

The seal of the State Auditor of Missouri is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

Nicole Galloway, CPA

Missouri State Auditor

State of Missouri
Single Audit
Year Ended June 30, 2021

Report No. 2022-043

July 2022

auditor.mo.gov



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the Fiscal Year 2021 State of Missouri Single Audit

Background	A single audit requires an audit of the state's financial statements and expenditures of federal awards. The state spent approximately \$20.6 billion in federal awards during the fiscal year ended June 30, 2021. Our Single Audit involved audit work on 20 major federal programs administered by 10 state agencies, with expenditures totaling approximately \$13.8 billion.
DED Subrecipient Determination and Monitoring	Improvements are needed in the Department of Economic Development's (DED) internal controls related to subrecipient determinations. During state fiscal year 2021, the DED did not comply with the Uniform Guidance requirements regarding subrecipient monitoring for the Emergency Rental Assistance (ERA) Program.
DED SEFA	The expenditures reported on the DED's schedule of expenditures of federal awards (SEFA) submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the statewide SEFA for the year ended June 30, 2021, were misstated. If the misstatement had not been identified during the audit, DED program expenditures would have been understated by \$337,542,257 in the statewide SEFA.
DED Performance and FFATA Reporting	The DED did not establish an internal control system over required federal reporting of the ERA Program and did not identify a significant inaccuracy in a performance report. In addition, the required Federal Funding Accountability and Transparency Act (FFATA) reporting was not submitted for state fiscal year 2021.
Medicaid National Correct Coding Initiative	As noted in our previous audit, the Department of Social Services (DSS) - MO HealthNet Division has not fully implemented the Medicaid National Correct Coding Initiative edits in the Medicaid Management Information System as required.
Medicaid and CHIP Participant Eligibility	As similarly noted in our 2 previous audits, the DSS does not have sufficient controls to ensure compliance with the eligibility requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for certain participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). The DSS did not correct system overrides for some MAGI-based participants, preventing their cases from being closed when necessary.
Foster Care Maintenance Payment Rates	The DSS has not documented policies and procedures, including a periodic schedule, for reviews of Foster Care program maintenance payment rates. In addition, the DSS could not provide documentation supporting any review of the rates in effect for the year ended June 30, 2021.
Child Care Corrective Payments	DSS controls over the Child Care Development Fund (Child Care) program's corrective (manual) subsidy payments to child care providers are not sufficient to prevent improper payments. The DSS made unsupported corrective payments and/or overpaid providers on behalf of 3 children.

DSS FFATA Reporting	The DSS - Division of Finance and Administrative Services (DFAS) needs to strengthen internal controls related to FFATA reporting for the TANF, LIHEAP, and CVA programs. During state fiscal year 2021, the DFAS did not fully comply with FFATA reporting requirements for more than half of the subawards reviewed.
ELC Program Subrecipient Reimbursements	The Department of Health and Senior Services (DHSS) did not have sufficient controls and procedures to ensure Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program reimbursements to subrecipients were allowable, reasonable, and supported with sufficient documentation. As a result, unsupported reimbursements totaling \$105,507 were made to some subrecipients.
ELC Program Subrecipient Monitoring	The DHSS - Division of Community and Public Health did not perform subrecipient monitoring procedures in accordance with the department monitoring policy.
DHSS FFATA Reporting	During state fiscal year 2021, the DHSS did not complete FFATA reporting within required timeframes for some ELC program subawards.
Medicaid SPPC Participant Choice Agreements	The DHSS - Division of Senior and Disability Services does not have effective controls in place to ensure Participant Choice Agreements were obtained and/or retained for participants of the State Plan Personal Care (SPPC) program. A Participant Choice Agreement was not in the web tool or retained elsewhere for 5 participants (8 percent) reviewed.
Medicaid Facility Survey Timeliness	The DHSS - Section for Long-Term Care Registration did not perform facility survey procedures within required timeframes.
Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates	As noted in our prior 6 audit reports, the Department of Mental Health - Division of Developmental Disabilities (DD) continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver (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.
GEER Fund Annual Performance Reporting	The Department of Elementary and Secondary Education (DESE) did not report subaward information in its annual performance report of the Governor's Emergency Education Relief (GEER) Fund for the period March 13 through September 30, 2020.
DESE FFATA Reporting	During state fiscal year 2021, the DESE did not comply with FFATA reporting requirements for any of the subawards reviewed for the GEER Fund and the Elementary and Secondary School Emergency Relief Fund grants.
Special Education Cluster Subrecipient Monitoring	The DESE needs to strengthen internal controls to ensure compliance with subrecipient monitoring requirements. During the year ended June 30, 2021, the DESE did not perform subrecipient monitoring reviews in accordance with its monitoring guide for the Special Education Cluster.

DESE SEFA	The DESE's controls and procedures related to the preparation of the SEFA were not sufficient; and as a result, expenditures reported on the DESE SEFA submitted to the DOA for inclusion in the statewide SEFA for the year ended June 30, 2021, were misstated. If the errors and omissions had not been identified during the audit, expenditures would have been understated by approximately \$77.1 million in the statewide SEFA for various DESE programs.
Department of Labor and Industrial Relations UInteract System Controls	The Department of Labor and Industrial Relations needs to improve certain UInteract system controls. System controls were not sufficient to prevent or detect improper payments authorized by an employee totaling approximately \$123,000 during fiscal years 2020 and 2021.
SEMA Suspension and Debarment Procedures	During the year ended June 30, 2021, the Department of Public Safety - State Emergency Management Agency (SEMA) did not have adequate procedures to ensure the timely verification that subrecipients of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) (DGPA) program were not suspended or debarred.
SEMA FFATA Reporting	The SEMA needs to strengthen internal controls related to FFATA reporting for the DGPA program. During state fiscal year 2021, the SEMA did not comply with FFATA reporting requirements for any of the subawards reviewed.
MoDOT FFATA Reporting	The Missouri Department of Transportation (MoDOT) needs to strengthen internal controls related to FFATA reporting for the Airport Improvement Program.

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

State of Missouri

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Common Abbreviations

ACFR	Annual Comprehensive Financial Report
AL	Assistance Listing
CAP	Corrective Action Plan
CFR	Code of Federal Regulations
CSR	Code of State Regulations
COVID-19	Coronavirus Disease 2019
FFATA	Federal Funding Accountability and Transparency Act
FPUC	Federal Pandemic Unemployment Compensation
LWA	Lost Wages Assistance
OMB	Office of Management and Budget
PEUC	Pandemic Emergency Unemployment Compensation
PUA	Pandemic Unemployment Assistance
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, 2021

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 of Missouri'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 state's 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 state's summary schedule of prior audit findings 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 \$20.6 billion in federal awards during the state fiscal year ended June 30, 2021.



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, 2021.

We issued our audit report (Report No. 2022-002¹) of the state's Annual Comprehensive Financial Report (ACFR), as of and for the year ended June 30, 2021, in January 2022. In addition, we issued our Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2022-022²) in March 2022. In that report, we reported four findings related to internal control deficiencies. The state agencies' responses to the audit findings are included in that report. 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. These 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 \$20.6 billion in federal funds in state fiscal year 2021. 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 20 major federal programs with expenditures totaling approximately \$13.8 billion, administered by 10 state agencies.

We issued a qualified opinion on 5 major federal programs and an unmodified opinion on 15 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 Economic Development, the Department of Social Services, the Department of Health and Senior Services, and the Department of Elementary and Secondary Education:

- Emergency Rental Assistance Program, modified for Subrecipient Monitoring and Reporting
- Children's Health Insurance Program, modified for Special Tests and Provisions

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

²See report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2022022>>.



