



Nicole Galloway, CPA

Missouri State Auditor

State of Missouri
Single Audit
Year Ended June 30, 2020

Report No. 2021-024

May 2021

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the Fiscal Year 2020 State of Missouri Single Audit

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|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Background | A single audit requires an audit of the state's financial statements and expenditures of federal awards. The state spent approximately \$17.1 billion in federal awards during the fiscal year ended June 30, 2020. Our Single Audit involved audit work on 15 major federal programs administered by 9 state agencies, with expenditures totaling approximately \$12.6 billion. |
| Medicaid Nursing Facility Cost Report Audits | As noted in our previous audit, the Department of Social Services (DSS) MO HealthNet Division (MHD) did not ensure periodic audits of cost reports or other financial information of nursing facilities participating in the Medical Assistance Program (Medicaid) were conducted as required. |
| Medicaid National Correct Coding Initiative | The DSS-MHD has not fully implemented the Medicaid National Correct Coding Initiative edits in the Medicaid Management Information System (MMIS) as required. In addition, the MHD did not ensure confidentiality agreements containing required elements to protect the confidentiality of the edit files were in place with the MMIS contractor. |
| Medicaid and CHIP MAGI-Based Participant Eligibility | As noted in our previous audit, the DSS did not have sufficient controls to ensure compliance with the eligibility redetermination requirements of the Medicaid and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI), prior to suspension of the requirements in March 2020. |
| Adoption Assistance Eligibility and Payments | As similarly noted in our 6 previous audits of the Adoption Assistance program, the DSS made payments on behalf of ineligible children and did not have sufficient controls to prevent and/or detect certain unallowable payments. From the Adoption Assistance program, the DSS - Children's Division made payments on behalf of 5 ineligible children with backdated subsidy agreements, and made an unallowable payment for an additional child. |
| Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates | As noted in our prior 5 audit reports, the Department of Mental Health - Division of Developmental Disabilities 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. |
| CSFP Food Inventory | The Department of Health and Senior Services - Bureau of Community Food & Nutrition Assistance (BCFNA) did not establish adequate controls to ensure compliance with federal requirements regarding accountability of USDA-donated foods distributed through the Commodity Supplemental Food Program (CSFP). The BCFNA did not perform annual inventories of food bank storage facilities. |
| DPS-OTAG Cooperative Agreement Final Accounting | The Department of Public Safety - Office of the Adjutant General (DPS-OTAG) does not have adequate controls and procedures to ensure a final accounting and/or a written request(s) for extension is filed for each National Guard Military O&M Projects program cooperative agreement appendix as required. |

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

State of Missouri

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Corrective Action Plans

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Common Abbreviations

| | |
|----------|--------------------------------------------|
| CAP | Corrective Action Plan |
| CFDA | Catalog of Federal Domestic Assistance |
| CFR | Code of Federal Regulations |
| COVID-19 | Coronavirus Disease 2019 |
| CSR | Code of State Regulations |
| OMB | Office of Management and Budget |
| RSMo | Missouri Revised Statutes |
| SAM II | Statewide Advantage for Missouri |
| SEFA | Schedule of Expenditures of Federal Awards |
| USC | United States Code |

State of Missouri - Single Audit

Introduction and Summary

Year Ended June 30, 2020

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 \$17.1 billion in federal awards during the state fiscal year ended June 30, 2020.



State of Missouri - Single Audit
Introduction and Summary
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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, 2020.

We issued our audit report (Report No. 2021-006¹) of the state's Comprehensive Annual Financial Report (Annual Report), as of and for the year ended June 30, 2020, in February 2021. In addition, we issued our Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2021-017²) in March 2021. 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 \$17.1 billion in federal funds in state fiscal year 2020. 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 15 major federal programs with expenditures totaling approximately \$12.6 billion, administered by 9 state agencies.

We issued a qualified opinion on 2 major federal programs and an unmodified opinion on 13 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:

Children's Health Insurance Program
Medicaid Cluster

In total, we reported 7 audit findings related to 5 major federal programs at 4 state agencies. We identified over \$190,000 in known questioned costs related

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

²See report at <https://app.auditor.mo.gov/Repository/Press/2021017_8051878923.pdf>.



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to federal awards. Of the 7 audit findings, 4 were repeated from prior Single Audits. These findings have been reported for 2 to 7 years.

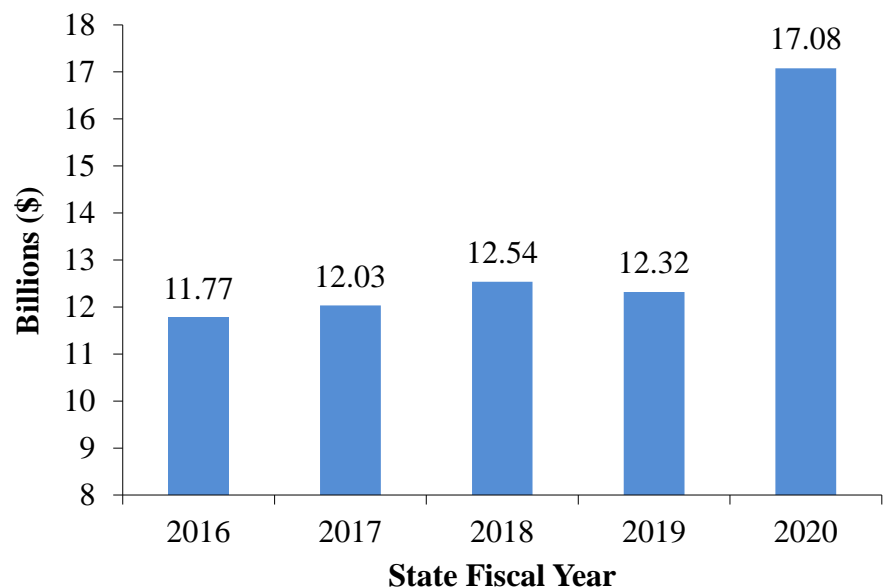
Of the 7 federal award audit findings, 6 related to internal control deficiencies. We consider 2 findings of internal control deficiencies to be material weaknesses and 3 to be significant deficiencies.

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.

Expenditures of federal awards increased significantly in state fiscal year 2020. The increase was primarily due to the additional federal funding made available to Missouri state agencies to help pay for the state's emergency response to the Coronavirus Disease 2019 (COVID-19).

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

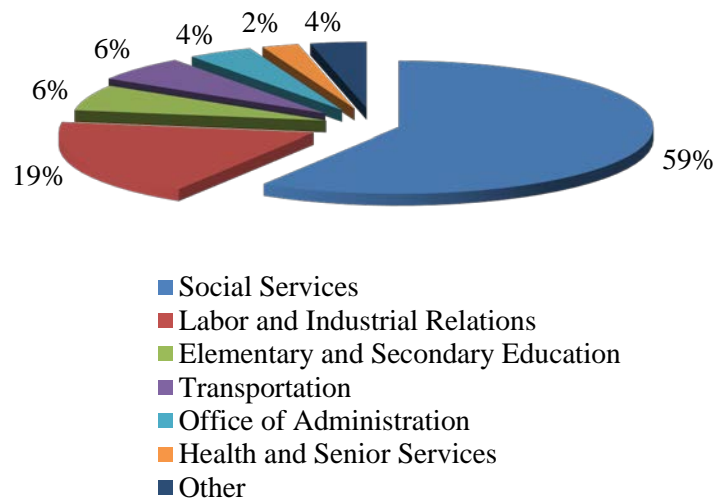




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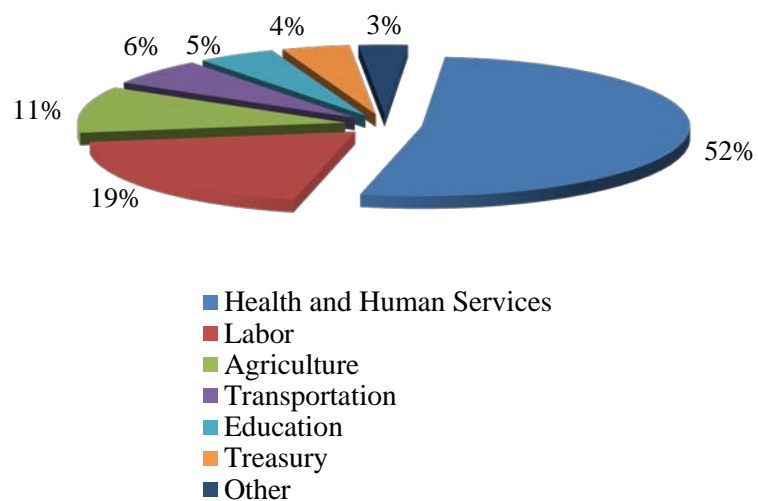
Of the 20 state agencies and offices that expended federal awards, 6 agencies and offices spent the majority of the awards (96 percent) during state fiscal year 2020.

Expenditures of Federal Awards by State Agency



The state expended federal awards received from 24 federal agencies. Most of the federal award expenditures (97 percent) were from programs of 6 federal agencies.

Expenditures of Federal Awards by Federal Agency



Overall, the state expended federal awards in 308 programs. These programs are listed in the accompanying Schedule of Expenditures of Federal Awards.

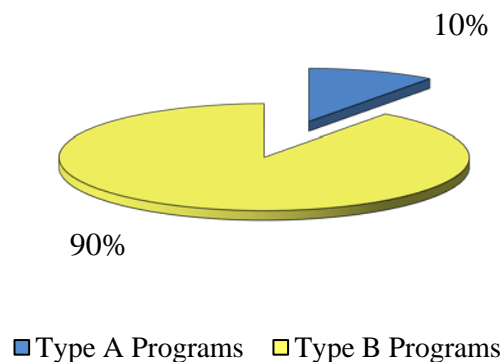


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The Uniform Guidance requires federal programs to be labeled Type A programs or Type B programs based on a dollar threshold. For the state of Missouri, the Uniform Guidance defines the dollar threshold as \$30 million since the federal award expenditures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

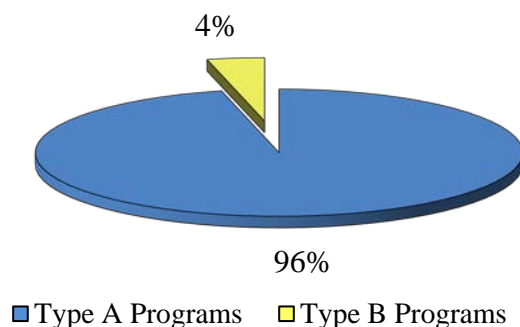
Programs with federal award expenditures over \$30 million are Type A programs and programs with federal award expenditures under \$30 million are Type B programs. Of the 308 federal award programs, 31 were Type A programs and 277 were Type B programs.

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



The 31 Type A programs had expenditures totaling approximately \$16.4 billion, or 96 percent of total expenditures. The 277 Type B programs had expenditures totaling approximately \$649 million, or 4 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, 2020

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 17 of the 31 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 14 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 24 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 74 percent of total state fiscal year 2020 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 | 14 | \$ 12,601,676,005 | |
| Type B major programs | <u>1</u> | <u>26,258,927</u> | |
| Total major programs | 15 | 12,627,934,932 | 74% |
| <u>Programs not Audited</u> | | | |
| Type A non-major programs | 17 | 3,832,277,080 | |
| Type B non-major programs | <u>276</u> | <u>622,973,353</u> | |
| Total non-major programs | <u>293</u> | <u>4,455,250,433</u> | 26% |
| Total programs | 308 | \$ 17,083,185,365 | 100% |

