. Our managers and in-charges are available for such meetings Monday through Thursday. We would suggest that we schedule a meeting each Monday, at 10 a.m. Please schedule such meetings, beginning October 14 and through December 23, 2019. For any meetings that fall on state holidays, please schedule the following Tuesday (e.g., the first meeting should be October 15, 2019, at 10 a.m.).

Second, regarding Single Audit requests, you state the DSS will strive to respond to all current outstanding requests by the final deadlines and the DSS cannot assure response by the final deadlines for requests submitted since the date of your letter (October 3, 2019). Please note that if the DSS waits until the final deadlines to fulfill current outstanding requests, you will miss the previously-agreed upon deadlines and the requests will be considered late. The Single Audit final deadlines are November 15,



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2019, for the FSD crew and November 30, 2019, for the CD and MHD crews, so the previously-agreed upon deadlines for any subsequent requests would also be prior to the final deadlines. Also remember that all extension requests should be made no later than one month prior to the final deadline. As communicated in my September letter, any requests not received by the final deadlines will be evaluated for impact on our audit opinions.

Third, you state the DSS will be directing any questions or requests for CAFR information from the SAO to the OA. While we will request and obtain the DSS's CAFR survey responses from the OA, as in prior audits, we will continue to request support for the CAFR surveys from the DSS. This support is maintained by the DSS and not the OA.

Finally, as you know, these audits are mandated by the federal government for recipients of federal funds. In your letter, you state that the DSS staff complete audit responses "in addition to full time jobs." It is disconcerting that the DSS considers mandated federal audits for programs receiving federal funds outside of the full-time duties of its staff.

The DSS's adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. We need the DSS's full commitment and cooperation in this matter. If the DSS is unable to meet these deadlines, please let me know so that the SAO can consider how to proceed with this audit. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix A
State of Missouri - Single Audit
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Supplemental listing of outstanding/overdue request numbers for SAO requests,
as of September 30, 2019

| | Request Number | Due Date | Number of days overdue |
|----------|----------------------|----------|---------------------------|
| CD crew | 19-SAO-CD-DFAS-014B | 08/06/19 | 55 |
| | 19-SAO-CD-DFAS-021B | 10/02/19 | |
| | 19-SAO-CD-DFAS-026A | 10/01/19 | |
| | 19-SAO-CD-DFAS-038D | 09/26/19 | 4 |
| | 19-SAO-CD-DFAS-039 | 8/08/19 | 53 |
| | 19-SAO-CD-DFAS-042 | 07/30/19 | 62 |
| | 19-SAO-CD-DFAS-047 | 08/06/19 | 55 |
| | 19-SAO-CD-DFAS-048A | 09/30/19 | |
| | 19-SAO-CD-DFAS-049A | 09/23/19 | 7 |
| | 19-SAO-CD-DFAS-066A | 10/01/19 | |
| | 19-SAO-CD-DFAS-071A | 10/02/19 | |
| | 19-SAO-CD-DFAS-077B | 10/01/19 | |
| | 19-SAO-CD-DFAS-086 | 09/30/19 | |
| | 19-SAO-CD-DFAS-087 | 09/30/19 | |
| | 19-SAO-CD-DFAS-088 | 09/30/19 | |
| FSD crew | Request 19 FSD - 037 | 10/15/19 | |
| | Request 19 FSD - 040 | 10/11/19 | |
| | Request 19 FSD - 042 | 10/7/19 | |
| MHD crew | 19-SAO-MHD-47Q | 10/7/19 | |
| | 19-SAO-MHD-50Q | 10/7/19 | |
| | 19-SAO-MMAC-44 | 10/21/19 | |



Appendix A
State of Missouri - Single Audit
Letters to the Department of Social Services Regarding
Audit Delays
Year Ended June 30, 2019



NICOLE GALLOWAY, CPA
Missouri State Auditor

November 6, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my September 10, 2019 and October 4, 2019 letters regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019, as well as a response to your letter of October 18, 2019 replying to my October 4 letter. The previous letters outlined our concerns and communicated final deadlines for audit requests.

As discussed in our recent meetings, the DSS's cooperation on the audits has improved since my previous letters. I appreciate the department's efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have now been fulfilled. During the week of October 14, 2019, we met with DSS staff to reconcile all outstanding/overdue requests. The reconciled listing shows as of September 30, 2019, there were 19 outstanding requests and 5 overdue requests (7-62 days). To address your October 18, 2019 letter, I have attached a reconciled listing of outstanding/overdue requests as of September 30, 2019.

I have also attached a listing of outstanding requests as of October 31, 2019. There were 18 outstanding requests and no overdue items as of October 31, 2019.

The table below summarizes the SAO requests to the DSS from June 12 to October 31, 2019:

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|------------------------------------|
| CD crew | 184 | 113 (66%) | 58 (34%) | 13 requests outstanding, 0 overdue |
| FSD crew | 62* | 30 (55%) | 25 (45%) | 4 requests outstanding, 0 overdue |
| MHD crew | 190 | 120 (64%) | 69 (36%) | 1 request outstanding, 0 overdue |

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.



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State of Missouri - Single Audit
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The DSS's continued adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. Feel free to reach out to me if there are any further questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Michael A. Moorefield", is positioned above the printed name.

