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CITIZENS SUMMARY

Findings in the Fiscal Year 2015 Statewide Single Audit

Single Audit Background

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Act requires an audit of the state's financial statements and its use of federal awards.

The state spent $11.55 billion in federal awards through 303 different federal programs during the state fiscal year ended June 30, 2015. Although 19 state agencies and other state offices expended federal awards, 4 state agencies expended the majority of the federal awards (91 percent). For state fiscal year 2015, our Single Audit involved audit work on 17 major federal programs at 9 state agencies, encompassing $8.8 billion (77 percent) of the total federal awards spent. The audit report contains 1 financial statement finding and 18 federal award findings and related recommendations. Of these findings 10 were repeated from prior Single Audits. Several of these findings are summarized below.

Financial Reporting Controls STO

The Office of State Treasurer (STO) lacks adequate procedures to ensure the accuracy of year-end financial data submitted to the Office of Administration-Division of Accounting (DOA). The total balance reported to the DOA for bank deposits held by the STO would have been understated by $753.2 million in the note disclosures accompanying the state's financial statements for the year ended June 30, 2015, had the misstatement not been identified during our audit. In addition, total cash and cash equivalents would have been overstated by $214.4 million, and total investments would have been understated by $214.4 million in the financial statements, had a classification error in the preparation of a summary of the STO year-end financial data not been identified during the audit.

Child Care Eligibility, Payments, and Provider Eligibility DSS

As noted in our five prior audit reports, significant weaknesses still exist in Department of Social Services (DSS) controls over Child Care Development Fund eligibility and provider payments. Eligibility documentation was not sufficient to support a valid need for child care for 12 percent of cases reviewed, income eligibility information did not match income used for eligibility determinations for 3 percent of cases reviewed, and 30 percent of payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. In addition, one provider improperly claimed absences on a holiday the center was closed after exhausting their annual allotment of 11 holidays per state fiscal year.

The DSS lacks adequate controls and procedures to ensure "four-or-less" child care providers comply with requirements for license-exempt status. Under state law, child care providers are exempt from licensing requirements if they care for four or less unrelated children, known as "four-or-less" (FOL) providers. For 43 percent of FOL providers reviewed, the DSS incorrectly classified some children as related to the provider or could not verify the relationship for some children classified as related to the provider.

Social Services Block Grant Subrecipient Monitoring DSS	The DSS has not established adequate controls and procedures to monitor Caring Community Partnerships (CCPs) for compliance with Social Services Block Grant (SSBG) requirements. Grant agreements do not mention the SSBG as a funding source, include or refer to the requirements of the SSBG, or include the identifying grant award information. During reviews of quarterly reimbursement requests and on-site visits, DSS staff do not review for CCP compliance with SSBG requirements.
Medicaid Management Information System Access DSS	The DSS-MO HealthNet Division does not have sufficient controls in place over Medicaid Management Information System (MMIS) access rights to ensure user accounts are timely removed from the system when users are no longer employed in positions needing access. Of the 25 active MMIS user accounts tested, auditors found 4 (16 percent) accounts for individuals who had terminated employment from the DSS or from a contractor. Access for these 4 accounts had not been removed although the individuals had been terminated for 8 to 35 months. In an additional review of contractor access, auditors identified 2 contractors with 23 active MMIS user accounts for employees, although their contracts had expired in 2010 and 2014.
Cost Pool Allocation Procedures DSS	The DSS-Division of Finance and Administrative Services lacks sufficient controls and procedures over the allocation of some administrative costs to federal programs. During a review of cost allocation spreadsheets, auditors identified Guardianship Assistance program costs totaling approximately $542,710 that were improperly allocated to four federal programs.
Medicaid Developmental Disabilities Comprehensive Waiver Group Home Rates DMH	The Department of Mental Health-Division of Developmental Disabilities (DD) did not retain documentation to support per diem rates paid to group homes for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver program. Documentation to support the per diem rates was not retained for all 13 group home habilitation services payments tested; as a result, the DD could not demonstrate amounts paid were allowable costs of the Comprehensive Waiver program. The federal share of payments to group homes using the 13 unsupported per diem rates totaled $658,501 during state fiscal year 2015.
Department of Homeland Security Grants - Subrecipient Monitoring DPS	The Department of Public Safety (DPS)-State Emergency Management Agency (SEMA) and the Office of Director (OD) need to improve controls and procedures to monitor subrecipients of Department of Homeland Security programs. The SEMA and the OD have not established procedures to identify and ensure applicable subrecipients obtained independent Single Audits as required and did not document that Single Audit reports received were reviewed. For some projects, the SEMA did not adequately monitor or enforce existing policies to ensure subrecipients complied with procurement requirements. In addition, the SEMA does not have effective procedures to ensure Disaster Grants-Public Assistance program subrecipients submit quarterly progress reports, extension requests, and/or reimbursement requests within the required timeframes. As a result, the SEMA had not received reimbursement requests and progress reports from one subrecipient for projects totaling over $8 million, which were completed 2 to 4 years ago.

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

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