State of Missouri
Summary of Type A Programs and Total Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Program or Cluster Name | Federal Grantor Agency | Federal Awards Expended | |
|----------------|----------------------------------------------------------------------------------------|---------------------------------|-------------------------|----------------------|
| | SNAP Cluster: | | | |
| 10.551 | COVID-19 - Supplemental Nutrition Assistance Program | Agriculture | \$ 241,832,547 | |
| 10.551 | Supplemental Nutrition Assistance Program | Agriculture | <u>1,010,364,205</u> | |
| | Total Supplemental Nutrition Assistance Program | | | 1,252,196,752 |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | Agriculture | | <u>52,210,303</u> |
| | Total SNAP Cluster | | | <u>1,304,407,055</u> |
| | Child Nutrition Cluster: | | | |
| 10.553 | School Breakfast Program | Agriculture | | 56,832,760 |
| 10.555 | COVID-19 - National School Lunch Program | Agriculture | 41,894,272 | |
| 10.555 | National School Lunch Program | Agriculture | <u>177,874,744</u> | |
| | Total National School Lunch Program | | | 219,769,016 |
| 10.556 | Special Milk Program for Children | Agriculture | | 312,345 |
| 10.559 | COVID-19 - Summer Food Service Program for Children | Agriculture | 24,007,133 | |
| 10.559 | Summer Food Service Program for Children | Agriculture | <u>29,744,021</u> | |
| | Total Summer Food Service Program for Children | | | <u>53,751,154</u> |
| | Total Child Nutrition Cluster | | | <u>330,665,275</u> |
| 10.557 | WIC Special Supplemental Nutrition Program for Women, Infants, and Children | Agriculture | | 68,346,422 |
| 10.558 | COVID-19 - Child and Adult Care Food Program | Agriculture | 6,054,932 | |
| 10.558 | Child and Adult Care Food Program | Agriculture | <u>56,619,666</u> | |
| | Total Child and Adult Care Food Program | | | 62,674,598 |
| | Food Distribution Cluster: | | | |
| 10.565 | Commodity Supplemental Food Program | Agriculture | | 10,268,294 |
| 10.568 | Emergency Food Assistance Program (Administrative Costs) | Agriculture | | 2,231,774 |
| 10.569 | Emergency Food Assistance Program (Food Commodities) | Agriculture | | <u>35,509,388</u> |
| | Total Food Distribution Cluster | | | <u>48,009,456</u> |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects | Defense | | 52,368,606 |
| | Fish and Wildlife Cluster: | | | |
| 15.605 | Sport Fish Restoration | Interior | | 6,738,169 |
| 15.611 | Wildlife Restoration and Basic Hunter Education | Interior | | <u>28,788,716</u> |
| | Total Fish and Wildlife Cluster | | | <u>35,526,885</u> |
| 16.575 | Crime Victim Assistance | Justice | | 41,748,274 |
| 17.225 | COVID-19 - Unemployment Insurance | Labor | 2,301,894,814 | |
| 17.225 | Unemployment Insurance | Labor | <u>878,200,186</u> | |
| | Total Unemployment Insurance | | | 3,180,095,000 |
| | WIOA Cluster: | | | |
| 17.258 | WIOA Adult Program | Labor | | 12,049,304 |
| 17.259 | WIOA Youth Activities | Labor | | 11,799,627 |
| 17.278 | WIOA Dislocated Worker Formula Grants | Labor | | <u>13,461,310</u> |
| | Total WIOA Cluster | | | <u>37,310,241</u> |
| | Highway Planning and Construction Cluster: | | | |
| 20.205 | Highway Planning and Construction | Transportation | | 970,545,374 |
| 20.219 | Recreational Trails Program | Transportation | | 2,560,506 |
| 20.224 | Federal Lands Access Program | Transportation | | <u>665,056</u> |
| | Total Highway Planning and Construction Cluster | | | <u>973,770,936</u> |
| 21.019 | COVID-19 - Coronavirus Relief Fund | Treasury | | 702,248,514 |
| 64.015 | Veterans State Nursing Home Care | Veterans Affairs | | 74,011,743 |
| | Clean Water State Revolving Fund Cluster: | | | |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | Environmental Protection Agency | | <u>55,827,088</u> |
| | Total Clean Water State Revolving Fund Cluster | | | <u>55,827,088</u> |
| 84.010 | Title I Grants to Local Educational Agencies | Education | | 235,621,967 |

State of Missouri
Summary of Type A Programs and Total Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Program or Cluster Name | Federal Grantor Agency | Federal Awards Expended |
|----------------|-------------------------------------------------------------------------------------------------|--------------------------------|-------------------------|
| 84.027 | Special Education Cluster (IDEA): | | |
| 84.173 | Special Education Grants to States | Education | 233,345,563 |
| | Special Education Preschool Grants | Education | 5,497,057 |
| | Total Special Education Cluster (IDEA) | | <u>238,842,620</u> |
| 84.032 | Federal Family Education Loans | Education | 60,565,527 |
| 84.126 | Rehabilitation Services Vocational Rehabilitation Grants to States | Education | 71,017,138 |
| 84.367 | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | Education | 34,478,386 |
| 84.425D | COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund | Education | 67,469,751 |
| | Total Education Stabilization Fund | | <u>67,469,751</u> |
| 93.268 | Immunization Cooperative Agreements | Health and Human Services | 69,975,545 |
| 93.558 | Temporary Assistance for Needy Families | Health and Human Services | 199,223,522 |
| 93.568 | Low-Income Home Energy Assistance | Health and Human Services | 77,546,097 |
| 93.575 | CCDF Cluster: | | |
| 93.575 | COVID-19 - Child Care and Development Block Grant | Health and Human Services | 6,160,993 |
| | Child Care and Development Block Grant | Health and Human Services | 82,764,386 |
| | Total Child Care and Development Block Grant | | 88,925,379 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | Health and Human Services | 64,871,798 |
| | Total CCDF Cluster | | <u>153,797,177</u> |
| 93.658 | Foster Care Title IV-E | Health and Human Services | 58,186,886 |
| 93.659 | Adoption Assistance | Health and Human Services | 44,261,541 |
| 93.667 | Social Services Block Grant | Health and Human Services | 51,467,812 |
| 93.767 | Children's Health Insurance Program | Health and Human Services | 302,891,434 |
| 93.775 | Medicaid Cluster: | | |
| 93.777 | State Medicaid Fraud Control Units | Health and Human Services | 1,920,069 |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | Health and Human Services | 18,736,947 |
| 93.778 | COVID-19 - Medical Assistance Program | Health and Human Services | 319,473,016 |
| 93.778 | Medical Assistance Program | Health and Human Services | 7,379,507,220 |
| | Total Medical Assistance Program | | 7,698,980,236 |
| | Total Medicaid Cluster | | <u>7,719,637,252</u> |
| 96.001 | Disability Insurance/SSI Cluster: | | |
| | Social Security Disability Insurance | Social Security Administration | 46,303,048 |
| | Total Disability Insurance/SSI Cluster | | <u>46,303,048</u> |
| 97.036 | COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Homeland Security | 604,219 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Homeland Security | 35,053,070 |
| | Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | <u>35,657,289</u> |
| | Total Type A Programs (expenditures greater than \$30,000,000) | | <u>16,433,953,085</u> |
| | Total Type B Programs (expenditures less than \$30,000,000) | | <u>649,232,280</u> |
| | Total Expenditures of Federal Awards | \$ | <u>17,083,185,365</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, 2020. 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 expended federal awards, and which are not included in the state's Schedule of Expenditures of Federal Awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform an audit of compliance, 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) |
|-----------------------|--------------------------------------|----------------------------------------------------------|----------------------------------|
| 2020-001 | 93.775 93.777 93.778 | Medicaid Cluster | Special Tests and Provisions |
| 2020-002 | 93.767 93.775 93.777 93.778 | Children's Health Insurance Program and 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 Children's Health Insurance Program and the Medicaid Cluster for the year ended June 30, 2020.

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, 2020.

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 2020-003, 2020-004, 2020-005, 2020-006, and 2020-007. 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 2020-001 and 2020-002 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 2020-003, 2020-006, and 2020-007 to be significant deficiencies.

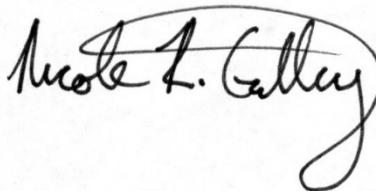
The state of Missouri's responses to and corrective action plans for the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not 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, 2020, and the related notes to financial statements, which collectively comprise the state's basic financial statements. We issued our report thereon dated February 25, 2021, 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

April 22, 2021, except for our report
on the Schedule of Expenditures of
Federal Awards, for which the date is
February 25, 2021