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix A
State of Missouri - Single Audit
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Reconciled listing of outstanding/overdue request numbers for SAO requests,
as of September 30, 2019

| | Request Number | Due Date | Number of days overdue |
|----------|----------------------|----------|---------------------------|
| CD crew | 19-SAO-CD-DFAS-014B | 08/06/19 | 55 |
| | 19-SAO-CD-DFAS-021B | 10/02/19 | |
| | 19-SAO-CD-DFAS-026A | 10/01/19 | |
| | 19-SAO-CD-DFAS-039 | 08/08/19 | 53 |
| | 19-SAO-CD-DFAS-042 | 07/30/19 | 62 |
| | 19-SAO-CD-DFAS-047 | 08/06/19 | 55 |
| | 19-SAO-CD-DFAS-048A | 09/30/19 | |
| | 19-SAO-CD-DFAS-049A | 09/23/19 | 7 |
| | 19-SAO-CD-DFAS-066A | 10/01/19 | |
| | 19-SAO-CD-DFAS-077B | 10/01/19 | |
| | 19-SAO-CD-DFAS-086 | 10/07/19 | |
| | 19-SAO-CD-DFAS-087 | 10/07/19 | |
| | 19-SAO-CD-DFAS-088 | 10/07/19 | |
| | Request 19 FSD - 037 | 10/15/19 | |
| | Request 19 FSD - 040 | 10/17/19 | |
| MHD crew | Request 19 FSD - 042 | 10/07/19 | |
| | 19-SAO-MHD-47Q | 10/07/19 | |
| | 19-SAO-MHD-50Q | 10/07/19 | |
| | 19-SAO-MMAC-44 | 10/07/19 | |



Appendix A
State of Missouri - Single Audit
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Supplemental listing of outstanding/overdue request numbers for SAO requests,
as of October 31, 2019

| | Request Number | Initial Due Date | Extended Due Date | Number of days overdue |
|----------|---------------------|------------------|-------------------|------------------------|
| CD crew | 19-SAO-CD-DFAS-045a | 11/06/2019 | | |
| | 19-SAO-CD-DFAS-103a | 11/07/2019 | | |
| | 19-SAO-CD-DFAS-113 | 10/28/2019 | 11/01/2019 | |
| | 19-SAO-CD-DFAS-115a | 11/07/2019 | | |
| | 19-SAO-CD-DFAS-116 | 11/26/2019 | | |
| | 19-SAO-CD-DFAS-116a | 11/27/2019 | | |
| | 19-SAO-CD-DFAS-117 | 11/08/2019 | | |
| | 19-SAO-CD-DFAS-118 | 11/05/2019 | | |
| | 19-SAO-CD-DFAS-119 | 11/05/2019 | | |
| | 19-SAO-CD-DFAS-121 | 11/06/2019 | | |
| | 19-SAO-CD-DFAS-122 | 11/06/2019 | | |
| | 19-SAO-CD-DFAS-123 | 11/07/2019 | | |
| | 19-SAO-CD-DFAS-126 | 11/07/2019 | | |
| FSD crew | 19-SAO-FSD-11A | 11/05/2019 | | |
| | 19-SAO-FSD-54 | 11/07/2019 | | |
| | 19-SAO-FSD-55 | 11/07/2019 | | |
| | 19-SAO-FSD-56 | 11/07/2019 | | |
| MHD crew | 19-SAO-MHD-188 | 11/18/2019 | | |



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State of Missouri - Single Audit
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NICOLE GALLOWAY, CPA
Missouri State Auditor

December 4, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my previous letters¹ regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. The previous letters outlined our concerns and communicated final deadlines for audit requests.

The DSS's cooperation on the audits has overall improved since my previous letters. However, since my November 6, 2019 letter and as discussed in our recent meetings, we received some resistance on requests related to two Children's Division crew audit areas². Rather than initially providing the information requested, DSS personnel (1) questioned our objectives and scope, (2) claimed the information was not available or would be difficult to provide, and (3) provided incomplete information. Similar to the problems outlined in the previous letters, the DSS's failure to provide records upon request has hindered and delayed audit work on these two areas. Department officials should be reminded that full cooperation on all audit requests is needed.

I appreciate the department's overall efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have been fulfilled. I have attached a listing of outstanding requests as of November 30, 2019. There were 4 outstanding requests and no overdue items as of November 30, 2019.

The table below summarizes the SAO requests to the DSS from June 12 to November 30, 2019:

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|-----------------------------------|
| CD crew | 216 | 156 (73%) | 58 (27%) | 2 requests outstanding, 0 overdue |
| FSD crew | 74* | 43 (61%) | 28 (39%) | 0 requests outstanding, 0 overdue |
| MHD crew | 203 | 132 (66%) | 69 (34%) | 2 requests outstanding, 0 overdue |

* 3 requests were cancelled

¹ Letters of September 10, 2019, October 4, 2019, and November 6, 2019

² CAFR accounts receivable survey and Income Maintenance Random Moment Time Study



Appendix A
State of Missouri - Single Audit
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Many of the above requests were late because of the reasons outlined in the previous letters.

The DSS's continued adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. Feel free to reach out to me if there are any further questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Michael A. Moorefield", is positioned above the typed name.

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix A
State of Missouri - Single Audit
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Supplemental listing of outstanding/overdue request numbers for SAO requests,
as of November 30, 2019

| | Request Number | Initial Due Date | Extended Due Date | Number of days overdue |
|----------|---------------------|------------------|-------------------|------------------------|
| CD crew | 19-SAO-CD-DFAS-144 | 12/02/2019 | 12/04/2019 | N/A |
| | 19-SAO-CD-DFAS-117a | 11/26/2019 | 12/09/2019 | N/A |
| MHD crew | 19-SAO-MHD-215 | 11/28/2019 | 12/03/2019 | NA |
| | 19-SAO-MHD-216 | 11/28/2019 | 12/03/2019 | NA |



Appendix A
State of Missouri - Single Audit
Letters to the Department of Social Services Regarding
Audit Delays
Year Ended June 30, 2019



NICOLE GALLOWAY, CPA
Missouri State Auditor

January 7, 2020

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my previous letters¹ regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. The previous letters outlined our concerns and communicated final deadlines for audit requests.

The DSS's cooperation on the audits improved since my previous letter of December 4, 2019. I appreciate the department's efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have been fulfilled. I have attached a listing of outstanding requests as of December 31, 2019. There were 9 outstanding requests and 1 overdue item as of December 31, 2019.

The table below summarizes the SAO requests to the DSS from June 12 to December 31, 2019:

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|-----------------------------------|
| CD crew | 257 | 192 (77%) | 58 (23%) | 7 requests outstanding, 0 overdue |
| FSD crew | 81* | 48 (62%) | 29 (38%) | 1 request outstanding, 1 overdue |
| MHD crew | 221 | 148 (67%) | 72 (33%) | 1 request outstanding, 0 overdue |

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

¹ Letters of September 10, 2019, October 4, 2019, November 6, 2019, and December 4, 2019



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State of Missouri - Single Audit
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The DSS's continued adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. Feel free to reach out to me if there are any further questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Michael A. Moorefield", is positioned above the printed name.