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- Medicaid Cluster, modified for Special Tests and Provisions
- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring
- Education Stabilization Fund program, modified for Reporting

In total, we reported 22 audit findings related to 15 major federal programs at 8 state agencies. We identified over \$192,000 in known questioned costs related to federal awards. Of the 22 audit findings, 3 were repeated from prior Single Audits. These findings have been reported for 2 to 7 years.

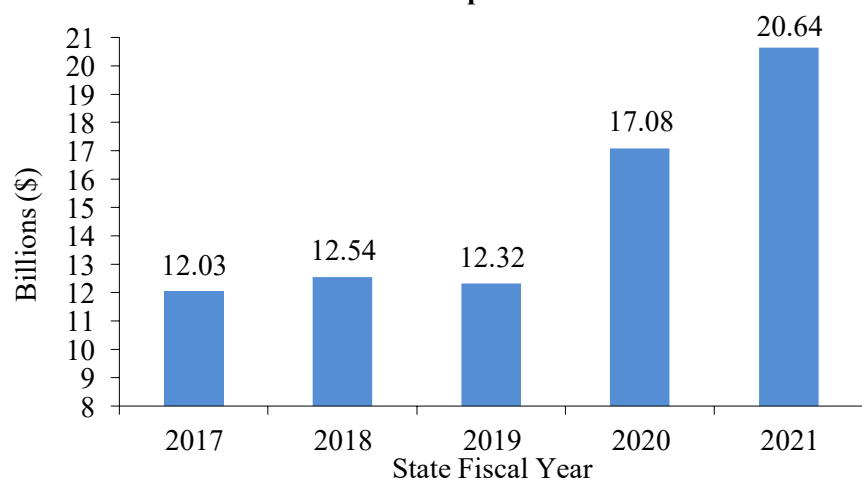
Of the 22 federal award audit findings, 16 related to internal control deficiencies. We consider 5 findings of internal control deficiencies to be material weaknesses and 11 to be significant deficiencies.

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. These 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. These are presented in the Summary Schedule of Prior Audit Findings section of this report.

Expenditures of federal awards increased significantly in state fiscal years 2020 and 2021. The increases were primarily due to the additional federal funding made available to 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**

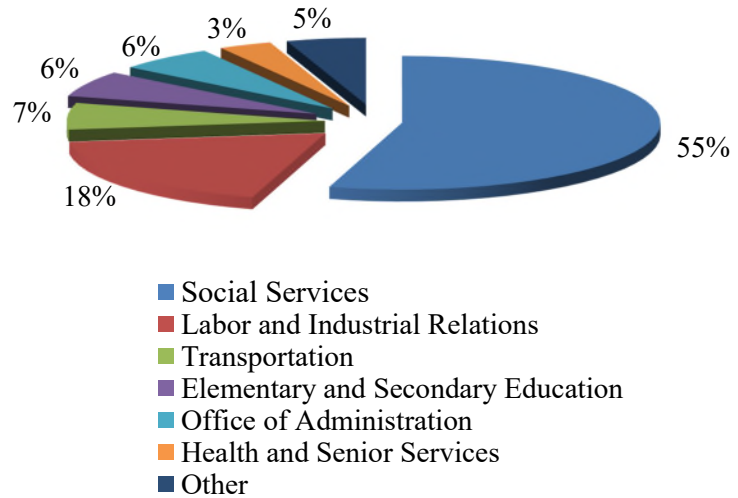




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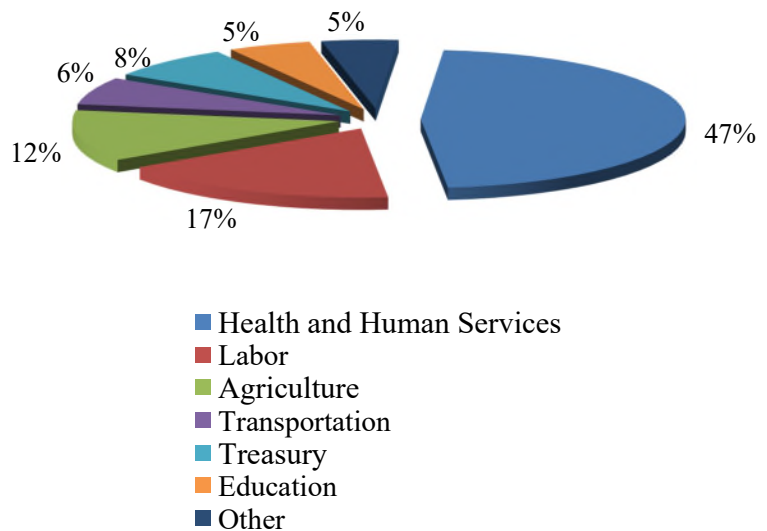
Of the 20 state agencies and offices that expended federal awards, 6 agencies and offices spent the majority of the awards (95 percent) during state fiscal year 2021.

Expenditures of Federal Awards by State Agency



The state expended federal awards received from 24 federal agencies. Most of the federal award expenditures (95 percent) were from programs of 6 federal agencies.

Expenditures of Federal Awards by Federal Agency





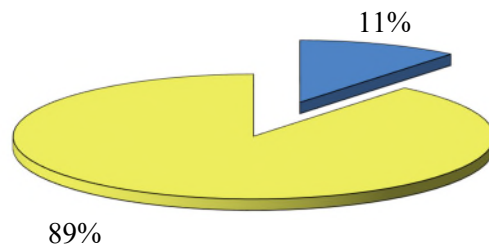
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Overall, the state expended federal awards in 305 programs. These programs are listed in the accompanying Schedule of Expenditures of Federal Awards.

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 \$30.96 million (total expenditures of \$20,642,024,177 times 0.0015) since the federal award expenditures exceeded \$20 billion during state fiscal year 2021.

Programs with federal award expenditures over \$30.96 million are Type A programs and programs with federal award expenditures under \$30.96 million are Type B programs. Of the 305 federal award programs, 33 were Type A programs and 272 were Type B programs.

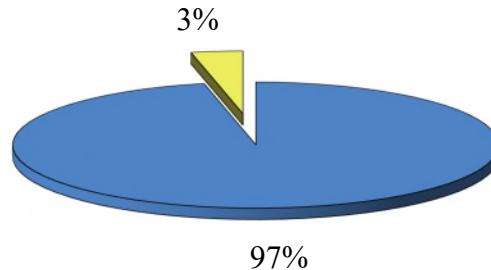
**Type A and Type B Programs
Number of Programs**



■ Type A Programs ■ Type B Programs

The 33 Type A programs had expenditures totaling approximately \$19.9 billion, or 97 percent of total expenditures. The 272 Type B programs had expenditures totaling approximately \$708 million, or 3 percent of total expenditures.

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



■ Type A Programs ■ Type B Programs



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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 15 of the 33 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 18 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 \$7.7 million. We performed risk assessments on the 26 larger Type B programs and determined 2 programs were high risk. In accordance with the Uniform Guidance, we audited the programs as major.