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|-------------------------------------------|----------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| Department of Agriculture | | | |
| 10.025 | Plant and Animal Disease, Pest Control, and Animal Care | \$ 786,173 | \$ - |
| 10.069 | Conservation Reserve Program | 433,241 | - |
| 10.093 | Voluntary Public Access and Habitat Incentive Program | 250,957 | - |
| 10.153 | Market News | 16,191 | - |
| 10.163 | Market Protection and Promotion | 66,650 | - |
| 10.170 | Specialty Crop Block Grant Program - Farm Bill | 382,237 | 353,732 |
| 10.171 | Organic Certification Cost Share Programs | 93,382 | 82,910 |
| 10.304 | Homeland Security Agricultural | 30,613 | - |
| 10.351 | Rural Business Development Grant | 164,649 | - |
| 10.435 | State Mediation Grants | 23,739 | - |
| 10.475 | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 1,048,783 | - |
| 10.479 | Food Safety Cooperative Agreements | 168,601 | - |
| SNAP Cluster: | | | |
| 10.551 | COVID-19 - Supplemental Nutrition Assistance Program | 241,832,547 | - |
| 10.551 | Supplemental Nutrition Assistance Program | 1,010,364,205 | - |
| | Total Supplemental Nutrition Assistance Program | 1,252,196,752 | - |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 52,210,303 | 14,608,025 |
| | Total SNAP Cluster | 1,304,407,055 | 14,608,025 |
| Child Nutrition Cluster: | | | |
| 10.553 | School Breakfast Program | 56,832,760 | 56,832,760 |
| 10.555 | COVID-19 - National School Lunch Program | 41,894,272 | 41,894,272 |
| 10.555 | National School Lunch Program | 177,874,744 | 177,874,744 |
| | Total National School Lunch Program | 219,769,016 | 219,769,016 |
| 10.556 | Special Milk Program for Children | 312,345 | 312,345 |
| 10.559 | COVID-19 - Summer Food Service Program for Children | 24,007,133 | 24,007,133 |
| 10.559 | Summer Food Service Program for Children | 29,744,021 | 29,167,554 |
| | Total Summer Food Service Program for Children | 53,751,154 | 53,174,687 |
| | Total Child Nutrition Cluster | 330,665,275 | 330,088,808 |
| 10.557 | WIC Special Supplemental Nutrition Program for Women, Infants, and Children | 68,346,422 | 21,595,970 |
| 10.558 | COVID-19 - Child and Adult Care Food Program | 6,054,932 | 6,054,932 |
| 10.558 | Child and Adult Care Food Program | 56,619,666 | 55,585,017 |
| | Total Child and Adult Care Food Program | 62,674,598 | 61,639,949 |
| 10.560 | State Administrative Expenses for Child Nutrition | 4,886,959 | 1,772,354 |
| Food Distribution Cluster: | | | |
| 10.565 | Commodity Supplemental Food Program | 10,268,294 | 1,813,171 |
| 10.568 | Emergency Food Assistance Program (Administrative Costs) | 2,231,774 | 1,865,811 |
| 10.569 | Emergency Food Assistance Program (Food Commodities) | 35,509,388 | 1,319,748 |
| | Total Food Distribution Cluster | 48,009,456 | 4,998,730 |
| 10.574 | Team Nutrition Grants | 150,992 | 8,903 |
| 10.575 | Farm to School Grant Program | 11,652 | 7,300 |
| 10.576 | Senior Farmers Market Nutrition Program | 132,405 | 132,405 |
| 10.578 | WIC Grants To States (WGS) | 5,941,034 | 951,967 |
| 10.579 | Child Nutrition Discretionary Grants Limited Availability | 574,040 | 574,040 |
| 10.580 | Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants | 35,750 | - |
| 10.582 | Fresh Fruit and Vegetable Program | 2,993,833 | 2,993,833 |
| 10.664 | Cooperative Forestry Assistance | 1,159,216 | 461,025 |
| Forest Service Schools and Roads Cluster: | | | |
| 10.665 | Schools and Roads - Grants to States | 2,860,720 | 2,860,720 |
| | Total Forest Service Schools and Roads Cluster | 2,860,720 | 2,860,720 |
| 10.680 | Forest Health Protection | 8,448 | - |
| 10.698 | State & Private Forestry Cooperative Fire Assistance | 269,683 | 269,683 |
| 10.902 | Soil and Water Conservation | 787,699 | 180,595 |
| | Total Department of Agriculture | 1,837,380,453 | 443,580,949 |
| Department of Commerce | | | |
| 11.549 | State and Local Implementation Grant Program | 31,069 | - |
| | Total Department of Commerce | 31,069 | - |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|---------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| Department of Defense | | | |
| 12.U01 | Excess Property Program | 832,576 | - |
| 12.U02 | Troops to Teachers | 3,723 | - |
| 12.112 | Payments to States in Lieu of Real Estate Taxes | 1,582,511 | 1,582,511 |
| 12.113 | State Memorandum of Agreement Program for the Reimbursement of Technical Services | 819,343 | - |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects | 52,368,606 | - |
| 12.620 | Troops to Teachers Grant Program | 193,764 | - |
| Total Department of Defense | | 55,800,523 | 1,582,511 |
| Department of Housing and Urban Development | | | |
| 14.228 | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 17,616,754 | 15,878,362 |
| 14.231 | Emergency Solutions Grant Program | 3,053,639 | 3,047,938 |
| 14.241 | Housing Opportunities for Persons with AIDS | 854,223 | 854,223 |
| 14.267 | Continuum of Care Program | 12,531,887 | - |
| 14.401 | Fair Housing Assistance Program State and Local | 1,603 | - |
| 14.416 | Education and Outreach Initiatives | 570 | - |
| Total Department of Housing and Urban Development | | 34,058,676 | 19,780,523 |
| Department of the Interior | | | |
| 15.250 | Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining | 171,143 | - |
| 15.252 | Abandoned Mine Land Reclamation (AMLR) | 1,997,978 | - |
| 15.438 | National Forest Acquired Lands | 1,861,517 | 1,861,517 |
| Fish and Wildlife Cluster: | | | |
| 15.605 | Sport Fish Restoration | 6,738,169 | 534,450 |
| 15.611 | Wildlife Restoration and Basic Hunter Education | 28,788,716 | 498,996 |
| Total Fish and Wildlife Cluster | | 35,526,885 | 1,033,446 |
| 15.608 | Fish and Wildlife Management Assistance | 81,415 | - |
| 15.615 | Cooperative Endangered Species Conservation Fund | 207,938 | 66,602 |
| 15.616 | Clean Vessel Act | 53,192 | 53,192 |
| 15.634 | State Wildlife Grants | 1,028,371 | - |
| 15.647 | Migratory Bird Conservation | 27,620 | - |
| 15.657 | Endangered Species Recovery Implementation | 412 | - |
| 15.658 | Natural Resource Damage Assessment and Restoration | 3,166 | - |
| 15.808 | U.S. Geological Survey Research and Data Collection | 10,014 | - |
| 15.810 | National Cooperative Geologic Mapping | 159,026 | - |
| 15.814 | National Geological and Geophysical Data Preservation | 60,297 | - |
| 15.904 | Historic Preservation Fund Grants-In-Aid | 887,550 | 131,686 |
| 15.916 | Outdoor Recreation Acquisition, Development and Planning | 2,475,650 | 934,287 |
| 15.978 | Upper Mississippi River Restoration Long Term Resource Monitoring | 458,186 | - |
| 15.980 | National Ground-Water Monitoring Network | 6,730 | - |
| 15.981 | Water Use and Data Research | 85,173 | - |
| Total Department of the Interior | | 45,102,263 | 4,080,730 |
| Department of Justice | | | |
| 16.U01 | Violent Offender Task Force | 2,479 | - |
| 16.U02 | FBI Joint Terrorism Task Force | 15,292 | - |
| 16.017 | Sexual Assault Services Formula Program | 277,593 | 252,630 |
| 16.034 | COVID-19 - Coronavirus Emergency Supplemental Funding Program | 7 | - |
| 16.540 | Juvenile Justice and Delinquency Prevention | 836,171 | 580,354 |
| 16.550 | State Justice Statistics Program for Statistical Analysis Centers | 66,000 | - |
| 16.554 | National Criminal History Improvement Program (NCHIP) | 60,312 | 60,312 |
| 16.575 | Crime Victim Assistance | 41,748,274 | 40,275,898 |
| 16.576 | Crime Victim Compensation | 1,852,239 | 1,852,239 |
| 16.582 | Crime Victim Assistance/Discretionary Grants | 13,608 | - |
| 16.585 | Drug Court Discretionary Grant Program | 238,668 | - |
| 16.588 | Violence Against Women Formula Grants | 1,890,439 | 1,723,118 |
| 16.593 | Residential Substance Abuse Treatment for State Prisoners | 381,987 | 367,600 |
| 16.606 | State Criminal Alien Assistance Program | 677 | - |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|-------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 16.609 | Project Safe Neighborhoods | 104,988 | 90,556 |
| 16.710 | Public Safety Partnership and Community Policing Grants | 708,427 | - |
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program | 4,300,417 | 3,783,168 |
| 16.741 | DNA Backlog Reduction Program | 310,326 | - |
| 16.742 | Paul Coverdell Forensic Sciences Improvement Grant Program | 234,026 | 134,126 |
| 16.750 | Support for Adam Walsh Act Implementation Grant Program | 993 | - |
| 16.813 | NICS Act Record Improvement Program | 500,689 | 390,292 |
| 16.827 | Justice Reinvestment Initiative | 101,830 | - |
| 16.833 | National Sexual Assault Kit Initiative | 243,078 | - |
| 16.839 | STOP School Violence | 164,922 | 49,600 |
| Total Department of Justice | | 54,053,442 | 49,559,893 |
| Department of Labor | | | |
| 17.002 | Labor Force Statistics | 991,573 | - |
| 17.005 | Compensation and Working Conditions | 298,568 | - |
| Employment Service Cluster: | | | |
| 17.207 | Employment Service/Wagner-Peyser Funded Activities | 10,895,258 | - |
| 17.801 | Jobs for Veterans State Grants | 1,934,190 | - |
| 17.804 | Local Veterans' Employment Representative Program | 1,148,563 | - |
| Total Employment Service Cluster | | 13,978,011 | - |
| 17.225 | COVID-19 - Unemployment Insurance | 2,301,894,814 | - |
| 17.225 | Unemployment Insurance | 878,200,186 | - |
| Total Unemployment Insurance | | 3,180,095,000 | - |
| 17.235 | Senior Community Service Employment Program | 1,951,837 | 1,916,032 |
| 17.245 | Trade Adjustment Assistance | 4,168,179 | - |
| WIOA Cluster: | | | |
| 17.258 | WIOA Adult Program | 12,049,304 | 11,182,090 |
| 17.259 | WIOA Youth Activities | 11,799,627 | 10,862,605 |
| 17.278 | WIOA Dislocated Worker Formula Grants | 13,461,310 | 11,797,063 |
| Total WIOA Cluster | | 37,310,241 | 33,841,758 |
| 17.261 | WIOA Pilots, Demonstrations, and Research Projects | 210,230 | - |
| 17.270 | Reentry Employment Opportunities | 8,000 | - |
| 17.271 | Work Opportunity Tax Credit Program (WOTC) | 296,586 | - |
| 17.273 | Temporary Labor Certification for Foreign Workers | 113,348 | - |
| 17.277 | WIOA National Dislocated Worker Grants / WIA National Emergency Grants | 1,328,083 | 632,007 |
| 17.285 | Apprenticeship USA Grants | 783,254 | 174,814 |
| 17.504 | Consultation Agreements | 1,380,949 | - |
| 17.600 | Mine Health and Safety Grants | 449,183 | - |
| Total Department of Labor | | 3,243,363,042 | 36,564,611 |
| Department of Transportation | | | |
| 20.106 | Airport Improvement Program | 23,936,412 | 23,936,412 |
| Highway Planning and Construction Cluster: | | | |
| 20.205 | Highway Planning and Construction | 970,545,374 | 80,799,977 |
| 20.219 | Recreational Trails Program | 2,560,506 | 1,774,693 |
| 20.224 | Federal Lands Access Program | 665,056 | 665,028 |
| Total Highway Planning and Construction Cluster | | 973,770,936 | 83,239,698 |
| FMCSA Cluster: | | | |
| 20.218 | Motor Carrier Safety Assistance | 5,055,249 | - |
| Total FMCSA Cluster | | 5,055,249 | - |
| 20.232 | Commercial Driver's License Program Implementation Grant | 102,370 | - |
| 20.240 | Fuel Tax Evasion-Intergovernmental Enforcement Effort | 15,297 | - |
| 20.321 | Railroad Safety Technology Grants | 1,301 | - |
| Federal Transit Cluster: | | | |
| 20.500 | Federal Transit Capital Investment Grants | 20,681 | 20,681 |
| 20.526 | Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 5,566,370 | 5,566,370 |
| Total Federal Transit Cluster | | 5,587,051 | 5,587,051 |
| 20.505 | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 181,998 | 48,953 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|----------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 20.509 | COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program | 4,114,460 | 4,114,460 |
| 20.509 | Formula Grants for Rural Areas and Tribal Transit Program | 17,647,569 | 16,845,467 |
| | Total Formula Grant for Rural Areas and Tribal Transit Program | 21,762,029 | 20,959,927 |
| | Transit Services Programs Cluster: | | |
| 20.513 | Enhanced Mobility of Seniors and Individuals with Disabilities | 2,973,037 | 2,692,114 |
| 20.521 | New Freedom Program | 176,935 | 176,935 |
| | Total Transit Services Programs Cluster | 3,149,972 | 2,869,049 |
| 20.528 | Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program | 324,454 | 217,283 |
| | Highway Safety Cluster: | | |
| 20.600 | State and Community Highway Safety | 5,730,205 | 3,656,023 |
| 20.616 | National Priority Safety Programs | 5,440,899 | 3,522,799 |
| | Total Highway Safety Cluster | 11,171,104 | 7,178,822 |
| 20.607 | Alcohol Open Container Requirements | 5,049,456 | 4,237,227 |
| 20.614 | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements | 237,520 | - |
| 20.615 | E-911 Grant Program | 22,238 | - |
| 20.700 | Pipeline Safety Program State Base Grant | 699,347 | - |
| 20.703 | Interagency Hazardous Materials Public Sector Training and Planning Grants | 357,650 | 196,194 |
| 20.720 | State Damage Prevention Program Grants | 78,412 | - |
| 20.721 | PHMSA Pipeline Safety Program One Call Grant | 8,700 | - |
| | Total Department of Transportation | 1,051,511,496 | 148,470,616 |
| | Department of the Treasury | | |
| 21.016 | Equitable Sharing | 415,000 | - |
| 21.019 | COVID-19 - Coronavirus Relief Fund | 702,248,514 | 520,925,478 |
| | Total Department of the Treasury | 702,663,514 | 520,925,478 |
| | Equal Employment Opportunity Commission | | |
| 30.001 | Employment Discrimination Title VII of the Civil Rights Act of 1964 | 478,539 | - |
| | Total Equal Employment Opportunity Commission | 478,539 | - |
| | General Services Administration | | |
| 39.003 | Donation of Federal Surplus Personal Property | 1,597,117 | 1,244,104 |
| | Total General Services Administration | 1,597,117 | 1,244,104 |
| | National Endowment for the Arts | | |
| 45.025 | Promotion of the Arts Partnership Agreements | 737,200 | 570,651 |
| 45.301 | Museums for America | 14,845 | - |
| 45.310 | Grants to States | 2,904,172 | 1,784,829 |
| | Total National Endowments for the Arts | 3,656,217 | 2,355,480 |
| | Small Business Administration | | |
| 59.061 | State Trade Expansion | 375,696 | 196,459 |
| | Total Small Business Administration | 375,696 | 196,459 |
| | Department of Veterans Affairs | | |
| 64.005 | Grants to States for Construction of State Home Facilities | 1,394,657 | - |
| 64.015 | Veterans State Nursing Home Care | 74,011,743 | - |
| 64.024 | VA Homeless Providers Grant and Per Diem Program | 721,006 | - |
| 64.101 | Burial Expenses Allowance for Veterans | 845,871 | - |
| 64.115 | Veterans Information and Assistance | 563,908 | - |
| | Total Department of Veterans Affairs | 77,537,185 | - |
| | Environmental Protection Agency | | |
| 66.032 | State Indoor Radon Grants | 168,498 | - |
| 66.034 | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 609,790 | - |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|-------------------------|------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 66.040 | Diesel Emissions Reduction Act (DERA) State Grants | 322,416 | 292,001 |
| 66.204 | Multipurpose Grants to States and Tribes | 26,957 | - |
| 66.433 | State Underground Water Source Protection | 114,230 | - |
| 66.442 | Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A) | 65,177 | 65,177 |
| 66.444 | Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d)) | 30,600 | - |
| 66.454 | Water Quality Management Planning | 283,144 | 137,086 |
| | Clean Water State Revolving Fund Cluster: | | |
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds | 55,827,088 | 47,175,110 |
| | Total Clean Water State Revolving Fund Cluster | 55,827,088 | 47,175,110 |
| 66.460 | Nonpoint Source Implementation Grants | 1,157,404 | 707,387 |
| | Drinking Water State Revolving Fund Cluster: | | |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds | 12,556,947 | 4,518,048 |
| | Total Drinking Water State Revolving Fund Cluster | 12,556,947 | 4,518,048 |
| 66.605 | Performance Partnership Grants | 12,795,606 | 193,755 |
| 66.707 | TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals | 328,773 | - |
| 66.802 | Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements | 1,899,527 | 294,856 |
| 66.804 | Underground Storage Tank (UST) Prevention, Detection, and Compliance Program | 450,859 | - |
| 66.805 | Leaking Underground Storage Tank Trust Fund Corrective Action Program | 708,686 | - |
| 66.817 | State and Tribal Response Program Grants | 889,915 | - |
| | Total Environmental Protection Agency | 88,235,617 | 53,383,420 |
| Department of Energy | | | |
| 81.041 | State Energy Program | 947,108 | - |
| 81.042 | Weatherization Assistance for Low-Income Persons | 6,101,767 | 5,188,369 |
| 81.092 | Remedial Action and Waste Management | 99,343 | - |
| 81.104 | Environmental Remediation and Waste Processing and Disposal | 13,077 | - |
| 81.119 | State Energy Program Special Projects | 193,636 | - |
| 81.136 | Long-Term Surveillance and Maintenance | 60,432 | - |
| 81.138 | State Heating Oil and Propane Program | 3,051 | - |
| | Total Department of Energy | 7,418,414 | 5,188,369 |
| Department of Education | | | |
| 84.U01 | Cooperative System Grant | 6,374 | - |
| 84.002 | Adult Education - Basic Grants to States | 9,105,319 | 7,964,183 |
| 84.010 | Title I Grants to Local Educational Agencies | 235,621,967 | 233,182,201 |
| 84.011 | Migrant Education State Grant Program | 1,462,946 | 1,451,323 |
| 84.013 | Title I State Agency Program for Neglected and Delinquent Children and Youth | 769,227 | 757,446 |
| | Special Education Cluster (IDEA): | | |
| 84.027 | Special Education Grants to States | 233,345,563 | 200,550,384 |
| 84.173 | Special Education Preschool Grants | 5,497,057 | 5,497,057 |
| | Total Special Education Cluster (IDEA) | 238,842,620 | 206,047,441 |
| 84.032 | Federal Family Education Loans | 60,565,527 | - |
| 84.048 | Career and Technical Education -- Basic Grants to States | 22,605,797 | 20,298,229 |
| 84.126 | Rehabilitation Services Vocational Rehabilitation Grants to States | 71,017,138 | - |
| 84.144 | Migrant Education Coordination Program | 85,396 | 85,396 |
| 84.177 | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind | 447,905 | - |
| 84.181 | Special Education-Grants for Infants and Families | 7,089,475 | - |
| 84.184 | School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs) | 529,835 | - |
| 84.187 | Supported Employment Services for Individuals with the Most Significant Disabilities | 271,772 | - |
| 84.196 | Education for Homeless Children and Youth | 1,241,902 | 1,234,635 |
| 84.224 | Assistive Technology | 352,505 | 352,505 |
| 84.287 | Twenty-First Century Community Learning Centers | 18,289,942 | 17,910,419 |
| 84.323 | Special Education - State Personnel Development | 1,446,488 | 1,446,488 |
| 84.325 | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | 575 | - |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 84.326 | Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | 149,990 | - |
| 84.358 | Rural Education | 2,688,560 | 2,531,947 |
| 84.365 | English Language Acquisition State Grants | 4,570,951 | 4,334,722 |
| 84.367 | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 34,478,386 | 31,580,383 |
| 84.369 | Grants for State Assessments and Related Activities | 7,036,773 | - |
| 84.377 | School Improvement Grants | 7,440,919 | 7,317,611 |
| 84.424 | Student Support and Academic Enrichment Program | 15,582,841 | 15,357,355 |
| 84.425D | COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund | 67,469,751 | 67,469,751 |
| | Total Education Stabilization Fund | 67,469,751 | 67,469,751 |
| 84.902 | National Assessment of Educational Progress | 109,439 | - |
| | Total Department of Education | 809,280,320 | 619,322,035 |
| National Archives and Records Administration | | | |
| 89.003 | National Historical Publications and Records Grants | 5,943 | - |
| | Total National Archives and Records Administration | 5,943 | - |
| Elections Assistance Commission | | | |
| 90.401 | Help America Vote Act Requirements Payments | 490,117 | - |
| 90.404 | COVID-19 - 2018 HAVA Election Security Grants | 3,801,643 | 3,780,150 |
| 90.404 | 2018 HAVA Election Security Grants | 1,602,243 | - |
| | Total 2018 HAVA Election Security Grants | 5,403,886 | 3,780,150 |
| | Total Elections Assistance Commission | 5,894,003 | 3,780,150 |
| 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 | 99,165 | 15,848 |
| 93.042 | COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 50,591 | 50,591 |
| 93.042 | Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 309,844 | 101,571 |
| | Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 360,435 | 152,162 |
| 93.043 | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | 444,124 | 421,094 |
| | Aging Cluster: | | |
| 93.044 | COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 1,258,333 | 1,258,333 |
| 93.044 | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 6,703,519 | 6,482,668 |
| | Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 7,961,852 | 7,741,001 |
| 93.045 | COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services | 4,566,927 | 4,566,927 |
| 93.045 | Special Programs for the Aging, Title III, Part C, Nutrition Services | 10,538,366 | 9,928,320 |
| | Total Special Programs for the Aging, Title III, Part C, Nutrition Services | 15,105,293 | 14,495,247 |
| 93.053 | Nutrition Services Incentive Program | 3,191,782 | 3,191,782 |
| | Total Aging Cluster | 26,258,927 | 25,428,030 |
| 93.052 | COVID-19 - National Family Caregiver Support, Title III, Part E | 528,313 | 528,313 |
| 93.052 | National Family Caregiver Support, Title III, Part E | 2,889,915 | 2,719,332 |
| | Total National Family Caregiver Support, Title III, Part E | 3,418,228 | 3,247,645 |
| 93.069 | Public Health Emergency Preparedness | 9,574,001 | 5,163,741 |
| 93.070 | Environmental Public Health and Emergency Response | 1,596,507 | 452,634 |
| 93.071 | Medicare Enrollment Assistance Program | 466,697 | 155,099 |
| 93.073 | Birth Defects and Developmental Disabilities - Prevention and Surveillance | 255 | - |
| 93.074 | Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 1,952,335 | - |
| 93.079 | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 64,157 | 64,157 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 93.090 | Guardianship Assistance | 9,159,727 | - |
| 93.092 | Affordable Care Act (ACA) Personal Responsibility Education Program | 817,863 | 658,064 |
| 93.093 | Health Profession Opportunity Grants | 1,944,357 | 1,894,803 |
| 93.103 | Food and Drug Administration Research | 1,756,172 | 446 |
| 93.104 | Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | 1,497,768 | - |
| 93.110 | Maternal and Child Health Federal Consolidated Programs | 476,815 | - |
| 93.116 | Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 732,566 | 178,300 |
| 93.118 | Acquired Immunodeficiency Syndrome (AIDS) Activity | 53,706 | - |
| 93.130 | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | 161,629 | 3,000 |
| 93.136 | Injury Prevention and Control Research and State and Community Based Programs | 1,985,110 | 936,611 |
| 93.150 | Projects for Assistance in Transition from Homelessness (PATH) | 901,718 | - |
| 93.165 | Grants to States for Loan Repayment | 400,000 | 400,000 |
| 93.184 | Disabilities Prevention | 144,023 | 95,655 |
| 93.197 | Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 523,170 | 49,000 |
| 93.234 | Traumatic Brain Injury State Demonstration Grant Program | 139,628 | 101,398 |
| 93.235 | Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program | 1,153,035 | 762,304 |
| 93.236 | Grants to States to Support Oral Health Workforce Activities | 144,245 | - |
| 93.240 | State Capacity Building | 374,733 | - |
| 93.241 | State Rural Hospital Flexibility Program | 529,175 | 400,730 |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | 6,083,242 | 167,676 |
| 93.251 | Early Hearing Detection and Intervention | 240,674 | 108,518 |
| 93.268 | Immunization Cooperative Agreements | 69,975,545 | 724,578 |
| 93.270 | Viral Hepatitis Prevention and Control | 108,014 | - |
| 93.283 | Centers for Disease Control and Prevention Investigations and Technical Assistance | 64,084 | - |
| 93.301 | Small Rural Hospital Improvement Grant Program | 490,799 | 478,912 |
| 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) | 788,428 | 66,685 |
| 93.314 | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program | 116,637 | - |
| 93.323 | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 1,777,831 | 242,904 |
| 93.324 | State Health Insurance Assistance Program | 903,877 | - |
| 93.336 | Behavioral Risk Factor Surveillance System | 348,182 | - |
| 93.354 | COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 438,189 | - |
| 93.354 | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 2,554,750 | 1,403,511 |
| | Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 2,992,939 | 1,403,511 |
| 93.366 | State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes | 263,389 | 61,411 |
| 93.367 | Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs | 481,313 | - |
| 93.369 | ACL Independent Living State Grants | 270,611 | 206,913 |
| 93.391 | Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises | 11,000 | - |
| 93.426 | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke | 1,708,003 | 871,358 |
| 93.434 | Every Student Succeeds Act/Preschool Development Grants | 6,816,876 | - |
| 93.435 | Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke | 1,436,898 | 1,375,983 |
| 93.436 | Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN) | 702,558 | 340,633 |
| 93.439 | State Physical Activity and Nutrition (SPAN) | 737,174 | 361,855 |
| 93.464 | ACL Assistive Technology | 567,838 | 315,822 |
| 93.471 | Title IV-E Kinship Navigator Program | 515,894 | - |
| 93.478 | Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees | 148,720 | 11,825 |
| 93.539 | PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds | 1,028,674 | 55,158 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 93.556 | MaryLee Allen Promoting Safe and Stable Families Program | 6,255,014 | - |
| 93.558 | Temporary Assistance for Needy Families | 199,223,522 | 18,801,505 |
| 93.563 | Child Support Enforcement | 13,844,301 | 6,574,175 |
| 93.568 | Low-Income Home Energy Assistance | 77,546,097 | 43,299,188 |
| 93.569 | Community Services Block Grant | 19,287,016 | 18,106,343 |
| | CCDF Cluster: | | |
| 93.575 | COVID-19 - Child Care and Development Block Grant | 6,160,993 | - |
| 93.575 | Child Care and Development Block Grant | 82,764,386 | 5,457,599 |
| | Total Child Care and Development Block Grant | 88,925,379 | 5,457,599 |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 64,871,798 | - |
| | Total CCDF Cluster | 153,797,177 | 5,457,599 |
| 93.586 | State Court Improvement Program | 497,541 | - |
| 93.590 | Community-Based Child Abuse Prevention Grants | 463,117 | 455,399 |
| 93.597 | Grants to States for Access and Visitation Programs | 159,165 | 159,165 |
| 93.599 | Chafee Education and Training Vouchers Program (ETV) | 1,490,858 | - |
| 93.630 | Developmental Disabilities Basic Support and Advocacy Grants | 1,364,822 | - |
| 93.643 | Children's Justice Grants to States | 149,815 | - |
| 93.645 | Stephanie Tubbs Jones Child Welfare Services Program | 10,947,310 | - |
| 93.658 | Foster Care Title IV-E | 58,186,886 | 109,516 |
| 93.659 | Adoption Assistance | 44,261,541 | - |
| 93.667 | Social Services Block Grant | 51,467,812 | 12,553,895 |
| 93.669 | Child Abuse and Neglect State Grants | 780,700 | - |
| 93.671 | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | 1,775,809 | 1,686,464 |
| 93.674 | John H. Chafee Foster Care Program for Successful Transition to Adulthood | 2,965,626 | - |
| 93.686 | Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B | 7,160 | - |
| 93.687 | Maternal Opioid Misuse Model | 21,812 | - |
| 93.733 | Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF) | 340,339 | 242,584 |
| 93.735 | State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF) | 357,791 | 357,791 |
| 93.747 | Elder Abuse Prevention Interventions Program | 57,968 | - |
| 93.758 | Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | 3,547,916 | 1,199,425 |
| 93.767 | Children's Health Insurance Program | 302,891,434 | - |
| | Medicaid Cluster: | | |
| 93.775 | State Medicaid Fraud Control Units | 1,920,069 | - |
| 93.777 | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 18,736,947 | - |
| 93.778 | COVID-19 - Medical Assistance Program | 319,473,016 | - |
| 93.778 | Medical Assistance Program | 7,379,507,220 | 1,965,018 |
| | Total Medical Assistance Program | 7,698,980,236 | 1,965,018 |
| | Total Medicaid Cluster | 7,719,637,252 | 1,965,018 |
| 93.788 | Opioid STR | 20,883,505 | - |
| 93.791 | Money Follows the Person Rebalancing Demonstration | 2,944,706 | - |
| 93.817 | Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities | 380,735 | 375,028 |
| 93.870 | Maternal, Infant and Early Childhood Home Visiting Grant | 3,349,552 | 2,874,865 |
| 93.876 | Antimicrobial Resistance Surveillance in Retail Food Specimens | 115,324 | - |
| 93.889 | National Bioterrorism Hospital Preparedness Program | 3,757,008 | 2,343,979 |
| 93.898 | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | 3,738,894 | 2,584,281 |
| 93.913 | Grants to States for Operation of State Offices of Rural Health | 151,120 | - |
| 93.917 | HIV Care Formula Grants | 7,953,962 | 7,300,038 |
| 93.940 | HIV Prevention Activities Health Department Based | 4,052,436 | 2,039,357 |
| 93.945 | Assistance Programs for Chronic Disease Prevention and Control | 316,348 | 288,752 |
| 93.946 | Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs | 246,949 | 15,882 |
| 93.958 | Block Grants for Community Mental Health Services | 11,873,764 | - |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse | 23,762,755 | - |
| 93.977 | Sexually Transmitted Diseases (STD) Prevention and Control Grants | 1,598,877 | 356,792 |