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix A
State of Missouri - Single Audit
Letters to the Department of Social Services Regarding
Audit Delays
Year Ended June 30, 2019

Supplemental listing of outstanding/overdue request numbers for SAO requests,
as of December 31, 2019

| | Request Number | Initial Due Date | Extended Due Date | Number of days overdue |
|----------|---------------------|------------------|-------------------|------------------------|
| CD crew | 19-SAO-CD-DFAS-110d | 01/07/2020 | | NA |
| | 19-SAO-CD-DFAS-153b | 01/03/2020 | | NA |
| | 19-SAO-CD-DFAS-160 | 01/03/2020 | | NA |
| | 19-SAO-CD-DFAS-161 | 01/03/2020 | | NA |
| | 19-SAO-CD-DFAS-163 | 01/06/2020 | | NA |
| | 19-SAO-CD-DFAS-164 | 01/07/2020 | | NA |
| | 19-SAO-CD-DFAS-164a | 01/07/2020 | | NA |
| FSD crew | 19-SAO-FSD-066 | 12/26/2019 | | 5 |
| MHD crew | 19-SAO-MHD-227 | 01/08/2020 | | NA |



Appendix A
State of Missouri - Single Audit
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Year Ended June 30, 2019



NICOLE GALLOWAY, CPA
Missouri State Auditor

February 4, 2020

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my previous letters¹ regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. The previous letters outlined our concerns and communicated final deadlines for audit requests. As discussed in those letters, the DSS delays in providing items requested were significant; and as a result, we encountered significant inefficiencies and difficulties in performing both audits.

The DSS's cooperation on the audits improved since my previous letters. I appreciate the department's efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have been fulfilled. I have attached a listing of outstanding requests as of January 31, 2020. There were 3 outstanding requests and no overdue items as of January 31, 2020. The table below summarizes the SAO requests to the DSS from June 12 to January 31, 2020:

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|-----------------------------------|
| CD crew | 280 | 221 (79%) | 58 (21%) | 1 request outstanding, 0 overdue |
| FSD crew | 83* | 50 (63%) | 30 (37%) | 0 requests outstanding, 0 overdue |
| MHD crew | 227 | 153 (68%) | 72 (32%) | 2 requests outstanding, 0 overdue |

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

¹ Letters of September 10, 2019, October 4, 2019, November 6, 2019, December 4, 2019, and January 7, 2020



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We finalized our audit of the CAFR on January 9, 2020 and we are wrapping up the Statewide Single Audit. In the coming weeks, we will be requesting final information, meetings to exit our findings, and DSS responses to our findings. The DSS's continued adherence to the previously-agreed upon deadlines is critical to the timely completion of the Statewide Single Audit. Feel free to reach out to me if there are any further questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Michael A. Moorefield", is written over a horizontal line.

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix A
State of Missouri - Single Audit
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Supplemental listing of outstanding/overdue request numbers for SAO requests,
as of January 31, 2020

| | Request Number | Initial Due Date | Extended Due Date | Number of days overdue |
|----------|---------------------|------------------|-------------------|------------------------|
| CD crew | 19-SAO-CD-DFAS-173A | 02/05/2020 | | |
| MHD crew | SAO-MHD-113-Q | 02/05/2020 | | |
| | SAO-MHD-230 | 02/05/2020 | | |



Appendix A
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NICOLE GALLOWAY, CPA
Missouri State Auditor

March 5, 2020

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is a final update to my previous letters¹ regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. We finalized our audit of the CAFR on January 9, 2020 and we are wrapping up the Statewide Single Audit. As discussed in my previous letters, the DSS delays in providing items requested were significant; and as a result, we encountered significant inefficiencies and difficulties in performing both audits.

All outstanding requests identified in the previous letters have been fulfilled and there were no outstanding requests as of February 28, 2020. The table below summarizes ALL SAO requests to the DSS from June 12 to February 28, 2020:

| | Number of requests | Requests completed on time | Requests completed late | |
|----------|--------------------|----------------------------|-------------------------|------------------------|
| CD crew | 287 | 229 (80%) | 58 (20%) | 0 requests outstanding |
| FSD crew | 83* | 50 (63%) | 30 (37%) | 0 requests outstanding |
| MHD crew | 227 | 163 (72%) | 64 (28%) | 0 requests outstanding |

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

¹ Letters of September 10, 2019, October 4, 2019, November 6, 2019, December 4, 2019, January 7, 2020, and February 4, 2020



Appendix A
State of Missouri - Single Audit
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For the Statewide Single Audit, we have held exit meetings for all DSS findings, and are awaiting DSS responses and Corrective Action Plans for 4 findings. These responses and Corrective Action Plans are due March 6, 2020. The DSS's adherence to these deadlines is critical to the timely completion of the Statewide Single Audit. Feel free to reach out to me if there are any further questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Michael A. Moorefield", is positioned above the printed name.

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix B
State of Missouri - Single Audit
Department of Social Services Responses to the
September 10, 2019, and October 4, 2019, Letters
Year Ended June 30, 2019



MICHAEL L. PARSON, GOVERNOR • JENNIFER TIDBALL, ACTING DIRECTOR

P.O. BOX 1527 • BROADWAY STATE OFFICE BUILDING • JEFFERSON CITY, MO 65102-1527
WWW.DSS.MO.GOV • 573-751-4815 • 573-751-3203 FAX

October 3, 2019

Michael A. Moorefield, Chief of Staff
Missouri State Auditor
Missouri State Capitol
201 West Capitol Avenue
Jefferson City, MO 65101

Dear Mr. Moorefield:

Thank you for your September 10, 2019 letter bringing to my attention your concerns. My apologies for not responding sooner. In my more than my two decades with the department of social services (DSS) in mostly a financial role, I have never received a letter such as this from the SAO. I have spent time with our team trying to understand what has set this year apart from other years and resulted in your letter of concern.

