



NICOLE GALLOWAY, CPA **Missouri State Auditor**

Honorable Michael L. Parson, Governor
and
Members of the General Assembly
and
Robert J. Knodell, Acting Director
Department of Health and Senior Services
Jefferson City, Missouri

We completed audit work at the Department of Health and Senior Services (DHSS) as part of our annual statewide audits of the state's financial statements and federal awards for the fiscal year ended June 30, 2020. We issued audit reports (Report Nos. 2021-006 and 2021-017) of the state's Comprehensive Annual Financial Report, in February and March 2021; and issued the Single Audit Report (Report No. 2021-024), in May 2021.¹ The purpose of this letter is to summarize and communicate to stakeholders, the audit work performed at the DHSS during these audits and the audit results.

Statewide Audits and Methodology

We conducted the annual financial statement audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statement audit includes, among other things, expressing an opinion on whether the state's financial statements are fairly presented, in all material respects. The Office of Administration (OA) prepared the Comprehensive Annual Financial Report (financial statements) from various sources including the statewide accounting (SAM II) system and survey data received from state agencies and offices. The state's financial statements covered \$47 billion in total assets and \$31 billion in total expenses for fiscal year 2020. To satisfy our audit objectives, we evaluated and identified the accounts significant to each opinion unit within the state's financial statements and performed various audit procedures, including reviews of related internal controls for each of those accounts. For fiscal year 2020, our financial statement audit included work at the OA and 12 state agencies and offices.

We conducted the annual Single Audit 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). The Single Audit includes, among other things, expressing an opinion on whether the state 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 state's Schedule of Expenditures of Federal Awards (SEFA), which did not include federal award expenditures of the public universities and other component units, reported the state expended more than \$17 billion in federal funds for 308 programs in fiscal year 2020. We performed risk assessments on each of the state's 31 Type A programs (programs with federal award expenditures more than \$30 million)

¹ Audit reports are available at: <<https://auditor.mo.gov/AuditReport/Menu>>.

and 24 larger Type B programs (programs with federal award expenditures between \$7.5 million and \$30 million) and audited (as major) each program assessed as high risk in accordance with the Uniform Guidance. For each major program, we performed various audit procedures, including testing and reviews of internal control over compliance requirements that could have a direct and material effect on the program. For fiscal year 2020, our Single Audit included 15 major federal programs with expenditures totaling \$12.6 billion, administered by 9 state agencies.

Financial Statement Audit Work at the DHSS

For the DHSS, we audited revenue activity of \$988.3 million and expenditure activity of \$957.3 million for the DHSS - Federal and Other Funds Fund.

Single Audit Work at the DHSS

The DHSS reported federal award expenditures totaling \$400.5 million for fiscal year 2020. We audited, as major, 3 programs with expenditures totaling \$99.2 million: the Child and Adult Care Food Program, the Food Distribution Cluster,² and the Aging Cluster. We also performed audit procedures related to the DHSS's cooperative agreements with the Department of Social Services (DSS) for the Medicaid Cluster, a major program at the DSS.

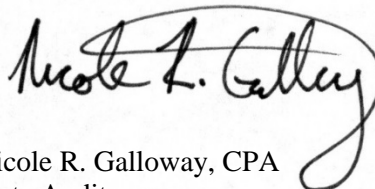
Audit Results and Findings at the DHSS

Our responsibility for the statewide audits is limited to the previously stated objectives. The audit reports of the state's financial statements reported no material misstatements for the DHSS. The Single Audit reported no material noncompliance with direct and material compliance requirements for the major programs audited at the DHSS.

We are required by the audit standards and single audit requirements to report as audit findings certain significant or material conditions such as weaknesses in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; fraud; and/or known or likely questioned costs greater than \$25,000. We reported an audit finding related to the DHSS's administration of federal awards.

- CSFP Food Inventory (Finding No. 2020-006) - The DHSS - Bureau of Community Food & Nutrition Assistance (BCFNA) did not establish adequate controls to ensure compliance with federal requirements regarding accountability of United States Department of Agriculture (USDA)-donated foods distributed through the Commodity Supplemental Food Program (CSFP). The BCFNA did not perform annual inventories of food bank storage facilities.

The audit finding and the DHSS's response and Corrective Action Plan are included in the Single Audit Report (Report No. 2021-024).



Nicole R. Galloway, CPA
State Auditor

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Report No. 2021-056

² The Food Distribution Cluster is administered by both the DHSS and the DSS.