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| CFDA Number | Federal Grantor Agency - Program or Cluster Name | Federal Awards Expended | Amount Provided to Subrecipients |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| 93.981 | Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools | 325,707 | 215,182 |
| 93.982 | Mental Health Disaster Assistance and Emergency Mental Health | 868,636 | - |
| 93.994 | Maternal and Child Health Services Block Grant to the States | 11,212,029 | 6,108,903 |
| | Total Department of Health and Human Services | 8,934,567,579 | 182,845,589 |
| Corporation for National and Community Service | | | |
| 94.003 | State Commissions | 350,218 | - |
| 94.006 | AmeriCorps | 5,893,627 | 5,846,327 |
| 94.008 | Commission Investment Fund | 82,528 | 8,811 |
| 94.009 | Training and Technical Assistance | 22,846 | 3,781 |
| | Total Corporation for National and Community Service | 6,349,219 | 5,858,919 |
| Executive Office of the President | | | |
| 95.001 | High Intensity Drug Trafficking Areas Program | 2,881,258 | 2,345,729 |
| | Total Executive Office of the President | 2,881,258 | 2,345,729 |
| Social Security Administration | | | |
| | Disability Insurance/SSI Cluster: | | |
| 96.001 | Social Security Disability Insurance | 46,303,048 | - |
| | Total Disability Insurance/SSI Cluster | 46,303,048 | - |
| | Total Social Security Administration | 46,303,048 | - |
| Department of Homeland Security | | | |
| 97.U01 | FEMA Crisis Counseling Immediate Services Program | 411,992 | - |
| 97.008 | Non-Profit Security Program | 126,679 | 126,679 |
| 97.012 | Boating Safety Financial Assistance | 2,464,192 | - |
| 97.023 | Community Assistance Program State Support Services Element (CAP-SSSE) | 203,111 | - |
| 97.029 | Flood Mitigation Assistance | 1,333,276 | 1,295,673 |
| 97.036 | COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 604,219 | - |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 35,053,070 | 33,758,432 |
| | Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 35,657,289 | 33,758,432 |
| 97.039 | Hazard Mitigation Grant | 12,863,020 | 12,352,788 |
| 97.042 | Emergency Management Performance Grants | 6,440,380 | 3,715,435 |
| 97.045 | Cooperating Technical Partners | 5,753,026 | - |
| 97.047 | BRIC: Building Resilient Infrastructure and Communities | 2,602,256 | 2,596,579 |
| 97.056 | Port Security Grant Program | 34,450 | - |
| 97.067 | Homeland Security Grant Program | 6,287,666 | 5,040,756 |
| 97.082 | Earthquake Consortium | 51,403 | - |
| 97.088 | Disaster Assistance Projects | 411,992 | 411,992 |
| | Total Department of Homeland Security | 74,640,732 | 59,298,334 |
| | Total Expenditures of Federal Awards | \$ 17,083,185,365 | \$ 2,160,363,899 |