I am disappointed leadership from our respective teams has not been able to resolve concerns with DSS's response to the Missouri State Auditor's team. DSS had a changed in the Chief Financial Officer (CFO) in July. I am aware that on more than one occasion new DSS CFO, Patrick Luebbering shared his contact information with the State Auditor's team and offered to be of any assistance. Mr. Luebbering is not new to our Department and has worked with leadership on the Missouri State Auditor's DSS team in the past. To ensure effective communication and resolution of any concerns, DSS is requesting a weekly meeting with the Missouri State Auditor's managers and in-charge auditors during the FY 2019 Statewide Single Audit fieldwork and thereafter if the weekly meeting continues to add value. DSS will commit to the availability of DSS audit team leadership at this meeting. DSS will suggest Friday afternoons as a good weekly meeting time to close out any concerns from the previous week and plan for the upcoming week. Alicia Kolb from our DSS team will reach out to schedule that meeting.

Effective communication is paramount to success and commitment by each of our teams. A face to face weekly meeting will help facilitate the work. However, I do want to take the time to address each of the eight points you make in your September 10, 2019, correspondence.

1. **DSS should plan to respond timely by agreed-upon on deadlines.** If for some reason DSS cannot respond by that deadline, DSS will notify the State Auditor's team with an explanation and new, target date to respond to the request. There are times when DSS will need more time to respond to inquiries.

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RELAY MISSOURI: 711

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For example, DSS has not responded to a list of fraud related questions by the State Auditor team's requested timeframes. These questions are extremely broad and redundant, meaning the same question appears to be asked multiple ways in the same document. DSS wants to ensure a response to these types of questions is legally sufficient.

To ensure any overdue requests were addressed, the DSS team immediately (afternoon September 10, 2019) reached out to the in-charge auditors for detailed information to reconcile our department's outstanding list with the status of requests table on the top of page 3 of your letter. DSS never received a detailed list from the MHD in-charge auditor, but did receive a detailed list from the other two crews. After a second attempt to obtain the detailed list from the MHD in-charge, she advised that "all the requests listed in the letter have been resolved." Cooperation in providing the detail behind the summary of SAO requests in your letter would have been helpful; however, clearly teams are busy and other items may take priority.

I appreciate you providing deadlines for responses. DSS will strive to respond to all current outstanding Single Audit requests by the *Outstanding Audit Requests – Final Deadline* column in the second table on page 3 of your letter. DSS cannot assure response by the final deadlines to Single Audit requests submitted since the date of this letter. DSS will submit CAFR Audit responses through the Office of Administration. The DSS team will be directing any questions or requests for information on the CAFR to the Office of Administration.

2. **DSS responses to requests will be complete to the best of DSS's knowledge and ability.** DSS audit team leadership wants to ensure the State Auditor's team is receiving complete and accurate information. The weekly Friday meeting between leadership should provide an opportunity to elevate any concerns with DSS responses. Due to the size and complexity of the programs there will be times when DSS has to follow up on initial responses. The DSS team shared that sometimes the question DSS thought was being asked was not the question the auditor wants answered. There will need to be back and forth dialogue in these instances.

Additionally, the DSS team shared that if there are multiple questions in one request, DSS will answer as many as they can and send a partial response to help keep the auditor's work moving. If the State Auditor's team prefers for DSS to hold any responses until all responses are complete, that change can be made.

DSS staff time to complete responses is in addition to full time jobs, and the SAO recently added another performance audit to the current DSS work. While we want to be responsive, we do question the role of the audited agency in responding to a recent request for all backup documents supporting the SEFA (request from CD-DFAS crew dated 09/17/19). This is thousands of payment documents, HR records, etc. The SAO should be able to find these documents using SAM II, and DSS is happy to supplement with data from other payment systems. The DSS was responsive to the SAO and did provide the SAO with various grant sheets and federal grant reports in response to this request, and the SAO staff did indicate in a recent meeting that the request was vague. The SAO has recently provided clarity regarding what documents they are still needing to support the SEFA.



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3. **This concern is addressed in #2 above.**
4. **DSS will schedule and hold meetings within two weeks of a request.** The DSS team understood the agreement to be that the meeting was scheduled in a week's timeframe, and not necessarily held. The weekly Friday leadership meeting may help resolve issues so that few meetings need to be scheduled; however, DSS will not assume the Friday meeting takes the place of any other requested meeting by the State Auditor's team.
5. **Most Division of Finance and Administrative Services (DFAS) staff are available for meetings during the month of October.** During an August 13 meeting, the DFAS Grants team requested that questions or requests to the Grants team be sent prior to October or after October since October is the month DSS must file all quarterly and annual federal reports. During this time the small Grants team is dedicated 100% to timely and accurate filing of federal reports. These are the same reports that will be audited in the FY 2020 Single State Audit. Other DFAS team members are available to meet in October and if time allows, Grants team members may attend. Perhaps there was a miscommunication or misunderstanding on the availability of DFAS to support the State Auditor's team during October.
6. **DSS will ensure appropriate representation at meetings.** DSS leadership and DSS audit team leadership are fully aware of the expectation to have the appropriate representation in meetings concerning the Single State Audit. To plan accordingly, it is helpful to understand the scope and topics to be discussed in the meeting.
7. **DSS understands a fully functional method of transmitting electronic records is now in place.** DSS acknowledges establishing the File Transfer Protocol site did take longer than expected. In reviewing that process, I suggested to DSS audit team leadership that in the future direct communication between the SAO and ITSD, the DSS IT support may be helpful in expediting the resolution of any related issues. DSS in the middle of this process is not value added. I do want to make sure you are aware that the issue with the 350 records was brought to the attention of DSS audit team leadership the morning of September 9 (the day before the date of your letter of concern) and DSS immediately reached out to ITSD and the DSS agency owning the data to resolve the issue.
8. **DSS continues to work closely with the Office of Administration on CAFR survey responses.** Thank you for pointing out the DSS internal deadline to the Office of Administration. As expressed earlier in this letter, DSS will submit CAFR Audit responses through the Office of Administration. The DSS team will be directing any questions or requests for CAFR information from the SAO to the Office of Administration.