The programs audited as major are listed in the summary of auditor's results section of the Schedule of Findings and Questioned Costs section of this report. We audited 67 percent of total state fiscal year 2021 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	18	\$ 13,789,892,872	
Type B major programs	2	41,329,484	
Total major programs	20	13,831,222,356	67%
<u>Programs not Audited</u>			
Type A non-major programs	15	6,143,784,963	
Type B non-major programs	270	667,016,858	
Total non-major programs	285	6,810,801,821	33%
Total programs	305	\$ 20,642,024,177	100%

State of Missouri
 Summary of Type A Programs and Total Expenditures of Federal Awards
 Year Ended June 30, 2021

AL Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended
SNAP Cluster:			
10.551	COVID-19 - Supplemental Nutrition Assistance Program	Agriculture	\$ 547,008,067
10.551	Supplemental Nutrition Assistance Program	Agriculture	1,165,551,473
	Total Supplemental Nutrition Assistance Program		1,712,559,540
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture	54,634,651
	Total SNAP Cluster		1,767,194,191
Child Nutrition Cluster:			
10.553	School Breakfast Program	Agriculture	42,918,604
10.555	COVID-19 - National School Lunch Program	Agriculture	31,908,495
10.555	National School Lunch Program	Agriculture	147,506,059
	Total National School Lunch Program		179,414,554
10.556	Special Milk Program for Children	Agriculture	178,672
10.559	COVID-19 - Summer Food Service Program for Children	Agriculture	28,336,789
10.559	Summer Food Service Program for Children	Agriculture	250,036,685
	Total Summer Food Service Program for Children		278,373,474
10.579	Child Nutrition Discretionary Grants Limited Availability	Agriculture	380,247
	Total Child Nutrition Cluster		501,265,551
10.557	COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	6,927,185
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	53,054,342
	Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children		59,981,527
10.558	COVID-19 - Child and Adult Care Food Program	Agriculture	3,763,211
10.558	Child and Adult Care Food Program	Agriculture	74,322,202
	Total Child and Adult Care Food Program		78,085,413
Food Distribution Cluster:			
10.565	Commodity Supplemental Food Program	Agriculture	8,447,182
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)	Agriculture	1,886,317
10.568	Emergency Food Assistance Program (Administrative Costs)	Agriculture	1,655,524
	Total Emergency Food Assistance Program (Administrative Costs)		3,541,841
10.569	Emergency Food Assistance Program (Food Commodities)	Agriculture	37,492,653
	Total Food Distribution Cluster		49,481,676
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Defense	50,508,267
16.575	Crime Victim Assistance	Justice	51,911,934
17.225	COVID-19 - Unemployment Insurance	Labor	2,763,304,371
17.225	Unemployment Insurance	Labor	722,782,686
	Total Unemployment Insurance		3,486,087,057
WIOA Cluster:			
17.258	WIOA Adult Program	Labor	9,817,899
17.259	WIOA Youth Activities	Labor	9,361,350
17.278	WIOA Dislocated Worker Formula Grants	Labor	12,447,024
	Total WIOA Cluster		31,626,273
20.106	COVID-19 - Airport Improvement Program and COVID-19 Airports Programs	Transportation	1,536,003
20.106	Airport Improvement Program and COVID-19 Airports Programs	Transportation	38,820,139
	Total Airport Improvement Program and COVID-19 Airports Programs		40,356,142
Highway Planning and Construction Cluster:			
20.205	COVID-19 - Highway Planning and Construction	Transportation	206,248,389
20.205	Highway Planning and Construction	Transportation	1,040,190,628
	Total Highway Planning and Construction		1,246,439,017
20.219	Recreational Trails Program	Transportation	2,493,258
20.224	Federal Lands Access Program	Transportation	654,715
	Total Highway Planning and Construction Cluster		1,249,586,990

State of Missouri
 Summary of Type A Programs and Total Expenditures of Federal Awards
 Year Ended June 30, 2021

AL Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended
21.019	COVID-19 - Coronavirus Relief Fund	Treasury	1,246,132,205
21.023	COVID-19 - Emergency Rental Assistance Program	Treasury	323,715,323
64.015	Veterans State Nursing Home Care	Veterans Affairs	57,442,683
66.458	Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds Total Clean Water State Revolving Fund Cluster	Environmental Protection Agency	<u>34,654,070</u> <u>34,654,070</u>
84.010	Title I Grants to Local Educational Agencies	Education	236,361,821
84.027	Special Education Cluster (IDEA): Special Education Grants to States	Education	228,737,367
84.173	Special Education Preschool Grants Total Special Education Cluster (IDEA)	Education	<u>6,332,142</u> 235,069,509
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Education	65,811,774
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Education	34,801,708
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	Education	37,787,301
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	311,615,343
84.425R	COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021- Emergency Assistance to Non-Public Schools (CRRSA EANS) Program Total Education Stabilization Fund	Education	<u>2,719,128</u> 352,121,772
93.268	COVID-19 - Immunization Cooperative Agreements	Health and Human Services	4,112,496
93.268	Immunization Cooperative Agreements Total Immunization Cooperative Agreements	Health and Human Services	<u>71,624,040</u> 75,736,536
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Human Services	41,754,468
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Human Services	<u>1,274,577</u> 43,029,045
93.558	Temporary Assistance for Needy Families	Health and Human Services	193,397,098
93.568	COVID-19 - Low-Income Home Energy Assistance	Health and Human Services	1,840,445
93.568	Low-Income Home Energy Assistance Total Low-Income Home Energy Assistance	Health and Human Services	<u>77,896,593</u> 79,737,038
93.575	CCDF Cluster: COVID-19 - Child Care and Development Block Grant	Health and Human Services	33,399,582
93.575	Child Care and Development Block Grant Total Child Care and Development Block Grant	Health and Human Services	<u>83,387,816</u> 116,787,398
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund Total CCDF Cluster	Health and Human Services	<u>26,580,191</u> <u>143,367,589</u>
93.658	Foster Care Title IV-E	Health and Human Services	38,022,365
93.659	Adoption Assistance	Health and Human Services	50,708,111
93.667	Social Services Block Grant	Health and Human Services	51,383,271
93.767	Children's Health Insurance Program	Health and Human Services	313,483,831

State of Missouri
 Summary of Type A Programs and Total Expenditures of Federal Awards
 Year Ended June 30, 2021

AL Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,810,624
93.777	COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services	1,324,432
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services	<u>17,342,972</u>
	Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		18,667,404
93.778	COVID-19 - Medical Assistance Program	Health and Human Services	678,681,707
93.778	Medical Assistance Program	Health and Human Services	<u>7,745,998,573</u>
	Total Medical Assistance Program		8,424,680,280
	Total Medicaid Cluster		<u>8,445,158,308</u>
	Disability Insurance/SSI Cluster:		
96.001	Social Security Disability Insurance	Social Security Administration	<u>45,546,858</u>
	Total Disability Insurance/SSI Cluster		<u>45,546,858</u>
97.036	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security	96,288
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security	<u>201,057,747</u>
	Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)		201,154,035
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Homeland Security	300,757,864
	Total Type A Programs (expenditures greater than \$30,963,036)		<u>19,933,677,835</u>
	Total Type B Programs (expenditures less than \$30,963,036)		<u>708,346,342</u>
	Total Expenditures of Federal Awards	\$	<u><u>20,642,024,177</u></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 U.S. 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, 2021. The state'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's basic financial statements include the operations of certain public universities and other component units which expended federal awards that are not included in the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of these component units since they engaged other auditors to perform an audit of compliance, if required.