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

State of Missouri - Single Audit

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

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), the U.S. Office of Management and Budget (OMB) 2020 Compliance Supplement, and the 2020 Compliance Supplement Addendum. The Schedule 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. Appendix VII of the supplement states that expenditures of federal awards made under the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, the Coronavirus Aid, Relief and Economic Security Act (CARES Act), and the Paycheck Protection Program and Health Care Enhancement Act should be identified separately on the schedule with the inclusion of the prefix "COVID-19-" in the name of the federal program.

The Schedule includes all federal awards expended by the State during the year ended June 30, 2020, 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, 2020. 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



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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 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, 2020, is as follows:

| | |
|--------------------------------------------------------------------------------------------------------|------------------|
| State Portion (Benefits Paid) | \$ 837,820,563 |
| Federal Portion (Benefits Paid) | 1,600,457 |
| Federal Portion (Administrative Costs) | 38,779,165 |
| Federal Portion (Benefits Paid) - CARES Act Related | 2,299,396,130 |
| Federal Portion (Employer Reimbursements) - CARES Act Related | 178,010 |
| Federal Portion (Administrative Costs) - CARES Act and Families First Coronavirus Response Act Related | 2,320,674 |
| Total Program Expenditures | \$ 3,180,094,999 |



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

The State received cash rebates from an infant formula manufacturer totaling \$31,708,650 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 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 \$537,961,338 (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 \$59,661,184 on purchases of covered drugs for participants in the HIV Care Formula Grants program (CFDA No. 93.917) administered by the DHSS. If program expenditures are available the rebates will offset the program expenditures resulting in a reduction in expenditures incurred by the program. Of the amount of rebates received, \$52,870,285 reduced total program expenditures and these expenditures were not reported on the SEFA. The remaining rebates of \$6,790,899 did not offset program expenditures and were not used to reduce program expenditures. The allowable use of drug rebates is restricted by 42 USC Section 300ff-26(g).

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 and Workforce Development (DHEWD) 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



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

guaranteed by the DHEWD is \$897,617,247 as of June 30, 2020. The balance of defaulted loans (including principal and accrued interest) that the federal Department of Education imposes continuing compliance requirements of the DHEWD is \$186,879,720 as of June 30, 2020.

7. Non-cash Assistance

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

Supplemental Nutrition Assistance Program (CDFA No. 10.551) expenditures totaling \$1,252,185,325 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 \$30,179,094.

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 (Food Commodities) (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 \$90,052 for the Summer Food Service Program for Children and \$11,718,250 for the Emergency Food Assistance Program and \$22,471,390 for Trade Mitigation.

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 \$8,389,338.

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 \$3,567,163 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 23.34 percent of the historical cost, or \$832,576.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

program (CFDA No. 39.003). Property distributions totaled \$6,842,833 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 23.34 percent of the historical cost, or \$1,597,117.

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 \$65,533,541.

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 \$11,000.

State of Missouri - Single Audit

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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>Name of Federal Program or Cluster</u> |
|------------------------|-------------------------------------------|
| <u>Number(s)</u> | |
| 93.767 | Children's Health Insurance Program |
| 93.775, 93.777, 93.778 | Medicaid Cluster |

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, 2020

Identification of major federal programs:

CFDA

| <u>Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|------------------|-------------------------------------------------------------------------------------------------|
| 10.558 | Child and Adult Care Food Program |
| 10.565 | |
| 10.568 | Food Distribution Cluster |
| 10.569 | |
| 12.401 | National Guard Military Operations and Maintenance (O&M) Projects |
| 15.605 | |
| 15.611 | Fish and Wildlife Cluster |
| 17.225 | Unemployment Insurance |
| 21.019 | COVID-19 - Coronavirus Relief Fund |
| 66.458 | Clean Water State Revolving Fund Cluster |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.032 | Federal Family Education Loans |
| 84.367 | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) |
| 84.425D | COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund |
| 93.044 | |
| 93.045 | Aging Cluster |
| 93.053 | |
| 93.659 | Adoption Assistance |
| 93.767 | Children's Health Insurance Program |
| 93.775 | |
| 93.777 | Medicaid Cluster |
| 93.778 | |

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, 2020

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. 2021-017³) issued in March 2021. That report included the following findings:

FS2020-001. Department of Revenue Financial Reporting Controls

FS2020-002. Department of Social Services Financial Reporting Controls

³See report at <https://app.auditor.mo.gov/Repository/Press/2021017_8051878923.pdf>.



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section III - Federal Award Findings and Questioned Costs

2020-001. Medicaid Nursing Facility Cost Report Audits

| | |
|------------------|-----------------------------------------------------------------------------------------------------------|
| Federal Agency: | Department of Health and Human Services (DHHS) |
| Federal Program: | 93.778 Medical Assistance Program 2019 - 1905MO5MAP and 1905MO5ADM 2020 - 2005MO5MAP and 2005MO5ADM |
| State Agency: | Department of Social Services (DSS) - MO HealthNet Division (MHD) |
| Type of Finding: | Internal Control (Material Weakness) and Noncompliance |

As noted in our previous audit,⁴ the MHD did not ensure periodic audits of cost reports or other financial information of nursing facilities participating in the Medical Assistance Program (Medicaid) were conducted as required. During the year ended June 30, 2020, the MHD made payments totaling approximately \$1.2 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 and audit uniform cost reports from the nursing facilities. State Plan Attachment 4-19-D, Findings and Assurances, states the MHD requires the filing of uniform cost reports by each participating provider and provides for periodic audits of financial and statistical records of the providers. Cost reports serve as the primary method for nursing facilities to provide financial information to the MHD.

According to MHD records, no nursing facility cost report audits were completed during the year ended June 30, 2020. Our previous audit noted only a few cost report audits were completed in recent years. MHD officials indicated the department outsourced the collection and audits of nursing facility cost report data in May 2019; however, as of June 30, 2020, the contractor was still developing the necessary mechanisms and procedures to perform the audits and had not completed any audits. In addition, the MHD has not developed procedures to monitor and ensure the contractor collects and audits the nursing facility cost reports in accordance with the State Plan.

The DSS Corrective Action Plan (CAP) and Summary Schedule of Prior Audit Findings for prior audit finding number 2019-006 asserts the State Plan Attachment 4-19-D, Findings and Assurances, 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

⁴See single audit report at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding number 2019-006.



State of Missouri - Single Audit
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State Plan to be amended whenever necessary to reflect changes in federal law, regulations, policy interpretations, or court decisions. The DSS Summary Schedule of Prior Audit Findings further states the DSS would submit a State Plan Amendment by the end of October 2020. However, the state plan amendment, submitted in December 2020, included no revisions or modifications to the Findings and Assurances attachment.

To ensure compliance with the State Plan, the MHD should establish internal controls over required cost report audits. When providers do not have periodic audits, there is an increased risk the submitted cost reports are not accurate and complete. 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." In addition, 2 CFR Section 200.318(b) requires non-federal entities to "maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

Recommendation

The DSS through the MHD develop and implement procedures to monitor and ensure the contractor completes periodic audits of cost reports of nursing facilities 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 CAP states the DSS disagrees that a plan for periodic audits and procedures, as well as a plan for monitoring the contractor, had not been developed. However, as discussed with DSS officials, the finding does not state a plan for periodic audits and procedures had not been developed. In fact, the finding outlines key components of the department's plan, including outsourcing of the audits to a contractor and the contractor's development of mechanisms and procedures to perform the audits. The finding states the MHD has not developed procedures to monitor and ensure the contractor performs the cost report audits as required. The DSS CAP states since the DSS worked with the contractor through development and implementation of the plan, including review and approval of various processes and documents, the DSS has monitored the contractor. While such monitoring is necessary during the development phase, it is also critical that the DSS establish procedures to monitor the contractor's performance.

As described in the finding, the DSS CAP outlines the department's disagreement that the State Plan Attachment 4-19-D, Findings and Assurances is part of the approved State Plan. The CAP also states the DHHS - Centers for Medicare and Medicaid Services (CMS) has indicated the



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Findings and Assurances section is not part of the State Plan; however, DSS officials could not provide documentation from the DHHS-CMS supporting this statement.

Because the DSS failed to comply with the State Plan requirement regarding nursing facility cost report audits during the year ended June 30, 2020, the finding is valid.

2020-002.
Medicaid National Correct
Coding Initiative

| | |
|------------------|-----------------------------------------------------------------------------------------------------------|
| Federal Agency: | Department of Health and Human Services (DHHS) |
| Federal Program: | 93.767 Children's Health Insurance Program 2019 - 1905MO5021 2020 - 2005MO5021 |
| | 93.778 Medical Assistance Program 2019 - 1905MO5MAP and 1905MO5ADM 2020 - 2005MO5MAP and 2005MO5ADM |
| State Agency: | Department of Social Services (DSS) - MO HealthNet Division (MHD) |
| Type of Finding: | Internal Control (Material Weakness) and Noncompliance |

The MHD has not fully implemented the Medicaid National Correct Coding Initiative (NCCI) edits in the Medicaid Management Information System (MMIS) as required. In addition, the MHD did not ensure confidentiality agreements containing required elements to protect the confidentiality of the edit files were in place with the MMIS contractor. During the year ended June 30, 2020, the MHD made Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) payments, subject to NCCI edits and confidentiality agreements, totaling approximately \$8 billion.