During my 20 plus years with the Department, DSS has always been able to work cooperatively with the SAO. It is my expectation and belief that our DSS team today continues that tradition. As I have said several times in this response, communication is key to resolution of current issues and the ability to continue to work effectively together. I look forward to our leadership teams supporting the Single State Audit, establishing a consistent



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form of communication. Should I be able to address specific concerns around outstanding items or other pain points that put SAO timeframes in jeopardy, please feel free to reach out to me directly.

Sincerely,

A handwritten signature in cursive script, reading "Jennifer R. Tidball".

Jennifer Tidball
Acting Director

JT/ds

Cc: Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



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MICHAEL L. PARSON, GOVERNOR • JENNIFER TIDBALL, ACTING DIRECTOR

P.O. BOX 1527 • BROADWAY STATE OFFICE BUILDING • JEFFERSON CITY, MO 65102-1527
WWW.DSS.MO.GOV • 573-751-4815 • 573-751-3203 FAX

October 18, 2019

Michael A. Moorefield, Chief of Staff
Missouri State Auditor
Missouri State Capitol
201 West Capitol Ave
Jefferson City, MO 65101

Dear Mr. Moorefield:

This correspondence is in response to your October 4, 2019 letter which included a detailed list of outstanding/overdue SAO requests, as of September 30, 2019. Your letter stresses the importance of DSS's adherence to previously-agreed upon deadlines and emphasizes how critical the final deadlines are to the completion of the Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. It is important that SAO request due dates are listed accurately. Below please find a reconciliation of the supplemental listing shared in your October 4, 2019 letter with the DSS's dates. The changes in due dates are supported by supplemental emails (provided as attachments) from SAO team members. DSS confirmed through correspondence with SAO team members that three of the six requests shown in your letter as overdue were not overdue. In addition to the overdue items, DSS confirmed that certain other SAO request due dates in the October 4, 2019 letter of outstanding requests, were inaccurate.

| Request Number | SAO Due Date Referenced in SAO 10/4/19 Letter | DSS Due Date | Date Completed | DSS Comments |
|---------------------|---|--------------|----------------|--|
| 19-SAO-CD_DFAS-014B | 8/6/2019 | 8/6/2019 | 10/2/2019 | |
| 19-SAO-CD_DFAS-021B | 10/2/2019 | 10/2/2019 | 10/2/2019 | |
| 19-SAO-CD_DFAS-026A | 10/1/2019 | 10/1/2019 | 10/1/2019 | |
| 19-SAO-FSD-037 | 10/15/2019 | 10/16/2019 | 10/2/2019 | The SAO cancelled this request on 10/2/19 |
| 19-SAO-CD_DFAS-038D | 9/26/2019 | 9/26/2019 | 9/25/2019 | Confirmed not overdue - DSS submitted the response prior to the due date and prior to the 10/4/19 SAO letter; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (<i>Attachment 1</i>). |

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| Request Number | SAO Due Date Referenced in SAO 10/4/19 Letter | DSS Due Date | Date Completed | DSS Comments |
|---------------------|---|--------------|----------------------|--|
| 19-SAO-CD_DFAS-039 | 8/8/2019 | 8/8/2019 | 8/1/2019; 10/4/19 | Confirmed not overdue - DSS received an email from C. Grotzinger (SAO) on 8/1/19 this request was considered closed and complete (<i>Attachment 2</i>). C. Grotzinger (SAO) sent the list of outstanding items on 9/13/19 corresponding with the 9/10/19 SAO letter; this list did not include 19-SAO-CD_DFAS-039 as overdue therefore this item was understood to be considered complete by the SAO (<i>Attachment 3</i>). |
| 19-SAO-FSD-040 | 10/11/2019 | 10/17/2019 | 10/9/2019 | Due date is 10/17/19, not 10/11/19 as stated in the 10/4/19 SAO letter. Confirmed with In-charge on 10/8/19. |
| 19-SAO-CD_DFAS-042 | 7/30/2019 | 8/21/2019 | 10/4/2019 | |
| 19-SAO-FSD-042 | 10/7/2019 | 10/7/2019 | 10/4/2019 | |
| | | | | |
| 19-SAO-MMAC-044 | 10/21/2019 | 10/28/2019 | 10/2/2019 | |
| 19-SAO-MHD-047Q | 10/7/2019 | 10/8/2019 | 10/1/2019 | |
| 19-SAO-CD_DFAS-047 | 8/6/2019 | 8/28/2019 | 10/4/2019 | |
| 19-SAO-CD_DFAS-048A | 9/30/2019 | 9/30/2019 | 9/30/2019 | |
| 19-SAO-CD_DFAS-049A | 9/23/2019 | 9/27/2019 | 9/27/2019 | Confirmed not overdue - This was due 9/23/19. SAO granted an extension until 9/27/19 (<i>Attachment 4</i>). The extension was not reflected in the 10/4/19 SAO letter. |
| 19-SAO-MHD-050Q | 10/7/2019 | 10/8/2019 | 10/2/2019 | |
| 19-SAO-CD_DFAS-066A | 10/1/2019 | 10/1/2019 | 10/1/2019 | |
| 19-SAO-CD_DFAS-071A | 10/2/2019 | 10/2/2019 | 9/26/2019 | DSS sent the response prior to the date of the 10/4/19 SAO letter (<i>Attachment 5</i>). |
| 19-SAO-CD_DFAS-077A | 10/1/2019 | 10/1/2019 | 10/1/2019 | |
| 19-SAO-CD_DFAS-086 | 9/30/2019 | 10/7/2019 | 10/4/2019 | SAO made the request on 9/30/19; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (<i>Attachment 6</i>). |



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| | | | | |
|--------------------|-----------|-----------|-----------|--|
| 19-SAO-CD_DFAS-087 | 9/30/2019 | 10/7/2019 | 10/4/2019 | SAO made the request on 9/30/19; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (<i>Attachment 7</i>). |
| 19-SAO-CD_DFAS-088 | 9/30/2019 | 10/7/2019 | 10/3/2019 | SAO made the request on 9/30/19; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (<i>Attachment 8</i>). |

I understand our leadership teams began a weekly meeting the week of October 14. I am hopeful these meetings will help improve communication. I am always available to you and your audit teams to help resolve issues related to DSS's responsiveness to your office.