Management's Responsibility

The state's 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'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 did not comply with requirements regarding the following:

Finding Number	AL Number(s)	Program (or Cluster) Name	Compliance Requirement(s)
2021-001	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring
2021-003	21.023	Emergency Rental Assistance Program	Reporting
2021-004	93.767 93.775 93.777 93.778	Children's Health Insurance Program and Medicaid Cluster	Special Tests and Provisions
2021-009	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
2021-010	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Subrecipient Monitoring
2021-015	84.425C 84.425D 84.425R	Education Stabilization Fund	Reporting
2021-016	84.425C 84.425D 84.425R	Education Stabilization Fund	Reporting

Compliance with such requirements is necessary, in our opinion, for the state 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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Emergency Rental Assistance Program, the Children's Health Insurance Program, the Medicaid Cluster, the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program, and the Education Stabilization Fund program for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the state 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, 2021.

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 2021-005 through 2021-

008, 2021-012, and 2021-017 through 2021-022. Our opinion on each major federal program is not modified with respect to these matters.

The state's responses to and corrective action plans for the noncompliance findings identified in our audit are included 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 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 did identify 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 2021-001, 2021-003, 2021-004, 2021-009, and 2021-010 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 2021-005 through 2021-008, 2021-012, and 2021-017 through 2021-022 to be significant deficiencies.

The state'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.

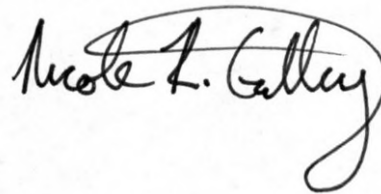
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the

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, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the state's basic financial statements. We issued our report thereon dated January 21, 2022, 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'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 that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

June 30, 2022, except for our report
on the Schedule of Expenditures of
Federal Awards, for which the date is
January 21, 2022

State of Missouri
 Schedule of Expenditure of Federal Awards
 Year Ended June 30, 2021

AL 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	\$ 794,936	\$ -
10.069	Conservation Reserve Program	465,809	-
10.093	Voluntary Public Access and Habitat Incentive Program	365,254	-
10.125	Hazardous Waste Management	29,642	-
10.153	Market News	15,771	-
10.163	Market Protection and Promotion	45,732	-
10.170	Specialty Crop Block Grant Program - Farm Bill	342,440	310,001
10.171	Organic Certification Cost Share Programs	12,312	10,932
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	655,815	655,815
10.304	Homeland Security Agricultural	75,670	-
10.351	Rural Business Development Grant	21,096	-
10.435	State Mediation Grants	6,925	-
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,213,324	-
10.479	Food Safety Cooperative Agreements	256,038	-
10.542	COVID-19 - Pandemic EBT Food Benefits	4,075,997	-
SNAP Cluster:			
10.551	COVID-19 - Supplemental Nutrition Assistance Program	547,008,067	-
10.551	Supplemental Nutrition Assistance Program	1,165,551,473	-
	Total Supplemental Nutrition Assistance Program	1,712,559,540	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	54,634,651	11,892,226
	Total SNAP Cluster	1,767,194,191	11,892,226
Child Nutrition Cluster:			
10.553	School Breakfast Program	42,918,604	42,918,604
10.555	COVID-19 - National School Lunch Program	31,908,495	31,908,495
10.555	National School Lunch Program	147,506,059	147,506,059
	Total National School Lunch Program	179,414,554	179,414,554
10.556	Special Milk Program for Children	178,672	178,672
10.559	COVID-19 - Summer Food Service Program for Children	28,336,789	28,256,161
10.559	Summer Food Service Program for Children	250,036,685	249,679,139
	Total Summer Food Service Program for Children	278,373,474	277,935,300
10.579	Child Nutrition Discretionary Grants Limited Availability	380,247	374,445
	Total Child Nutrition Cluster	501,265,551	500,821,575
10.557	COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	6,927,185	2,694,346
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	53,054,342	22,698,333
	Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children	59,981,527	25,392,679
10.558	COVID-19 - Child and Adult Care Food Program	3,763,211	3,763,211
10.558	Child and Adult Care Food Program	74,322,202	73,236,185
	Total Child and Adult Care Food Program	78,085,413	76,999,396
10.560	State Administrative Expenses for Child Nutrition	4,124,702	1,479,345
Food Distribution Cluster:			
10.565	Commodity Supplemental Food Program	8,447,182	1,929,018
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)	1,886,317	1,886,317
10.568	Emergency Food Assistance Program (Administrative Costs)	1,655,524	1,556,631
	Total Emergency Food Assistance Program (Administrative Costs)	3,541,841	3,442,948
10.569	Emergency Food Assistance Program (Food Commodities)	37,492,653	31,631
	Total Food Distribution Cluster	49,481,676	5,403,597
10.574	Team Nutrition Grants	74,528	5,710
10.576	Senior Farmers Market Nutrition Program	83,325	83,325
10.578	WIC Grants To States (WGS)	2,332,240	761,795
10.582	Fresh Fruit and Vegetable Program	2,328,772	2,328,772
10.649	COVID-19 - Pandemic EBT Administrative Costs	3,333,403	-
10.664	Cooperative Forestry Assistance	1,315,431	407,946
Forest Service Schools and Roads Cluster:			
10.665	Schools and Roads - Grants to States	1,527,218	1,527,218
	Total Forest Service Schools and Roads Cluster	1,527,218	1,527,218
10.674	Wood Utilization Assistance	190,000	190,000
10.680	Forest Health Protection	8,748	-
10.698	State & Private Forestry Cooperative Fire Assistance	352,786	352,786
10.902	Soil and Water Conservation	1,581,660	769,094
	Total Department of Agriculture	2,481,637,932	629,392,212
Department of Commerce			
11.549	State and Local Implementation Grant Program	19,166	-
	Total Department of Commerce	19,166	-
Department of Defense			
12.U01	Excess Property Program	627,945	-
12.112	Payments to States in Lieu of Real Estate Taxes	1,578,468	1,578,468
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	700,317	-

State of Missouri
 Schedule of Expenditure of Federal Awards
 Year Ended June 30, 2021