The DSS contracts for the operation and maintenance of the MMIS. Medical providers submit fee-for-service claims for services provided to Medicaid and CHIP participants in the MMIS, and payments are made through the MMIS. To help ensure only allowable claims are paid, system edit checks flag and/or deny payment on suspicious or unusual claims. Title 42 USC 1396b(r) requires the MHD to completely and correctly implement specific NCCI methodologies and edits into the MMIS. The purpose of the NCCI is to promote correct coding, prevent coding errors, prevent coding manipulation, and reduce improper payments. The DHHS - Centers for Medicare and Medicaid Services (CMS) published the Medicaid NCCI Policy Manual and the Medicaid NCCI Technical Guidance Manual to provide specific requirements and assist state Medicaid agencies to implement the NCCI methodologies.

The two NCCI edit categories are Procedure-to-Procedure (PTP) edits that are designed to identify pairs of procedure codes that should not be reported together; and Medically Unlikely Edits (MUE) that limit the number of units



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of service allowed for certain services and items. The DHHS-CMS provides PTP and MUE edit files to the MHD quarterly. Each quarterly edit file contains all current edits and replaces the previously provided edit file. Section 7 of the Medicaid NCCI Technical Guidance Manual requires the MHD to implement the edit files into the MMIS on the first day of each quarter. If the applicable edit files are not implemented by the first day of the second month of the quarter, the MHD is required to reprocess any claims processed with outdated edits once the updates are implemented.

Section 7 of the Medicaid NCCI Technical Guidance Manual limits access to the NCCI edit files to the MHD and allows the MHD to share the edit files with the MMIS contractor only if appropriate confidentiality agreements are in place. The manual requires that confidentiality agreements include the following elements to protect the confidentiality of the edit files: (1) limit disclosure to only those responsible for the implementation, (2) prohibit disclosure of confidential information to the public, (3) limit contractors' use of confidential information to implementation of the NCCI methodologies, (4) prohibit public disclosure of new, revised or deleted Medicaid NCCI edits prior to disclosure on the Medicaid NCCI webpage, (5) restrict implementation of new, revised, or deleted Medicaid NCCI edits prior to the first day of the calendar quarter, (6) restrict release of additional information for selected individual edits or limited ranges of edits to the discretion of the state Medicaid agency and, (7) impose penalties, up to and including the loss of contract, for violations of any confidentiality agreement relating to the use of the edit files.

NCCI edit files

The MHD has not fully implemented NCCI edit files in the MMIS as required.

Rather than quarterly implementation, the MHD through the MMIS contractor, implements the PTP edit files annually; and the MHD does not reprocess claims upon implementation of the edits. For example, the MMIS contractor implemented the PTP edit file for the quarter ended March 31, 2020, on January 29, 2020; and the MHD did not reprocess claims paid for the quarters ended June 30, 2019, September 30, 2019, and December 31, 2019, with the updated edits. MHD officials indicated the edit files are not implemented quarterly because the MMIS contract includes only a limited number of programming hours dedicated to mandated system changes and the contract is subject to state appropriations.

The MHD has not implemented any of the MUE edit files received. MHD officials indicated they believe implementation of the MUE edit files is not necessary because the MMIS includes edits for state-specific maximum quantities for each procedure code. However, the state-specific edits cannot replace the MUE edits because the state-specific edits could be more or less restrictive than the MUE edits.



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Confidentiality
agreements

The MHD did not ensure confidentiality agreements containing required elements were in place to protect the confidentiality of the edit files. The confidentiality agreements signed by the MMIS contractor and its employees did not include any of the seven elements required by the Medicaid NCCI Technical Guidance Manual.

Conclusion

In addition to noncompliance with 42 USC 1396b(r), the failure to fully implement the NCCI edits and reprocess claims paid with incorrect edits increases the risk that coding errors or irregularities will go undetected, and improper payments will be made. Also, without including the required elements in confidentiality agreements signed by the MMIS contractor and its employees, there is an increased risk of improper implementation, disclosure, and/or misuse of confidential NCCI information.

To ensure compliance with the NCCI requirements, the MHD should establish internal controls over NCCI edits. 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 MHD strengthen controls over the NCCI requirements to ensure NCCI edits are fully implemented and reprocess claims paid when edits are not implemented timely, as required. In addition, the DSS should ensure confidentiality agreements contain all elements required by the Medicaid NCCI Technical Guidance Manual.

Auditee's Response

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

2020-003.
Medicaid and CHIP
MAGI-Based Participant
Eligibility

| | |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Federal Agency: | Department of Health and Human Services |
| Federal Program: | 93.767 Children's Health Insurance Program 2019 - 1905MO5021 2020 - 2005MO5021 93.778 Medical Assistance Program 2019 - 1905MO5MAP and 1905MO5ADM 2020 - 2005MO5MAP and 2005MO5ADM |
| State Agency: | Department of Social Services (DSS) - MO HealthNet Division (MHD) and Family Support Division (FSD) |
| Type of Finding: | Internal Control (Significant Deficiency) and Noncompliance |
| Questioned Costs: | \$1,928 |



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As noted in our previous audit,⁵ the DSS did not have sufficient controls to ensure compliance with the 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), prior to suspension of the requirements in March 2020. Of the approximately 989,000 Medicaid and CHIP participants as of June 30, 2020, approximately 654,000 (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 change. The regulation requires termination of benefits when a participant no longer meets eligibility requirements. On March 19, 2020, the eligibility redetermination and most termination requirements were temporarily suspended in response to the COVID-19 public health emergency and the suspension remained in effect through the end of the audit period. All validly enrolled participants on March 19, 2020, remained continuously enrolled except for participants who requested removal, relocated to another state, or died.

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 manual overrides to individual cases to compensate for system errors and limitations were not identified and corrected after the system errors and limitations were resolved.

To test compliance with eligibility requirements in effect prior to suspension of certain requirements, we reviewed eligibility documentation for 60 MAGI-based participants enrolled during the period July 2019 to February 2020, of which 54 participants required a redetermination during that period. We identified 1 participant (2 percent) for which the DSS did not perform an eligibility redetermination as required. The participant was last determined eligible in September 2018, and a redetermination was required in September 2019. DSS officials indicated the redetermination was not performed due to system limitations. DSS officials explained there was a period of time when the MEDES was incorrectly closing some eligible cases before a

⁵See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding number 2019-005.



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redetermination could be performed. To prevent affected cases from being closed, DSS personnel manually override system controls. However, once these system limitations were corrected in June 2017, the DSS did not remove the previously-established system overrides, which prevented the system from identifying the cases as needing redeterminations. The participant became ineligible in January 2019 when he moved out of state. The DSS was notified of the move, but the DSS failed to terminate his benefits and close the case. Because the DSS did not perform an eligibility redetermination when required, the DSS did not identify the participant as ineligible. Medicaid capitation payments made during the year ended June 30, 2020, on behalf of the ineligible participant, totaled \$2,803. We question the federal share, or \$1,928 (68.78 percent).

The failure to implement adequate internal controls to ensure annual eligibility redeterminations are performed as required can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which are unallowable costs of the federal programs. 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."

Managed Care Program
audit

In an audit of the DSS Managed Care Program (State Auditor's Office Report No. 2020-088,⁶ issued in November 2020), we similarly disclosed significant internal control deficiencies related to MEDES limitations and weaknesses, and resulting noncompliance. Details of the findings, identified improper payments, and recommendations are included in that report.

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, once the COVID-19 public health emergency has expired and the suspended requirements are reinstated. In addition, the DSS should review and correct the eligibility and payments 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.

2020-004.
Adoption Assistance
Eligibility and Payments

| | |
|------------------|------------------------------------------------|
| Federal Agency: | Department of Health and Human Services (DHHS) |
| Federal Program: | 93.659 Adoption Assistance |
| | 2019 - G1901MOADP |
| | 2020 - G2001MOADP |

⁶See report at <https://app.auditor.mo.gov/Repository/Press/2020088_7166367580.pdf>.



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| | |
|-------------------|---------------------------------------------------------------------------------------------------------------------------|
| State Agency: | Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS) |
| Type of Finding: | Internal Control (Deficiency) and Noncompliance |
| Questioned Costs: | \$14,465 |

As similarly noted in our 6 previous audits⁷ of the Adoption Assistance program, the DSS made payments on behalf of ineligible children and did not have sufficient controls to prevent and/or detect certain unallowable payments. From the Adoption Assistance program, the CD made payments on behalf of 5 ineligible children with backdated subsidy agreements, and made an unallowable payment for an additional child. During the year ended June 30, 2020, the CD paid Adoption Assistance program benefits totaling about \$60 million for approximately 14,000 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. Among other things, 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 parent(s) 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 parent(s) and reviewed and approved by local office 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 years, the Director's signature was applied with a signature stamp but is now applied as an electronic signature.

To test compliance with these requirements, we reviewed eligibility and payment documentation for 60 children receiving Adoption Assistance.

⁷See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2019-001, 2018-004, 2015-005, 2014-008, 2011-15, and 2009-14.



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Assistance payments totaling approximately \$264,900 were made on behalf of these children during the year ended June 30, 2020. We identified payments made on behalf of 5 children ineligible for Adoption Assistance benefits and an unallowable payment for 1 other child.

Backdated subsidy
agreements

For 5 cases with subsidy agreements prior to May 2008, 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 was backdated.

For 4 of these cases, the date of the CD Director's signature precedes the adoptive parent(s)' signature date(s); and for 1 case, the date of the CD Director's signature precedes that of the Children's Services Worker, Circuit Manager, and Regional Director; indicating the CD Director's signature (and thus, the effective date of the agreement) was backdated. Although all signature dates 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 DSS policy prior to May 2008 allowed backdating of subsidy agreements by CMU personnel, and they backdated the agreements because of a backlog in processing and submitting them to the CMU. During the year ended June 30, 2020, payments totaling \$20,540 were made on behalf of these 5 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 \$14,087 (approximately 69 percent). Payments for these 5 children were charged to the Adoption Assistance program from July 2003 to June 2020.

In May 2008, the CD issued a policy memo prohibiting backdating of subsidy agreements. The subsidy agreements for all 5 cases were established prior to this directive. DHHS - Administration for Children and Families (ACF) decision letters regarding prior audit findings have required the DSS to pay back the costs associated with backdated subsidy agreements identified in the audits. Although it is likely additional children adopted prior to May 2008 are ineligible due to backdated subsidy agreements, recent decision letters stated the ACF does not expect the CD to identify and resolve the backdated subsidy agreements.

Unallowable assistance
payment

For 1 case, an unallowable assistance payment was claimed for an eligible child. For the month the child was adopted, November 2019, the CD paid and claimed both an Alternative Care payment of \$576 and an Adoption Assistance payment of \$622. We question the federal share, or \$378 (approximately 66 percent), for the unallowable Alternative Care payment.

The unallowable payment occurred because CD personnel did not follow policies and procedures related to children who have a change in placement,



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such as moving from the Alternative Care program to the Adoption Assistance program. The Family and Children Electronic System Payment Handbook requires CD personnel to update the placement in the system immediately upon change, and to review pending payments the following day to identify and correct any pending overpayments. Since these procedures were not performed as required, the overpayment occurred without detection. Ensuring this policy is followed for changes in placement can prevent 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 enforce policies and procedures regarding Adoption Assistance payments. 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 agrees with correcting the payments for the ineligible children and unallowable payments identified in this finding. The DSS disagrees that policies and procedures regarding Adoption Assistance eligibility determinations need to be 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, children with backdated subsidy agreements are not eligible for Adoption Assistance program benefits and similar errors of noncompliance will continue until all children with backdated subsidy agreements age out of the program. Therefore, this finding is valid.

**2020-005.
Medicaid Developmental
Disabilities
Comprehensive Waiver
Per Diem Rates**

| | |
|-------------------|-------------------------------------------------------------------------------------------------------|
| Federal Agency: | Department of Health and Human Services (DHHS) |
| Federal Program: | 93.778 Medical Assistance Program 2019-1905MO5MAP and 1905MO5ADM 2020-2005MO5MAP and 2005MO5ADM |
| State Agency: | Department of Mental Health (DMH) - Division of Developmental Disabilities (DD) |
| Type of Finding: | Noncompliance |
| Questioned Costs: | \$173,694 |



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As noted in our prior 5 audit reports,⁸ 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 1,638 participants in group homes and 5,460 participants served by individualized supported living (ISL) providers during the year ended June 30, 2020. 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, 2020, per diem payments for group home services totaled approximately \$130 million, and per diem payments for ISL services totaled approximately \$660 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, 2020. 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 rates. For participants who received residential habilitation services during the year ended June 30, 2020, DD officials indicated the DMH paid acuity-based per diem rates for approximately 91 percent of the participants in group homes and approximately 59 percent of the participants in ISL placements, and historical per diem rates for the remaining 9 percent and 41 percent, respectively. DMH officials indicated the per diem rates for the remaining group homes are expected to be standardized when the Comprehensive Waiver is renewed in late 2021. A corrective action plan approved by the federal DHHS - Centers for Medicare and Medicaid Services

⁸See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2019-007, 2018-014, 2017-017, 2016-006, and 2015-015.