Sincerely,

Jennifer R. Tidball
Acting Director

JRT:bsb

cc: Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General



Appendix B
State of Missouri - Single Audit
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Pattrin, Kristen

Attachment 1

From: travis.owens@auditor.mo.gov
Sent: Saturday, October 5, 2019 6:07 AM
To: Pattrin, Kristen
Cc: Kolb, Alicia; Grotzinger, Charity
Subject: RE: FW: 19-SAO-CD-DFAS-038d_Review documentation.docx

I'm copying Charity in case I am wrong on this answer but based on the available documentation I have, I agree this request appears to have been completed prior to the due date. We will try to determine internally so that this does not happen again as I believe they plan to continue with the monthly letters and since we are starting the weekly meetings.

I apologize for the error.

-Travis

From: Pattrin, Kristen
Sent: Fri, 4 Oct 2019 22:25:22 +0000
To: Owens, Travis
Cc: Kolb, Alicia
Subject: FW: 19-SAO-CD-DFAS-038d_Review documentation.docx

Travis,

1



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See the email below and attachments. I noticed in the letter received by Acting Director Tidball this item was showing with a due date of 9/26/19 and still not received as of 9/30/19 (4 days overdue). Please see the response was sent on 9/25/19 at 7:44AM. Can you please let me know why this is showing overdue or let me know if it is shown in error.

Thanks!

Kristen

From: Dowd, Kim <kim.dowd@dss.mo.gov>
Sent: Wednesday, September 25, 2019 7:44 AM
To: Patterson, Ryan <ryan.patterson@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Grotzinger, Charity <charity.grotzinger@auditor.mo.gov>
Subject: RE: 19-SAO-CD-DEAS-038d_Review documentation.docx

From: Ryan Patterson <Ryan.Patterson@auditor.mo.gov>
Sent: Thursday, September 19, 2019 9:58 AM
To: Dowd, Kim <kim.dowd@dss.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Grotzinger, Charity <charity.grotzinger@auditor.mo.gov>
Subject: 19-SAO-CD-DEAS-038d_Review documentation.docx

Kim,

Please see the attached request

Thank you

Ryan Patterson
Missouri State Auditor's Office
Staff Auditor I

Note: This message was originally sent securely with Proofpoint Secure Messaging, and has been automatically decrypted for you at the gateway.



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Attachment 2

Patrin, Kristen

From: Kolb, Alicia
Sent: Wednesday, October 16, 2019 8:45 AM
To: Patrin, Kristen
Subject: FW: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Please see the below correspondence. I'll drop by when you are out of your meetings.

Thanks.

Alicia

From: Dowd, Kim <kim.dowd@dss.mo.gov>
Sent: Wednesday, October 16, 2019 8:42 AM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: FW: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Thursday, August 1, 2019 3:19 PM
To: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Yes close

From: Dowd, Kim
Sent: Thursday, August 1, 2019 2:50 PM
To: Charity Grotzinger
Cc: Kolb, Alicia
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

So is this request closed?

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Thursday, August 1, 2019 2:49 PM



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To: Dowd, Kim <kim.dowd@dss.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

We have determined that the use of LOC was in the wrong context last audit. LOC is basically the V160P and the V974B. Therefore, you have already provided the award letters for the LOC I need. Yeah, one less thing you have to do on this request!!

From: Dowd, Kim <kim.dowd@dss.mo.gov>
Sent: Thursday, August 1, 2019 2:44 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Charity, do you have an example of the letter of credit you are requesting? I think you sent one but I can't find it anywhere.

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Thursday, July 18, 2019 8:54 AM
To: Dowd, Kim <kim.dowd@dss.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Schendk, Seth <Seth.Schendk@auditor.mo.gov>; Patterson, Ryan <ryan.patterson@auditor.mo.gov>
Subject: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Kim,

Please see attached request. LOC stands for Letter of Credit. Prior audit requests are referenced in the request itself.

Thanks.

Charity Grotzinger, CFE, CGAP
Senior Auditor I

CONFIDENTIALITY CLAUSE

This e-mail and any attachments are intended only for those to which it is addressed and may contain information which is privileged, confidential, and prohibited from disclosure or unauthorized use under applicable law. If you are not the intended recipient of this e-mail, you are hereby notified that any use, dissemination, or copying of this e-mail or the information contained in this e-mail is strictly prohibited by the sender. If you have received this transmission in error, please return the material received to the sender and delete all copies from your system.



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Attachment 3

Pattin, Kristen

From: Kolb, Alicia
Sent: Wednesday, October 16, 2019 10:18 AM
To: Pattin, Kristen
Subject: FW: DSS Outstanding Audit Requests (CD-DFAS)

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Tuesday, September 10, 2019 5:02 PM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: DSS Outstanding Audit Requests (CD-DFAS)

Tried to reverse my log, and I am coming up one outstanding request short from the 08/29/19 date...However, the highlighted ones were the 9 still outstanding at the time. As indicated, they may have been fulfilled at this time.

| <u>Request Number</u> | <u>Document Requested</u> | <u>Date Requested</u> | <u>Due Date</u> |
|-----------------------|--|-----------------------|-----------------|
| 19-SAO-CD-DFAS-014b | IC and Risk Consideration Questions | 7/30/2019 | 8/6/2019 |
| 19-SAO-CD-DFAS-018a | End of FY19 reports CB496, ACF696, SF425, RSA2, ACF-196F and Grant Reports | 7/22/2019 | 8/13/2019 |
| 19-SAO-CD-DFAS-027c | Accounts Payable examples | 8/29/2019 | 09/05/19 |
| 19-SAO-CD-DFAS-032b | DFAS drawdown questions | 7/31/2019 | 8/7/2019 |
| 19-SAO-CD-DFAS-042 | Fraud related questions | 7/23/2019 | 7/30/2019 |
| 19-SAO-CD-DFAS-047 | SWSA Planning Inquiry Memo Questions | 7/30/2019 | 8/6/2019 |
| 19-SAO-CD-DFAS-051b | Contract follow up request | 8/22/2019 | 8/29/2019 |
| 19-SAO-CD-DFAS-053 | AA File Request | 08/13/19 | 09/03/19 |
| 19-SAO-CD-DFAS-057 | RMTS-CD results database in Access for QE 12-31-18 | 8/20/2019 | 8/27/2019 |
| 19-SAO-CD-DFAS-058 | Entry Correction Example | 8/22/2019 | 8/29/2019 |