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
12.401	National Guard Military Operations and Maintenance (O&M) Projects	50,508,267	-
12.620	Troops to Teachers Grant Program	72,838	-
	Total Department of Defense	53,487,835	1,578,468
Department of Housing and Urban Development			
14.228	COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	320	-
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	28,547,228	26,904,181
	Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	28,547,548	26,904,181
14.231	COVID-19 - Emergency Solutions Grant Program	15,973,768	15,973,768
14.231	Emergency Solutions Grant Program	3,152,828	3,134,117
	Total Emergency Solutions Grant Program	19,126,596	19,107,885
14.241	Housing Opportunities for Persons with AIDS	1,142,827	1,142,827
14.267	Continuum of Care Program	12,515,098	-
	Total Department of Housing and Urban Development	61,332,069	47,154,893
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	166,871	-
15.252	Abandoned Mine Land Reclamation (AMLR)	2,090,437	1,339,116
15.433	Flood Control Act Lands	27,555	27,555
15.438	National Forest Acquired Lands	2,617,633	2,617,633
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	8,095,532	180,099
15.611	Wildlife Restoration and Basic Hunter Education	18,556,005	310,951
	Total Fish and Wildlife Cluster	26,651,537	491,050
15.608	Fish and Wildlife Management Assistance	447,126	149,159
15.615	Cooperative Endangered Species Conservation Fund	338,518	74,487
15.634	State Wildlife Grants	1,119,090	88,552
15.647	Migratory Bird Conservation	29,710	-
15.657	Endangered Species Recovery Implementation	412	-
15.658	Natural Resource Damage Assessment and Restoration	1,330	-
15.684	White-nose Syndrome National Response Implementation	12,793	-
15.808	U.S. Geological Survey Research and Data Collection	107,407	-
15.810	National Cooperative Geologic Mapping	230,038	-
15.814	National Geological and Geophysical Data Preservation	93,189	-
15.904	Historic Preservation Fund Grants-In-Aid	1,031,199	203,563
15.916	Outdoor Recreation Acquisition, Development and Planning	1,725,363	1,674,085
15.978	Upper Mississippi River Restoration Long Term Resource Monitoring	476,493	-
15.980	National Ground-Water Monitoring Network	55,723	-
15.981	Water Use and Data Research	24,668	-
	Total Department of the Interior	37,247,092	6,665,200
Department of Justice			
16.U01	FBI Joint Terrorism Task Force	3,848	-
16.017	Sexual Assault Services Formula Program	381,101	369,031
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program	14,635	-
16.540	Juvenile Justice and Delinquency Prevention	995,799	767,560
16.550	State Justice Statistics Program for Statistical Analysis Centers	65,461	-
16.554	National Criminal History Improvement Program (NCHIP)	966,318	817,989
16.575	Crime Victim Assistance	51,911,934	50,087,674
16.576	Crime Victim Compensation	4,147,700	4,147,700
16.582	Crime Victim Assistance/Discretionary Grants	40,520	-
16.585	Drug Court Discretionary Grant Program	285,532	-
16.588	Violence Against Women Formula Grants	2,698,951	2,504,730
16.593	Residential Substance Abuse Treatment for State Prisoners	275,966	106,826
16.606	State Criminal Alien Assistance Program	13,570	-
16.607	Bulletproof Vest Partnership Program	4,298	4,298
16.609	Project Safe Neighborhoods	151,949	135,696
16.710	Public Safety Partnership and Community Policing Grants	173,588	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	3,628,588	3,239,744
16.741	DNA Backlog Reduction Program	348,293	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	167,514	163,264
16.750	Support for Adam Walsh Act Implementation Grant Program	4,790	-
16.812	Second Chance Act Reentry Initiative	81,253	81,253
16.813	NICS Act Record Improvement Program	900,747	826,987
16.833	National Sexual Assault Kit Initiative	1,444,658	-
16.839	STOP School Violence	108,855	76,712
16.922	Equitable Sharing Program	410,791	-
	Total Department of Justice	69,226,659	63,329,464

State of Missouri
 Schedule of Expenditure of Federal Awards
 Year Ended June 30, 2021

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Labor			
17.002	Labor Force Statistics	958,265	-
17.005	Compensation and Working Conditions	312,736	-
Employment Service Cluster:			
17.207	Employment Service/Wagner-Peyser Funded Activities	9,573,875	-
17.801	Jobs for Veterans State Grants	2,020,723	-
17.804	Local Veterans' Employment Representative Program	1,273,592	-
	Total Employment Service Cluster	12,868,190	-
17.225	COVID-19 - Unemployment Insurance	2,763,304,371	-
17.225	Unemployment Insurance	722,782,686	-
	Total Unemployment Insurance	3,486,087,057	-
17.235	Senior Community Service Employment Program	1,888,875	1,856,289
17.245	Trade Adjustment Assistance	3,132,472	-
WIOA Cluster:			
17.258	WIOA Adult Program	9,817,899	8,581,782
17.259	WIOA Youth Activities	9,361,350	8,893,404
17.278	WIOA Dislocated Worker Formula Grants	12,447,024	9,825,036
	Total WIOA Cluster	31,626,273	27,300,222
17.261	WIOA Pilots, Demonstrations, and Research Projects	615,475	-
17.271	Work Opportunity Tax Credit Program (WOTC)	233,420	-
17.273	Temporary Labor Certification for Foreign Workers	115,678	-
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	424,936	383,103
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	941,048	917,962
	Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants	1,365,984	1,301,065
17.285	Apprenticeship USA Grants	916,487	327,990
17.504	Consultation Agreements	1,413,161	-
17.600	Mine Health and Safety Grants	416,036	-
	Total Department of Labor	3,541,950,109	30,785,566
Department of Transportation			
20.106	COVID-19 - Airport Improvement Program and COVID-19 Airports Programs	1,536,003	1,536,003
20.106	Airport Improvement Program and COVID-19 Airports Programs	38,820,139	38,820,139
	Total Airport Improvement Program and COVID-19 Airports Programs	40,356,142	40,356,142
Highway Planning and Construction Cluster:			
20.205	COVID-19 - Highway Planning and Construction	206,248,389	-
20.205	Highway Planning and Construction	1,040,190,628	101,017,191
	Total Highway Planning and Construction	1,246,439,017	101,017,191
20.219	Recreational Trails Program	2,493,258	2,285,916
20.224	Federal Lands Access Program	654,715	654,715
	Total Highway Planning and Construction Cluster	1,249,586,990	103,957,822
20.232	Commercial Driver's License Program Implementation Grant	63,647	-
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	9,849	-
Federal Transit Cluster:			
20.500	Federal Transit Capital Investment Grants	25,933	25,933
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	496,554	496,554
	Total Federal Transit Cluster	522,487	522,487
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	124,486	83,172
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	19,852,770	19,852,770
20.509	Formula Grants for Rural Areas and Tribal Transit Program	2,350,118	1,539,067
	Total Formula Grants for Rural Areas and Tribal Transit Program	22,202,888	21,391,837
Transit Services Programs Cluster:			
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	915,635	750,548
	Total Transit Services Programs Cluster	915,635	750,548
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant	355,017	257,118
Highway Safety Cluster:			
20.600	State and Community Highway Safety	5,587,517	4,622,938
20.616	National Priority Safety Programs	4,652,497	3,624,542
	Total Highway Safety Cluster	10,240,014	8,247,480
20.607	Alcohol Open Container Requirements	4,843,016	4,843,016
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	201,132	-
20.615	E-911 Grant Program	372,469	331,476
20.700	Pipeline Safety Program State Base Grant	701,814	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	287,994	225,879
20.720	State Damage Prevention Program Grants	71,574	-
20.721	PHMSA Pipeline Safety Program One Call Grant	7,790	-
	Total Department of Transportation	1,330,862,944	180,966,977

State of Missouri
 Schedule of Expenditure of Federal Awards
 Year Ended June 30, 2021