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(DHHS-CMS), Division of Medicaid Field Operations - North in June 2019, stated the rates for ISL providers are planned to be 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, 2020. Of these 60 payments, 27 were to ISL providers, and 10 were to group homes for habilitation services. The DD did not retain documentation to support the per diem rate, paid at a historical rate exceeding acuity-based rates, for 1 of the 10 group home habilitation service payments tested. The DD retained the group home individual plan of care and cost of living allowance (COLA) notices supporting some per diem rate increases. However, these documents did not show how the rate was originally determined or what costs were included in the per diem rate. The remaining 27 ISL and 9 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 a provider for habilitation services provided to the 1 participant during the year ended June 30, 2020, for which the historical per diem rate was not supported and exceeded the acuity-based rate, totaled \$258,550. We question the federal share, or \$173,694 (67.18 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.

Payments to providers for those participants that have not been transitioned from the historical per diem rates to the acuity-based per diem rates, and at rates that exceed 100 percent of the acuity-based 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



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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.

2020-006.
CSFP Food Inventory

| | |
|------------------|-----------------------------------------------------------------------------------------------------------------|
| Federal Agency: | United States Department of Agriculture (USDA) |
| Federal Program: | 10.565 Commodity Supplemental Food Program 2019 - 19CSFP 2020 - 20CSFP |
| State Agency: | Department of Health and Senior Services (DHSS) - Bureau of Community Food & Nutrition Assistance (BCFNA) |
| Type of Finding: | Internal Control (Significant Deficiency) and Noncompliance |

The BCFNA did not establish adequate controls to ensure compliance with federal requirements regarding accountability of USDA-donated foods (USDA Foods) distributed through the Commodity Supplemental Food Program (CSFP). The BCFNA did not perform annual inventories of food bank storage facilities.

The DHSS contracts with 6 food banks to distribute USDA Foods to eligible low-income senior citizens. The food banks order food directly from the USDA, then distribute the food to food pantries. During the year ended June 30, 2020, the DHSS distributed USDA Foods valued at approximately \$8.4 million to the 6 food banks, through the CSFP.



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Rule 7 CFR Section 250.19(a) requires the maintenance of accurate and complete records with respect to the receipt, distribution/use, and inventory of USDA Foods; and provides the failure to maintain such records is considered prima facie evidence of improper distribution or loss of USDA Foods, and may result in a claim against the distributing agency for loss or misuse of USDA Foods. Rule 7 CFR Sections 247.28 and 250.12(b) require distributing agencies to conduct annual physical reviews of USDA Food inventories at all storage facilities, and reconcile physical and book inventories. The distributing agency must report donated food losses to the USDA - Food and Nutrition Service (FNS) and ensure restitution is made for such losses.

Each month, the food banks provide inventory information to the BCFNA including beginning inventory balances, units received, units disbursed, units disposed of, and ending inventory balances. BCFNA personnel reviewed this information, but did not perform physical inventories to verify the accuracy of the reported balances.

In addition to noncompliance with federal regulations, the failure to perform annual physical inventories, and reconcile the inventories to food bank inventory records, reduces the control and accountability over USDA Foods and increases the potential that loss, theft, or misuse will go undetected. Also, without effective internal controls over food bank inventories, the BCFNA cannot ensure complete and accurate inventory records are maintained. 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 DHSS through the BCFNA develop procedures to ensure annual physical inventories of USDA Foods at food bank storage facilities are performed, documented, and reconciled to food bank inventory records as required. In addition, discrepancies should be reported to the USDA-FNS as required.

Auditee's Response

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

2020-007. DPS-OTAG Cooperative Agreement Final Accounting

| | |
|------------------|--------------------------------------------------------------------------|
| Federal Agency: | Department of Defense (DOD) |
| Federal Program: | 12.401 National Guard Military Operations and Maintenance (O&M) Projects |
| | 2016, 2017, 2018, and 2019 - W912NS-16-2-1001 |
| | 2018 and 2019 - W912NS-16-2-1002 |
| | 2018 and 2019 - W912NS-16-2-1003 |
| | 2018 and 2019 - W912NS-16-2-1004 |
| | 2019 - W912NS-16-2-1005 |



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2019 - W912NS-16-2-1007
2019 - W912NS-16-2-1010
2019 - W912NS-16-2-1011
2018 and 2019 - W912NS-16-2-1014
2019 - W912NS-16-2-1017
2019 - W912NS-16-2-1021J
2018 and 2019 - W912NS-16-2-1021L
2019 - W912NS-16-2-1021S
2019 - W912NS-16-2-1022J
2019 - W912NS-16-2-1022S
2019 - W912NS-16-2-1023J
2019 - W912NS-16-2-1023S
2019 - W912NS-16-2-1024
2019 - W912NS-16-2-1040

State Agency: Department of Public Safety (DPS) - Office of the
Adjutant General (OTAG)
Type of Finding: Internal Control (Significant Deficiency) and
Noncompliance

The DPS-OTAG does not have adequate controls and procedures to ensure a final accounting and/or a written request(s) for extension is filed for each National Guard Military O&M Projects program cooperative agreement (CA) appendix as required. The DPS-OTAG expended approximately \$52.4 million in National Guard Military O&M Projects program funds during the state fiscal year ended June 30, 2020.

The DOD - National Guard Bureau (NGB) entered into a master cooperative agreement (MCA) with the DPS-OTAG to provide support to the Army and Air National Guard in minor construction, maintenance, repair or operation of facilities, and mission operational support to be performed by the state. The MCA consists of the agreement and an appendix for each functional area.

National Guard Regulation (NGR) 5-1, Chapter 11-10, requires the DPS-OTAG to provide the United States Property and Fiscal Office (USPFO) a final accounting of all funding and disbursements under each CA appendix within 90 days of the end of the federal fiscal year, or upon termination of the CA appendix, whichever is earlier. If unliquidated claims and undisbursed obligations will remain outstanding for 90 days or more after the close of the federal fiscal year, the DPS-OTAG is required to submit a request for extension that includes a detailed listing of all uncleared obligations and a projected timetable for their liquidation and disbursement. Subsequent extension requests must be submitted every 90 days while there are unliquidated claims or undisbursed obligations. Costs not disclosed in the extension requests are not eligible for reimbursement by the NGB.



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

The DPS-OTAG is responsible for ensuring final accounting and extension requests are filed; however, the DPS-OTAG has not established procedures to monitor and ensure these documents are filed timely, as required. Instead, DPS-OTAG personnel indicated they rely on federal employees (CA program managers and the Grants Officer Representative) to identify when the final accounting or a written request for an extension is required. Our review of 4 CA appendices requiring extension requests during the state fiscal year ended June 30, 2020, identified 1 CA appendix (25 percent) for which the OTAG had not submitted an extension request in accordance with National Guard regulations. For this CA appendix, an extension request was due on March 1, 2020, but was not submitted to the USPFO until March 31, 2020.

To ensure compliance with National Guard regulations, the DPS-OTAG should establish internal controls over final accounting and extension requests. The failure to submit final accounting and extension requests as required could result in ineligible reimbursements, and/or federal agency sanctions or disallowances. 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 DPS through the OTAG establish controls and procedures to ensure a final accounting of all funding and disbursements and/or a written request(s) for extension is filed for each CA appendix in compliance with National Guard regulations.

Auditee's Response

We agree with the auditor's finding. Our corrective action plan includes our planned actions to address the finding.

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 audit reports issued from April 2020 to April 2021 and the following report relates to a federal program.

| Report Number | Report Name |
|----------------------|--------------------|
|----------------------|--------------------|

| | |
|----------|-------------------------------|
| 2020-088 | Medicaid Managed Care Program |
|----------|-------------------------------|

All reports are available on the Missouri State Auditor's Office website: <http://auditor.mo.gov>.

State of Missouri - Single Audit

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

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.



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Michael L. Parson
Governor



Sarah H. Steelman
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
Division of Accounting
570 Truman Building, 301 West High Street
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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, 2020, and includes all findings from the audit for the Fiscal Year ended June 30, 2019, and certain findings from the audits for the Fiscal Years ended June 30, 2018, 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.



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

2019-001. Adoption Assistance Eligibility and Payments

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: \$17,600 (2019)
Similar Finding: 2018-004

DSS controls over eligibility and assistance payments were not sufficient to prevent and/or detect payments made on behalf of ineligible children and unallowable assistance payments. An adoption subsidy agreement was not signed and in effect prior to or at the date of adoption; and for some cases, the CD Director's signature date or the subsidy agreement effective date was backdated. Criminal background check results were not received until after the date of the subsidy agreement and adoption decree for a case; and a state-only contract was incorrectly coded and claimed to the Adoption Assistance program. In addition, the CD made a regular maintenance payment twice, for the same month; and a Guardian Ad-Litem payment was inappropriately claimed.

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.

Status of Findings:

The DSS has modified the contract language on the current and the prior subsidy contracts to indicate the Department approval signature is the Authorized Signature of the Department of Social Services. Additionally, DSS continues to provide training and assistance to staff regarding adoption assistance agreement requirements and quality assurance reviews to ensure agreements have proper signatures and effective dates. The DSS reviewed and corrected applicable child and eligibility determinations in FACES to ensure accuracy. There continues to be ongoing training with IV-E Benefit Program Specialists of allowable assistance payments in accordance with IV-E regulations. The unallowable assistance payments identified in the SFY2019 Adoption Assistance review have been corrected and recouped in the FACES system.

Contact Person: Amy Martin and Jodi Lodewegen
Phone Number: (573) 526-8040; (816) 234-5694



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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

Federal Agency: Department of Health and Human Services
Federal Program: 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States
93.563 Child Support Enforcement
93.659 Adoption Assistance
93.667 Social Services Block Grant
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)
Similar Finding: 2018-005A

The DFAS did not have a documented system of internal controls to ensure the AlloCAP system provided 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 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.

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.

Status of Findings:

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 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.



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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 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

Contact Person: Kristen Pattrin
Phone Number: (573)751-2426



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

2019-003. CSBG and CSE Program Subrecipient Risk Assessments

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement (CSE)
93.569 Community Services Block Grant (CSBG)
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Family Support Division (FSD)

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.

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.

Status of Finding:

Child Support Enforcement (CSE) created a risk assessment tool and completed documentation of risk assessments in April 2020. The Community Services Block Grant (CSBG) created a preliminary risk assessment tool and completed documentation of certain risks in June 2020. CSBG will continue to refine its risk assessment tool and incorporate additional areas of risk in accordance with Uniform Guidance and national CSBG best practices.

Contact Person: John Ginwright and Kimberley Sprenger
Phone Number: 573-751-4995 and 573-522-8779



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

2019-004. CSBG Program Reporting

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

The DSS did 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. 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.

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.

Status of Finding:

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.

Additionally, on September 30, 2020, the DSS awarded a contract for an independent and objective audit to be conducted on the FFY 2016 CSBG grant award.

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.

Contact Person: Kristen Pattrin
Phone Number: (573) 751-2426



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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
93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD) and
Family Support Division (FSD)
Questioned Costs: \$2,832

The DSS did 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 did not have sufficient controls to ensure the eligibility status was updated in the Medicaid Management Information System (MMIS), the Medicaid claims payment system, when participants were determined to be ineligible for benefits. The DSS did not perform the required eligibility redeterminations for some participants and a system error prevented a participant's case from being closed in the MMIS.

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.

Status of Finding:

The DSS is in the process of developing a monthly report to identify overdue annual reviews. To address accuracy in the MMIS, in August 2020 the DSS implemented a Continuous Case Improvement review on MAGI cases targeting the findings of this audit. The DSS will develop training and guidance for staff when needs are identified. The DSS completed the action to close the eligibility case noted in the recommendation in March 2020.

Contact Person: Heather Atkins
Phone Number: 573-751-4269



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

2019-006. Medicaid Nursing Facility Audits

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

The MHD did not establish adequate internal controls to ensure audits of financial records of nursing facilities participating in the Medical Assistance Program (Medicaid) were conducted as required. The MHD did not establish a plan for providing periodic audits of cost reports or other provider financial information of participating providers, and only a few cost report audits were performed in recent years. In addition, 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.

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.