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| | | | |
|--------------------|--|-----------|-----------|
| 19-SAO-CD-DFAS-061 | FORU Cash Management Reports | 8/22/2019 | 8/29/2019 |
| 19-SAO-CD-DFAS-062 | NRLG Exceptions | 08/23/19 | 08/30/19 |
| 19-SAO-CD-DFAS-063 | DYS bilback questions | 08/27/19 | 09/03/19 |
| 19-SAO-CD-DFAS-64 | Allocation Stat Report | 08/28/19 | 09/07/19 |
| 19-SAO-CD-DFAS-65 | Expenditure question | 08/28/19 | 09/07/19 |
| 19-SAO-CD-DFAS-066 | DFAS Safes Listing and Meeting Request | 08/28/19 | 09/04/19 |

From: Kolb, Alicia

Sent: Tuesday, September 10, 2019 4:36 PM

To: Charity Grotzinger

Subject: RE: DSS Outstanding Audit Requests (CD-DFAS)

Please provide the support for what is referenced in the letter.

Thank you.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>

Sent: Tuesday, September 10, 2019 4:35 PM

To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>

Subject: RE: DSS Outstanding Audit Requests (CD-DFAS)

Those were requests as of 08/29/19, therefore, some have since been received. Are you wanting a back dated list or would you prefer a current list in order to reconcile our records-to?

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>

Sent: Tuesday, September 10, 2019 4:24 PM

To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>

Cc: Luebbering, Patrick <Patrick.Luebbering@dss.mo.gov>

Subject: DSS Outstanding Audit Requests (CD-DFAS)

Charity,

The department received the letter the SAO's Chief of Staff, Mr. Michael Moorefield, sent to the DSS' Acting Director, Jennifer Tidball. Regarding the chart on page 3 of the referenced letter, the SAO CD-DFAS crew's records reflect 17 audit requests as outstanding and 9 overdue requests. This email respectfully



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requests the details of which audit requests are being referenced in this letter as outstanding and as overdue so that we can reconcile to our records and ensure timely response to this request. When can we expect to receive this detailed list from you?

Thank you.

Alicia Kolb
Department of Social Services
Compliance Services Unit
(573) 751-2432

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Pattrin, Kristen

Attachment

From: Kolb, Alicia
Sent: Wednesday, October 16, 2019 10:37 AM
To: Pattrin, Kristen
Subject: FW: 19SAO-CD-DFAS-049a_IT/IS follow up

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Monday, September 23, 2019 3:57 PM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

Request received and noted.

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Sent: Monday, September 23, 2019 3:54 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

I would like to request an extension on this response to allow more time to review. Please approve the new deadline of Friday, 9/27, and we will send our response prior to that date if the response is complete.

Thank you.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Monday, September 23, 2019 12:19 PM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up



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This is supportive documentation for our internal controls for all DSS IT/SD regardless of program or application.

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Sent: Monday, September 23, 2019 12:17 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: FW: 19SAO-CD-DFAS-049a_IT/IS follow up

Are you asking for this for a specific DSS application?

Thank you.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Friday, September 20, 2019 10:52 AM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

I have attached an old version of one we obtain in past audit. I had also provided the location in which you can go to retrieve (4th one down under "Manuals") in prior email (I do not have access as it asks for a user name and password):

<http://dssweb.cds.state.mo.us/isl/>



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ITSD Home

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HELPFUL LINKS

MANUALS

APPLICATIONS

→ Callbook

→ Deferred Compensation Plan

→ Database Reload Calendar

→ Maintenance Calendar (DSS)

→ Maintenance Calendar (ITSD)

→ OA Intranet

→ On-Line Help Desk

→ CICS Production Statistics

→ Technology Services Document Center

→ ITSD/DSS Systems Development & Maintenance Manual

→ ITSD/DSS Policy & Procedure

→ ITSD/DSS Camera Operators' Guide (Digital)

→ ITSD/DSS Disaster Recovery Plan

→ OA Administrative Policy Manual

→ OHD Customer Training

→ Supply/E-Store

→ ITRAK Database

→ Jira Issue Tracking

→ MOBIUS

→ On-Line Help Desk

→ STROBE

→ Password Reset

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>

Sent: Friday, September 20, 2019 9:27 AM

To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>

Cc: Dowd, Kim <kim.dowd@dss.mo.gov>

Subject: FW: 19SAO-CD-DFAS-049a_IT/IS follow up

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What system is this request specific to, for the Disaster Recovery Plan?

Thanks.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>

Sent: Monday, September 16, 2019 1:24 PM

To: Dowd, Kim <kim.dowd@dss.mo.gov>

Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Davis, Christina <Christina.Davis@dss.mo.gov>

Subject: 19SAO-CD-DFAS-049a_IT/IS follow up

See attached request

Charity Grotzinger, CFE, CGAP
Senior Auditor I

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Attachment 5

Pattrin, Kristen

From: Kolb, Alicia
Sent: Wednesday, October 16, 2019 10:58 AM
To: Pattrin, Kristen
Subject: FW: 19-SAO-CD-DFAS-071a_State Plan Approval
Attachments: 19-SAO-CD-DFAS-071a_State Plan Approval 9.26.19.docx

Alicia

From: Dowd, Kim
Sent: Thursday, September 26, 2019 1:05 PM
To: Patterson, Ryan <ryan.patterson@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Grotzinger, Charity <charity.grotzinger@auditor.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-071a_State Plan Approval

From: Ryan Patterson
Sent: Wednesday, September 25, 2019 3:20 PM
To: Dowd, Kim
Cc: Kolb, Alicia ; Grotzinger, Charity
Subject: 19-SAO-CD-DFAS-071a_State Plan Approval