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of the Treasury			
21.019	COVID-19 - Coronavirus Relief Fund	1,246,132,205	8,372,483
21.023	COVID-19 - Emergency Rental Assistance Program	323,715,323	323,715,323
21.026	COVID-19 - Homeowner Assistance Fund	13,826,934	13,826,934
Total Department of the Treasury		1,583,674,462	345,914,740
Equal Employment Opportunity Commission			
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	350,730	-
Total Equal Employment Opportunity Commission		350,730	-
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	1,678,749	1,376,706
Total General Services Administration		1,678,749	1,376,706
National Endowment for the Arts			
45.025	COVID-19 - Promotion of the Arts Partnership Agreements	405,346	405,346
45.025	Promotion of the Arts Partnership Agreements	779,700	611,080
Total Promotion of the Arts Partnership Agreements		1,185,046	1,016,426
45.301	Museums for America	7,299	-
45.310	COVID-19 - Grants to States	271,461	271,461
45.310	Grants to States	2,704,063	1,820,376
Total Grants to States		2,975,524	2,091,837
Total National Endowments for the Arts		4,167,869	3,108,263
Small Business Administration			
59.061	State Trade Expansion	229,431	105,874
Total Small Business Administration		229,431	105,874
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	1,225,559	-
64.015	Veterans State Nursing Home Care	57,442,683	-
64.024	VA Homeless Providers Grant and Per Diem Program	855,994	-
64.101	Burial Expenses Allowance for Veterans	1,190,145	-
64.115	Veterans Information and Assistance	584,403	-
Total Department of Veterans Affairs		61,298,784	-
Environmental Protection Agency			
66.032	State Indoor Radon Grants	58,906	-
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	572,904	-
66.040	Diesel Emissions Reduction Act (DERA) State Grants	611,807	384,808
66.204	Multipurpose Grants to States and Tribes	28,517	-
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	162,952	-
66.433	State Underground Water Source Protection	126,254	-
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements- Sections 104(b)(3) of the Clean Water Act	67,196	67,196
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)	495,369	495,369
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	103,560	-
66.454	Water Quality Management Planning	354,126	141,610
66.458	Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds	34,654,070	31,159,567
Total Clean Water State Revolving Fund Cluster		34,654,070	31,159,567
66.460	Nonpoint Source Implementation Grants	1,521,372	1,491,449
66.468	Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds	13,997,501	7,997,362
Total Drinking Water State Revolving Fund Cluster		13,997,501	7,997,362
66.605	Performance Partnership Grants	13,604,331	257,358
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	164,527	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,699,071	377,306
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	411,930	62,400
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	919,603	22,874
66.817	State and Tribal Response Program Grants	1,054,130	-
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative	16,266	-
Total Environmental Protection Agency		70,624,392	42,457,299
Department of Energy			
81.041	State Energy Program	789,825	-
81.042	Weatherization Assistance for Low-Income Persons	6,863,649	6,080,123
81.119	State Energy Program Special Projects	68,279	-

State of Missouri
 Schedule of Expenditure of Federal Awards
 Year Ended June 30, 2021

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
81.136	Long-Term Surveillance and Maintenance	61,471	-
81.138	State Heating Oil and Propane Program	4,098	-
	Total Department of Energy	<u>7,787,322</u>	<u>6,080,123</u>
Department of Education			
84.002	Adult Education - Basic Grants to States	8,274,683	7,242,071
84.010	Title I Grants to Local Educational Agencies	236,361,821	234,377,199
84.011	Migrant Education State Grant Program	864,797	854,422
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	2,196,397	2,183,737
	Special Education Cluster (IDEA):		
84.027	Special Education Grants to States	228,737,367	206,005,233
84.173	Special Education Preschool Grants	<u>6,332,142</u>	<u>6,332,142</u>
	Total Special Education Cluster (IDEA)	<u>235,069,509</u>	<u>212,337,375</u>
84.032	Federal Family Education Loans	17,762,033	-
84.048	Career and Technical Education -- Basic Grants to States	22,056,879	20,329,341
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	65,811,774	-
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	595,630	-
84.181	Special Education-Grants for Infants and Families	9,716,948	-
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	541,078	-
84.196	Education for Homeless Children and Youth	1,189,371	1,187,937
84.224	Assistive Technology	517,139	517,139
84.287	Twenty-First Century Community Learning Centers	17,583,216	17,224,043
84.323	Special Education - State Personnel Development	1,066,370	-
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	179,647	-
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	151,559	-
84.358	Rural Education	2,581,668	2,447,121
84.365	English Language Acquisition State Grants	4,760,247	4,522,319
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	34,801,708	32,218,880
84.369	Grants for State Assessments and Related Activities	6,715,095	-
84.371	Comprehensive Literacy Development	297,790	256,440
84.377	School Improvement Grants	4,372,414	3,797,460
84.424	Student Support and Academic Enrichment Program	17,501,192	17,313,117
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	37,787,301	29,493,818
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	311,615,343	306,854,615
84.425R	COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021- Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	<u>2,719,128</u>	<u>2,711,956</u>
	Total Education Stabilization Fund	<u>352,121,772</u>	<u>339,060,389</u>
84.902	National Assessment of Educational Progress	105,685	-
	Total Department of Education	<u>1,043,196,422</u>	<u>895,868,990</u>
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	11,310	8,560
	Total National Archives and Records Administration	<u>11,310</u>	<u>8,560</u>
Elections Assistance Commission			
90.404	COVID-19 - 2018 HAVA Election Security Grants	3,834,944	384,797
90.404	2018 HAVA Election Security Grants	820,954	2,648
	Total 2018 HAVA Election Security Grants	<u>4,655,898</u>	<u>387,445</u>
	Total Elections Assistance Commission	<u>4,655,898</u>	<u>387,445</u>
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	103,863	23,032
93.042	COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	245,603	222,044
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	<u>337,238</u>	<u>133,833</u>
	Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	<u>582,841</u>	<u>355,877</u>
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	385,044	362,167
	Aging Cluster:		
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	2,519,278	2,519,278
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	5,715,809	5,411,208
	Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	<u>8,235,087</u>	<u>7,930,486</u>

State of Missouri
 Schedule of Expenditure of Federal Awards
 Year Ended June 30, 2021

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	10,727,307	10,727,307
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	7,100,680	6,645,030
	Total Special Programs for the Aging, Title III, Part C, Nutrition Services	17,827,987	17,372,337
93.053	Nutrition Services Incentive Program	2,885,997	2,885,997
	Total Aging Cluster	28,949,071	28,188,820
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	1,276,240	1,276,240
93.052	National Family Caregiver Support, Title III, Part E	1,827,655	1,655,222
	Total National Family Caregiver Support, Title III, Part E	3,103,895	2,931,462
93.069	Public Health Emergency Preparedness	8,789,578	4,852,327
93.070	Environmental Public Health and Emergency Response	1,600,990	440,087
93.071	Medicare Enrollment Assistance Program	533,069	196,915
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	32,445	32,445
93.090	Guardianship Assistance	10,294,526	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	652,857	466,851
93.093	Health Profession Opportunity Grants	2,399,797	2,365,256
93.103	Food and Drug Administration Research	2,069,302	-
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	339,759	-
93.110	Maternal and Child Health Federal Consolidated Programs	551,568	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	574,165	162,593
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity	144,827	-
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	240,854	84,003
93.136	COVID-19 - Injury Prevention and Control Research and State and Community Based Programs	21,374	-
93.136	Injury Prevention and Control Research and State and Community Based Programs	3,663,615	1,139,351
	Total Injury Prevention and Control Research and State and Community Based Programs	3,684,989	1,139,351
93.150	Projects for Assistance in Transition from Homelessness (PATH)	835,911	-
93.165	Grants to States for Loan Repayment	450,000	450,000
93.184	Disabilities Prevention	135,747	112,343
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	440,274	-
93.234	Traumatic Brain Injury State Demonstration Grant Program	172,641	134,057
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	848,692	644,975
93.236	Grants to States to Support Oral Health Workforce Activities	125,637	-
93.240	State Capacity Building	340,956	-
93.241	State Rural Hospital Flexibility Program	337,728	191,233
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	5,856,570	156,192
93.251	COVID-19 - Early Hearing Detection and Intervention	9,153	-
93.251	Early Hearing Detection and Intervention	201,051	105,341
	Total Early Hearing Detection and Intervention	210,204	105,341
93.268	COVID-19 - Immunization Cooperative Agreements	4,112,496	1,245,591
93.268	Immunization Cooperative Agreements	71,624,040	275,582
	Total Immunization Cooperative Agreements	75,736,536	1,521,173
93.270	Viral Hepatitis Prevention and Control	210,238	4,915
93.301	COVID-19 - Small Rural Hospital Improvement Grant Program	3,259,290	3,259,290
93.301	Small Rural Hospital Improvement Grant Program	497,276	433,227
	Total Small Rural Hospital Improvement Grant Program	3,756,566	3,692,517
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs- Financed in part by 2018 Prevention and Public Health funds (PPHF)	1,257,702	358,957
93.310	COVID-19 - Trans-NIH Research Support	235,585	114,576
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	91,663	-
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	41,754,468	22,684,825
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,274,577	48,767
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	43,029,045	22,733,592
93.324	State Health Insurance Assistance Program	1,036,368	-
93.336	Behavioral Risk Factor Surveillance System	184,015	-
93.345	Leading Edge Acceleration Projects (LEAP) in Health Information Technology	133,814	-
93.354	COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	1,664,374	-
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	379,791	112,944
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	380,374	-
93.369	ACL Independent Living State Grants	288,253	206,913
93.387	National and State Tobacco Control Program	931,727	23,877
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	1,947,057	1,139,483
93.434	Every Student Succeeds Act/Preschool Development Grants	5,724,136	-

