



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the Fiscal Year 2016 Statewide Single Audit

Background

The Single Audit for the state of Missouri for the state fiscal year ended June 30, 2016 is the first performed under the Uniform Guidance. A single audit requires an audit of the state's financial statements and expenditures of federal awards. The state spent \$11.77 billion in federal awards through 301 different federal programs. Our Single Audit involved audit work on 13 major federal programs administered by 6 state agencies, with expenditures totaling \$8.4 billion. The audit report contains 6 federal award findings and related recommendations involving 3 major federal programs at 2 state agencies. Of these 6 findings, 5 were repeated from prior Single Audits. The state agencies prepared and submitted to the Office of Administration, a Corrective Action Plan for each audit finding.

Child Care Provider Eligibility DSS

As noted in our three prior audit reports, the Department of Social Services (DSS) does not have adequate controls and procedures to ensure "four-or-less" (FOL) child care providers participating in the Child Care Development Fund (Child Care) subsidy program comply with statutory 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. Auditors reviewed 91 children coded in the Family Assistance Management Information System as related to their child care provider. For 85 (93 percent) children cared for by 28 FOL providers, DSS employees did not follow the department's recently revised procedures to obtain, at the time of child care authorization, a Child to Provider Relationship form signed by the client and provider attesting to the relationships. Of these 28 providers, 13 (46 percent) were paid for more than a total of four unrelated children and children whose relationship was not supported by the required form. DSS personnel subsequently obtained required forms or verified relationships for 8 of the 13 providers, but could not verify the relationships for the remaining 5 providers.

Child Care Eligibility and Payments DSS

As noted in our six prior audit reports, significant weaknesses continue to exist in DSS controls over Child Care subsidy eligibility and provider payments. Child Care subsidy payments were made on behalf of children when there was not a valid need for child care services for 3 of 60 (5 percent) cases reviewed. Documentation was not adequate to support payments and/or payments were not in compliance with DSS policies for 10 of 60 (17 percent) cases reviewed. Approximately 3 percent of payments reviewed were questioned. Also, the department's procedures to follow-up on non-compliance identified during provider reviews are not sufficient. In 7 of the 15 follow-up reviews (47 percent) the Child Care Review Team (CCRT) determined the providers continued to be non-compliant and received overpayments. The CCRT required these providers to repay the identified overpayments, but took no further action to address the continued non-compliance.

MO HealthNet Division Provider Eligibility DSS

The DSS did not fully implement federal revalidation requirements for providers participating in the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) by September 24, 2016, as required. As of that date, the revalidations had not been performed for 87 percent of providers requiring a revalidation. As a result, the DSS had not ensured these providers continued to meet the requirements to participate in

these programs. In addition, the DSS did not timely review and follow-up on Missouri Division of Professional Registration provider reports of expired licenses and other licensure issues. As a result, the DSS did not timely identify and address 39 closed pharmacies still enrolled and authorized to receive Medicaid and CHIP payments.

MO HealthNet Division Receipt Controls DSS	As noted in our prior audit report, the DSS - MO HealthNet Division (MHD) does not have adequate controls in place to ensure the proper management of receipts received by the division. The MHD's reconciliations of cash control numbers to deposits and monies on hand are not sufficient to account for all cash control numbers (receipt numbers), the MHD does not restrictively endorse money orders immediately upon receipt, and the MHD does not adequately restrict user access within the cash receipts and accounts receivable modules of the computerized accounting and payment system.
Medicaid Aged, Blind, and Disabled Eligibility DSS	As noted in our two prior audit reports, the DSS does not ensure monthly supervisory case reviews were completed as required for aged, blind, and disabled individuals enrolled in Medicaid. Monthly supervisory case reviews were not performed as required for 48 of 60 (80 percent) eligibility specialists reviewed.
Medicaid Developmental Disabilities Comprehensive Waiver Group Home Rates DMH	As noted in our prior audit report, the Department of Mental Health-Division of Developmental Disabilities (DD) did not retain documentation to support per diem rates paid to some group homes for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program. The DD did not retain documentation to support the per diem rates for all 21 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 the 21 group homes for habilitation services provided to the participants reviewed totaled \$937,867 during state fiscal year 2016.

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

All reports are available on our Web site: auditor.mo.gov