Status of Finding:

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 DSS will submit a State Plan Amendment to remove references related to the provisions of the Boren Amendment by the end of October 2020.

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 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.



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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.

MHD has worked with the outside vendor throughout SFY 2020 to successfully implement the nursing facility cost reporting functions for over 500 nursing facilities with the contractor. MHD has had regular communication with the contractor, providing input, reviewing information, and providing approvals of various documents and steps. MHD worked with the contractor to develop a mechanism to electronically collect, maintain, and transfer cost report data; ensure providers were informed of and had training for the new cost report processes; develop the audit guide or Agreed Upon Procedures (AUP); develop the Audit Adjustment Report (AAR); and, audit the cost reports. As part of the cost report collection procedures, the contractor has staff dedicated to reviewing the documents that have been submitted and will send an email to the provider requesting any missing information. Upon MHD's approval of the AUP and AAR, the contractor audit staff began performing audits of the 2019 cost reports on May 7, 2020.

Contact Person: Rebecca Rucker
Phone Number: 573-751-5663



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

2019-007. 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: \$244,757 (2019)
Similar Findings: 2018-014, 2017-017, 2016-006, and 2015-015

The DD continued to pay historical per diem rates to providers for residential rehabilitation 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 and ensure documentation to support per diem rates is maintained as required.

Status of Findings:

The Centers for Medicare and Medicaid Services (CMS) has notified the Division that it is suspending a disallowance for this finding, as it did with the previous year's finding 2018-014, pending completion of a corrective action plan that has been approved for the Division of Developmental Disabilities. The result of the corrective action plan will be to align rates paid to providers with the approved rate methodology for this service.

Contact Person: Bryan Connell
Phone Number: (573)751-8041



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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)

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, 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.

Recommendation:

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

Status of Finding: Corrective Action was taken

Contact Person: Terressa Sherlock
Phone Number: 573-522-1405



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

FS2019-001. Department of Social Services Financial Reporting Controls

State Agency: Department of Social Services (DSS)

The DSS - Division of Finance and Administrative Services (DFAS) did not have adequate controls and procedures over financial reporting of federal grant accounts receivables. As a result, the accounts receivable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion of *Missouri Comprehensive Annual Financial Report* (Annual Report) for the year ended June 30, 2019, was misstated.

Recommendation:

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

Status of Finding:

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 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 continues to submit accurate accounts receivable reports to the Division of Accounting.

Corrective action plan is as follows: Not applicable.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2426



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

FS2019-002. Department of Natural Resources Capital Asset Controls

State Agency: Department of Natural Resources (DNR)

The DNR did not recently perform and document complete annual physical inventories of state park capital assets.

Recommendation:

The DNR ensure complete physical inventories of capital assets are performed annually, documented, and reconciled to the statewide accounting (SAM II) system.

Status of Finding: Corrective actions were taken as stated in the State Auditor's Office Report 2020-010 titled State of Missouri Comprehensive Annual Financial Report on Internal Controls, Compliance, and Other Matters Year Ended June 30, 2019.

Contact Person: Cindy Luebbering _____

Phone Number: (573) 751-1117 _____



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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 was fully implemented as of the end of SFY 2020.

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

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



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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

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



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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

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
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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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Corrective Action Plans

Year Ended June 30, 2020

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, 2020. Each Corrective Action Plan was prepared by the State agency noted.



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State Agency: Department of Revenue (DOR)

Audit Finding Number: FS2020-001 DOR Financial Reporting Controls

Name of the contact person

Responsible for corrective action: Julie Ruetters

Anticipated completion date for corrective action: June 30, 2021

Corrective action planned is as follows:

The Department of Revenue took corrective action following the State Auditor's Office notification of the finding with the motor vehicle sales tax accounts receivable reports reported to the Office of Administration - Division of Accounting (DOA), and restated and resubmitted the motor vehicle sales tax accounts receivable reports for fiscal years ended June 30, 2019 and 2020. The Department of Revenue will also be evaluating and performing a detailed review of the future data extracted from the system; and, developing a new methodology for reporting the allowance for uncollectible accounts receivables going forward.



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**State of Missouri
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State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2020-002 – DSS Financial Reporting Controls

Name of the contact person responsible for corrective action: Tara Giordano

Anticipated completion date for corrective action: June 30, 2021

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

DSS Response: The DSS agrees with this finding. The DSS had a transition of staff during the timeframe for completing the accounts payable reports. DSS is currently in the process of developing and formalizing written policies and procedures for preparing accounts payable reports. New team members responsible for report preparation will receive training by the Accounts Payable Manager or their designee.

Regarding the supervisory review, the review occurred and it was determined the accounts payable report was within a reasonable range of a normal submission.

Corrective action planned is as follows: As noted above, the DSS is currently taking measures to develop and formalize written policies and procedures for future accounts payable reporting.



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

Audit Finding Number: 2020-001 – Medicaid Nursing Facility Cost Report Audits

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

Anticipated completion date for corrective action: Not Applicable

Recommendation: The DSS through the MHD develop and implement procedures to monitor and ensure the contractor completes periodic audits of cost reports of nursing facilities in accordance with the State Plan.

DSS Response: DSS partially agrees with this finding.

The DSS disagrees that a plan for periodic audits and procedures, as well as a plan for monitoring the contractor, had not been developed. The DSS through MHD established the plan and procedures during SFY 2020. MHD worked closely with the contractor to develop the processes for the contractor to collect the cost reports electronically, create a data base for the nursing facility cost report data, and worked with the contractor in the development and approval of the audit guide. SFY 2020 was devoted to the development and implementation of the plan and processes for the contractor to conduct the periodic audits. MHD worked with the contractor throughout the development and implementation stages, including the review and approval of various processes and documents, therefore monitoring the contractor in SFY 2020.

MHD agrees with the portion of the finding to ensure that periodic audits are completed. Even though audits were started in SFY 2020, no audits were completed by June 30, 2020 due to the amount of time it took to get all the processes in place for the new contractor, as noted above, and due to the Public Health Emergency (PHE). During the PHE, sections of the nursing facility regulation relating to cost report submission due dates and the withholding of payments for late cost report submissions were suspended (13 CSR 70-10.015, (10)(A)5. and 6.).

The agency does not agree with the recommendation and does not believe that corrective action is required. Explanation and specific reasons are as follows:



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Since the plans and procedures are now established, audits will be completed in accordance with the agreed upon schedule with the contractor going forward and therefore, no further corrective actions need to be taken. MHD will work with the contractor to determine the appropriate cost reports to audit. MHD, through the contractor, does not expect that it will always audit all cost reports for a given cost report year, but may do a sample of approximately 20%-30% of the total cost reports.

MHD would like to address some issues related to the findings described in the SAO's Schedule of Findings and Questioned Costs draft report:

Specific to the statements in the finding pertaining to the Findings and Assurances, MHD disagrees that the Findings and Assurances are part of the approved State Plan. If the Findings and Assurances were given to the SAO as part of the approved State Plan, it was included in error. The approved State Plan includes the pages that describe the policy and reimbursement for the nursing facility program. The Findings and Assurances were additional information that CMS used to review in conjunction with the State's cover letter that included the standard funding questions, the 179 Transmittal Form, and any other Requests for Additional Information (RAI) in approving proposed pages amending the State Plan. With the repeal of the Boren Amendment, the Findings and Assurances were no longer required to be submitted. MHD has discussed this with CMS and they indicated that the Findings and Assurances are not part of the State Plan.



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

Audit Finding Number: 2020-002 – Medicaid National Correct Coding Initiative Finding

Name of the contact person responsible for corrective action: Kim Johnson, Nanci Nikodym, and Holly Hern

Anticipated completion date for corrective action: July 1, 2022 estimated

Regarding the anticipated completion date, updates to address this finding require changes to the Medicaid Management Information System (MMIS). These system changes are substantial. MHD anticipates the implementation date of the changes to be July 2022, barring any unforeseen issues.

Recommendation: The DSS through the MHD strengthen controls over the NCCI requirements to ensure NCCI edits are fully implemented and reprocess claims paid when edits are not implemented timely, as required. In addition, the DSS should ensure confidentiality agreements contain all elements required by the Medicaid NCCI Technical Guidance Manual.

DSS Response: DSS agrees with the auditor's finding. The Corrective Action Plan includes planned actions to address the finding. The MO HealthNet Division (MHD) will fully implement National Correct Coding Initiative (NCCI) edits. One of the components to fully implement NCCI edits is to update the edits on a quarterly basis. System work will be needed to complete this task. Once completed, the NCCI edits will be updated quarterly and claims will be reprocessed.

Another component to fully implement NCCI edits is to follow the medically unlikely edits (MUE) provided by the Centers for Medicare and Medicaid (CMS). This is similar to the current MHD maximum quantity. Currently MHD partially follows MUEs. There are maximum quantities that differ from the MUEs. System work will also be needed to complete this task.

In addition, MHD worked with the MMIS fiscal agent to update the existing confidentiality agreement required by all employees/contractors to include new requirements covering NCCI file edits confidentiality. This change was put into



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place on March 15, 2021; therefore, no additional corrective action is needed for this portion of the finding.



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

Audit Finding Number: 2020-003 – 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, 2021, or upon expiration of requirements suspended due to the Public Health Emergency

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, once the COVID-19 public health emergency has expired and the suspended requirements are reinstated. In addition, the DSS should review and correct the eligibility and payments 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, once the COVID-19 public health emergency (PHE) has expired and the suspended requirements are reinstated. Additionally, the DSS has taken actions to close the eligibility case noted in the recommendation. DSS will also correct the payments for the ineligible participant noted in the recommendation.

The questioned costs identified in this finding are \$1,928, federal share. The total computable amount is \$2,803 which is .00009% of the SFY 2020 Medicaid expenditures of approximately \$3.1 billion for the MAGI population.

It should also be noted that the SAO reviewed 60 ABD participants enrolled during the period of July 2019 to February 2020 and no errors were found.



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Corrective action planned is as follows: The DSS has developed a monthly report to identify overdue reviews. Upon the expiration of the PHE, the DSS will begin analyzing the reports to determine if additional policy or system updates are necessary and start the process of removing the previously-established system overrides on cases with an override to allow the system to identify the cases needing redeterminations.



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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: 2020-004 – 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, 2021

Recommendation: The DSS through CD and the DFAS enforce policies and procedures regarding Adoption Assistance payments. 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 payments for the children identified in this finding. The questioned costs of \$14,465 out of the annual \$44 million federal share claim will be returned on the March 2021 quarterly report filed no later than April 30, 2021. Since 97% 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 prior audit responses. Additionally, as noted by the SAO, DHHS – Administration for Children and Families (ACF) has issued decision letters regarding this matter. The DSS continues to provide new worker and refresher trainings to 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 Benefit Program Specialists on reviewing adoption assistance payments to ensure they are allowable. Additionally, DSS has internal steps in place to ensure agreements have proper signatures and effective dates.



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State Agency: Department of Mental Health

Audit Finding Number: 2020-005 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 finding 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 the last two years, 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.



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State Agency: Missouri Department of Health and Senior Services

Audit Finding Number: 2020-006 Commodity Supplemental Food Program
(CSFP) Food Inventory

Name of Contact Person responsible for Corrective Action Plan: Gail Ponder,
Senior Program Specialist

Anticipated Date for Completion of Corrective Action: Fall 2021

Corrective Action Plan is as follows:

The DHSS agrees with the auditor's finding.

Through clarifying correspondence with USDA, Missouri was notified in June 2020 of this requirement. As a result of the COVID-19 outbreak in the spring of 2020, the CSFP program was not allowed to complete this requirement as food banks were not allowing outside individuals into their facilities due to the potential threat of COVID-19.

The DHSS Corrective Action Plan (CAP) includes our planned actions to address the finding as follows:

The USDA and CSFP staff have discussed these requirements. As a result of these discussions, CSFP will perform the required inventory reviews during the summer and fall of 2021.

CSFP staff will continue to work with the USDA regarding any questions about the regulations and the completion of the physical inventory of the food banks. A spreadsheet will be developed prior to conducting the first inventory. CSFP staff will request that USDA review and approve the spreadsheet to verify information to be captured will satisfy federal regulations. CSFP staff will add an annual physical inventory requirement to the CSFP Policy and Procedures Manual.



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State Agency: Department of Public Safety, Office of the Adjutant General

Audit Finding Number: 2020-007 DPS-OTAG Cooperative Agreement Financial Accounting

Name of the contact person

Responsible for corrective action: Nick Humphrey

Anticipated completion date for corrective action: April 2021

Corrective action planned is as follows: DPS-OTAG will implement internal controls and procedures for ensuring final accounting and extension requests are filed timely through regular monitoring of Cooperative Agreement (CA) appendices to identify upcoming lapses in completion of final accounting of all funding and disbursements or for extension request.