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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.435	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke		
		1,483,908	1,424,263
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	583,845	272,287
93.439	State Physical Activity and Nutrition (SPAN)	704,853	398,503
93.464	ACL Assistive Technology	661,304	391,054
93.471	Title IV-E Kinship Navigator Program	505,737	-
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	403,260	239,146
93.556	MaryLee Allen Promoting Safe and Stable Families Program	2,605,475	-
93.558	Temporary Assistance for Needy Families	193,397,098	12,081,610
93.563	Child Support Enforcement	19,066,289	1,880,225
93.564	Child Support Enforcement Research	181,891	-
93.568	COVID-19 - Low-Income Home Energy Assistance	1,840,445	1,816,965
	Low-Income Home Energy Assistance	77,896,593	51,841,093
	Total Low-Income Home Energy Assistance	79,737,038	53,658,058
93.569	COVID-19 - Community Services Block Grant	5,649,424	4,658,874
93.569	Community Services Block Grant	17,421,850	16,627,640
	Total Community Services Block Grant	23,071,274	21,286,514
	CCDF Cluster:		
93.575	COVID-19 - Child Care and Development Block Grant	33,399,582	-
93.575	Child Care and Development Block Grant	83,387,816	4,831,217
	Total Child Care and Development Block Grant	116,787,398	4,831,217
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	26,580,191	-
	Total CCDF Cluster	143,367,589	4,831,217
93.586	State Court Improvement Program	473,894	-
93.590	Community-Based Child Abuse Prevention Grants	652,798	652,798
93.597	Grants to States for Access and Visitation Programs	221,355	221,355
93.599	Chafee Education and Training Vouchers Program (ETV)	1,200,347	-
	Head Start Cluster:		
93.600	Head Start	547	547
	Total Head Start Cluster	547	547
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,416,001	-
93.643	Children's Justice Grants to States	145,259	-
93.645	COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	268,780	-
93.658	Foster Care Title IV-E	38,022,365	70,631
93.659	Adoption Assistance	50,708,111	-
93.665	COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	1,372,999	-
93.667	Social Services Block Grant	51,383,271	8,694,431
93.669	Child Abuse and Neglect State Grants	764,308	-
93.671	COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	506,141	506,141
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	1,648,663	1,611,219
	Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	2,154,804	2,117,360
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	2,651,347	-
93.686	Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B	447,824	101,040
93.687	Maternal Opioid Misuse Model	275,830	-
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	129,752	129,752
93.747	Elder Abuse Prevention Interventions Program	53,254	-
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	3,608,160	782,702
93.767	Children's Health Insurance Program	313,483,831	-
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,810,624	-
93.777	COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	1,324,432	-
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	17,342,972	-
	Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	18,667,404	-
93.778	COVID-19 - Medical Assistance Program	678,681,707	-
93.778	Medical Assistance Program	7,745,998,573	1,968,902
	Total Medical Assistance Program	8,424,680,280	1,968,902
	Total Medicaid Cluster	8,445,158,308	1,968,902
93.788	Opioid STR	19,157,567	-
93.791	Money Follows the Person Rebalancing Demonstration	2,508,450	-
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	291,190	290,736
93.870	Maternal, Infant and Early Childhood Home Visiting Grant	3,295,855	2,850,991
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	134,842	-
93.889	National Bioterrorism Hospital Preparedness Program	3,314,971	1,932,332
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	3,813,971	2,654,284

State of Missouri
Schedule of Expenditure of Federal Awards
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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.913	Grants to States for Operation of State Offices of Rural Health	233,439	19,998
93.917	COVID-19 - HIV Care Formula Grants	311,258	293,398
93.917	HIV Care Formula Grants	17,290,892	16,891,905
	Total HIV Care Formula Grants	17,602,150	17,185,303
93.940	HIV Prevention Activities Health Department Based	3,743,864	2,083,607
93.945	Assistance Programs for Chronic Disease Prevention and Control	273,311	261,194
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	179,237	-
93.958	Block Grants for Community Mental Health Services	11,276,480	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	23,299,135	-
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,387,005	204,408
93.981	COVID-19 - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	274,809	207,064
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	365,262	289,857
	Total Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	640,071	496,921
93.982	COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health	3,999,679	-
93.982	Mental Health Disaster Assistance and Emergency Mental Health	1,648,374	-
	Total Mental Health Disaster Assistance and Emergency Mental Health	5,648,053	-
93.994	Maternal and Child Health Services Block Grant to the States	10,141,029	5,419,492
	Total Department of Health and Human Services	9,699,078,370	217,905,935
Corporation for National and Community Service			
94.003	State Commissions	367,984	943
94.006	AmeriCorps	5,564,216	5,537,395
94.008	Commission Investment Fund	192,800	68,594
	Total Corporation for National and Community Service	6,125,000	5,606,932
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program	3,417,998	2,605,162
	Total Executive Office of the President	3,417,998	2,605,162
Social Security Administration			
Disability Insurance/SSI Cluster:			
96.001	Social Security Disability Insurance	45,546,858	-
	Total Disability Insurance/SSI Cluster	45,546,858	-
	Total Social Security Administration	45,546,858	-
Department of Homeland Security			
97.008	Non-Profit Security Program	83,277	83,277
97.012	Boating Safety Financial Assistance	2,419,407	-
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	231,615	-
97.029	Flood Mitigation Assistance	242,238	223,739
97.036	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	96,288	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	201,057,747	121,672,899
	Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	201,154,035	121,672,899
97.039	Hazard Mitigation Grant	6,350,785	5,887,473
97.041	National Dam Safety Program	97,903	-
97.042	Emergency Management Performance Grants	7,148,924	4,626,264
97.045	Cooperating Technical Partners	3,339,613	-
97.047	BRIC: Building Resilient Infrastructure and Communities	5,361,922	5,361,922
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	300,757,864	-
97.056	Port Security Grant Program	28,995	-
97.067	Homeland Security Grant Program	5,388,721	4,329,994
97.082	Earthquake Consortium	24,544	-
97.088	Disaster Assistance Projects	1,786,933	1,786,933
	Total Department of Homeland Security	534,416,776	143,972,501
Total Expenditures of Federal Awards		\$ 20,642,024,177	\$ 2,625,271,310

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, 2021

1. Significant Accounting Policies

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

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of the State of Missouri is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the U.S. Office of Management and Budget (OMB) 2021 Compliance Supplement. 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 Assistance Listing, and the total amount provided to subrecipients from each federal program. Federal financial assistance programs that have not been assigned a Assistance Listing number are identified as Assistance Listing 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), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARP) 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, 2021, except for those programs administered by public universities and other component units, which are legally separate from the State and audited by other auditors. 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, 2021. 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