Kim,

Please see the attached request

Thank you

Ryan Patterson
Missouri State Auditor's Office
Staff Auditor I



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| Missouri Department of Social Services SAO Audit Request Form | | | |
|--|---|--------------------|-------------------|
| Audit Title: | SWSA FY 19 – July 1, 2018 through June 30, 2019 | | |
| Audit Crew: | DSS-CD | DSS Program: | CD-DFAS |
| Date of Request: | 9/25/2019 | Auditor Name: | Ryan Patterson |
| Request Number: | 19-SAO-CD-DFAS-71a | Type of Request**: | Question/Document |
| Request | | | |
| <p>In our FY18 audit, we received the document attached to this request along with the state plan. Was there a similar document for the state plan submission we received from request 71? If so we would like to request that document</p> <p>Please advise if it seems we are misunderstanding some aspect of the state plan</p> <p>The IV-E state plan you currently have been provided is the Missouri approved IV-E state plan and has not changed since the date indicated on the provided correspondence. In our preliminary discussions about this audit we advised that there are portions of the state plan which will have to be provided and approved by our Region VII partners. To date those sections have not been finalized and therefore not approved as part of the Missouri IV-E state plan. We will provide as changes are approved.</p> <p>Thank you</p> | | | |
| I attest that if this document request includes a request for protected health information (PHI) that I have an appropriate business-related reason for requesting the information and have requested the minimum necessary to accomplish the purpose for which use or disclosure is sought. | | | |
| Legal Authority under HIPAA to receive PHI without authorization: | | | |
| Signature: Ryan Patterson | | Date: 9/25/2019 | |
| (Return Form to Kim Dowd, Audit Liaison, DSS-CD) | | | |
| FOR DSS USE ONLY | | | |
| Date Due: | | Date Completed: | 9/25/19 |
| Unit: | | DSS Staff: | Amy Martin |

**Type of Request:

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- Data requests – 3 weeks
- File requests – 4 weeks
- Document requests, SAO questions and report requests– 1 week
- Prior audit findings – 6 weeks
- Meeting Requests – 1 week to schedule meeting



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Pattrin, Kristen

Attachment 6

From: Travis Owens <Travis.Owens@auditor.mo.gov>
Sent: Saturday, October 5, 2019 6:17 AM
To: Pattrin, Kristen; Grotzinger, Charity; Patterson, Ryan
Cc: Kolb, Alicia; Dowd, Kim
Subject: RE: 19-SAO-CD-DFAS-086_Prefund Questions

Based on the information I have available I agree with you. I apologize for the error; appears something may have went wrong in our tracker file where the sent date and due date got mixed up. If we have additional info to add then Charity will respond.

From: Pattrin, Kristen <Kristen.D.Pattrin@dss.mo.gov>
Sent: Friday, October 4, 2019 5:11 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>; Ryan Patterson <Ryan.Patterson@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Travis Owens <Travis.Owens@auditor.mo.gov>; Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: 19-SAO-CD-DFAS-086_Prefund Questions

Charity and Ryan,

Please find the response to the request 19-SAO-CD-DFAS-086 attached. Additionally, the list of outstanding items in a letter to the Acting Director Tidball had this item with a due date of 9/30/19, however it appears as shown below and on the attached request that is the date of the request. DSS has this listed with a due date of 10/7/19. Please confirm.

Thanks

Kristen Pattrin



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Attachment 7

Pattrin, Kristen

From: travis.owens@auditor.mo.gov
Sent: Saturday, October 5, 2019 6:18 AM
To: Pattrin, Kristen; Grotzinger, Charity; Andrews, Zach
Cc: Kolb, Alicia; Dowd, Kim
Subject: RE: FW: 19-SAO-CD-DFAS-087_SEFA Instructions - due to SAO 10/7/19

Based on the information I have available I agree with you. I apologize for the error; appears something may have went wrong in our tracker file where the sent date and due date got mixed up. If we have additional info to add then Charity will respond.

From: Pattrin, Kristen
Sent: Fri, 4 Oct 2019 21:55:19 +0000
To: Grotzinger, Charity; Andrews, Zach
Cc: Kolb, Alicia; Owens, Travis; Dowd, Kim
Subject: FW: 19-SAO-CD-DFAS-087_SEFA Instructions - due to SAO 10/7/19

Charity and Zach,

Please find the documents requested to fulfill 19-SAO-CD-DFAS-087 attached. Additionally, the list of outstanding items in a letter to the Acting Director Tidball had this item with a due date of 9/30/19, however it appears as shown below and on the attached request that is the date of the request. DSS has this listed with a due date of 10/7/19. Please confirm.

Thanks

Kristen Pattrin



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From: Zach Andrews
Sent: Mon, 30 Sep 2019 21:13:51 +0000
To: Dowd, Kim
Cc: Kolb, Alicia
Subject: 19-SAO-CD-DFAS-087_SEFA Instructions

Hi,

Attached is request # 19-SAO-CD-DFAS-087, I have attached the previous year's instructions.

Thank you,

Zach Andrews
Staff Auditor II
Missouri State Auditor's Office
Zach.Andrews@auditor.mo.gov<mailto:Zach.Andrews@auditor.mo.gov>
573-751-4213

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Attachment 8

Pattrin, Kristen

From: Travis Owens <Travis.Owens@auditor.mo.gov>
Sent: Saturday, October 5, 2019 6:15 AM
To: Pattrin, Kristen
Cc: Kolb, Alicia; Grotzinger, Charity
Subject: RE: 19-SAO-CD-DFAS-088

Based on the information I have available I agree with you. I apologize for the error; appears something may have went wrong in our tracker file where the sent date and due date got mixed up. If we have additional info to add then Charity will respond.

From: Pattrin, Kristen <Kristen.D.Pattrin@dss.mo.gov>
Sent: Friday, October 4, 2019 5:19 PM
To: Travis Owens <Travis.Owens@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Subject: 19-SAO-CD-DFAS-088

Travis,

The attached request was received on 9/30/19 and had a due date of 10/7/19, however we responded on 10/3/19. I noticed it is listed on the letter received by Acting Director Tidball with a due date of 9/30/19. Please confirm the actual due date was 10/7/19.

Thanks

Kristen