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Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

(including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include other contracts that a federal agency uses to buy goods or services from a contractor. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does 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 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 (Assistance Listing 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, 2021, is as follows:

State Portion (Benefits Paid)	\$ 661,647,372
Federal Portion (Benefits Paid)	16,794,017
Federal Portion (Administrative Costs)	44,341,297
Federal Portion (Benefits Paid) - CARES Act Related	2,702,121,738
Federal Portion (Employer Reimbursements) - CARES Act Related	30,281,478
Federal Portion (Federal Reimbursement of Waiting Week) - CARES Act Related	20,934,863
Federal Portion (Administrative Costs) - CARES and Families First Coronavirus Response Act Related	9,966,293
Total Program Expenditures	\$ 3,486,087,058



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

The State received cash rebates from an infant formula manufacturer totaling \$28,312,122 on sales of formula to participants in the WIC program (Assistance Listing 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 \$549,203,791 (federal share) on purchases of covered outpatient drugs for participants in the Medicaid and the CHIP (Assistance Listing 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 \$58,041,955 on purchases of covered drugs for participants in the HIV Care Formula Grants program (Assistance Listing 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, \$35,172,770 reduced total program expenditures and these expenditures were not reported on the SEFA. The remaining rebates of \$22,869,186 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 (Assistance Listing 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



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

related to the outstanding guarantees. The original principal outstanding of all loans guaranteed by the DHEWD is \$736,431,231 as of June 30, 2021. The balance of defaulted loans (including principal and accrued interest) that the federal Department of Education imposes continuing compliance requirements of the DHEWD is \$172,509,799 as of June 30, 2021.

7. Non-cash Assistance

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

Supplemental Nutrition Assistance Program expenditures totaling \$1,716,634,049 (\$1,712,558,052 for Assistance Listing No. 10.551 and \$4,075,997 for Assistance Listing No. 10.542) 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 (Assistance Listing No. 10.555). Distributions are valued at the cost of the food paid by the federal government and totaled \$25,941,494.

The DSS-FSD, through the Summer Food Service Program for Children (Assistance Listing 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) (Assistance Listing 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 \$62,704 for the Summer Food Service Program for Children, \$27,804,015 for the Emergency Food Assistance Program, and \$9,657,007 for Trade Mitigation.

The DHSS distributes food commodities to low-income persons under the Commodity Supplemental Food Program (Assistance Listing No. 10.565). Distributions are valued at the cost of the food paid by the federal government and totaled \$6,433,876.

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 (Assistance Listing No. 12.U01). Property distributions totaled \$2,690,426 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 \$627,945.



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The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program (Assistance Listing No. 39.003). Property distributions totaled \$7,192,582 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 \$1,678,749.

The DHSS distributes vaccines to local health agencies and other health care professionals under the Immunization Cooperative Agreements program (Assistance Listing No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$67,601,764.

The DHSS received donated testing supplies from the Federal Emergency Management Agency for activities related to the COVID-19 pandemic (Assistance Listing 97.036). Donated items are valued at the fair market value at time of donation and totaled \$96,288.

The DHSS received donated testing equipment and supplies from the Department of Health and Human Services Strategic National Stockpile for activities related to the COVID-19 pandemic (Assistance Listing 93.323). Donated items are valued at the fair market value at time of donation and totaled \$10,822,520.

8. Other Non-cash Assistance

The Schedule does not contain donations for non-cash assistance provided without any compliance or reporting requirements or Assistance Listing information from the donors.

The State Emergency Management Agency received donated personal protective items from the Federal Emergency Management Agency for activities related to the COVID-19 pandemic. Donated items are valued at the fair market value at time of donation and totaled \$9,851,784 and are unaudited.

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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? yes X 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:

AL

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.023	Emergency Rental Assistance Program, modified for Subrecipient Monitoring and Reporting
84.425C,D,R	Education Stabilization Fund, modified for Reporting
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring
93.767	Children's Health Insurance Program, modified for Special Tests and Provisions
93.775, 93.777, 93.778	Medicaid Cluster, modified for Special Tests and Provisions

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

 X yes no



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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
10.553	
10.555	
10.556	Child Nutrition Cluster
10.559	
10.579	
14.231	Emergency Solutions Grant Program
16.575	Crime Victim Assistance
17.258	
17.259	Workforce Innovation and Opportunity Act (WIOA) Cluster
17.278	
20.205	
20.219	Highway Planning and Construction Cluster
20.224	
20.106	Airport Improvement Program and COVID-19 Airports Programs
20.509	Formula Grants for Rural Areas and Tribal Transit Program
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
84.027	
84.173	Special Education Cluster (IDEA)
84.425C	
84.425D	Education Stabilization Fund
84.425R	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.575	
93.596	Child Care and Development Fund (CCDF) Cluster
93.658	Foster Care Title IV-E
93.767	Children's Health Insurance Program
93.775	
93.777	Medicaid Cluster
93.778	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

Dollar threshold used to distinguish
 between Type A and Type B programs: \$30,963,036

Auditee qualified as a low-risk auditee? yes X no



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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. 2022-022³). That report included the following findings:

- FS2021-001. Department of Revenue Financial Reporting Controls
- FS2021-002. Department of Natural Resources Capital Asset Controls
- FS2021-003. Department of Social Services Financial Reporting Controls
- FS2021-004. Department of Labor and Industrial Relations UInteract System Controls

³See report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2022022>>.



Section III - Federal Award Findings and Questioned Costs

**2021-001.
DED Subrecipient
Determination and
Monitoring**

Federal Agency: Department of the Treasury
Federal Program: 21.023 COVID-19 - Emergency Rental Assistance Program
2021 - ERAE0511 and ERAE0512
State Agency: Department of Economic Development (DED)
Type of Finding: A - Internal Control (Material Weakness) and Noncompliance
B - Noncompliance

Improvements are needed in the DED's internal controls related to subrecipient determinations. During state fiscal year 2021, the DED did not comply with the Uniform Guidance (UG) requirements regarding identifying subrecipients, performing subrecipient risk assessments, and establishing subrecipient monitoring procedures. During state fiscal year 2021, the DED passed through \$323,715,323 to a subrecipient, the Missouri Housing Development Commission (MHDC), for the Emergency Rental Assistance (ERA) Program. The amount paid to the MHDC represents 100 percent of the ERA Program expenditures made by the DED.

The DED is responsible for administering the ERA Program. In order to implement the ERA Program, the DED entered into a contract with the MHDC in February 2021. This contract requires the MHDC to implement the ERA Program, including determining eligibility and processing payments to eligible applicants, and taking responsibility for programmatic decision-making and adherence to federal program requirements.

Rule 2 CFR Section 200.331 states a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The classification of a subrecipient⁴ is dependent on if the entity is responsible for making eligibility determinations for assistance, has its performance measured in relation to whether the objectives of the federal program were met, has responsibility for programmatic decision making, is responsible for adherence to federal program requirements, and uses the federal funds to carry out a program for its public purpose.

Rule 2 CFR 200.332(b) states that pass-through entities must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Rule 2 CFR 200.332(d) requires pass-through entities to monitor the activities of the subrecipient as necessary to

⁴As defined by 2 CFR Section 200.331(a).



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ensure that the subrecipient is in compliance with federal statutes, regulations, and the terms and conditions of the subaward.

Rule 2 CFR 200.332(d)(2) requires the pass-through entity to follow up and ensure the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, highlighting the status of actions planned or taken to address single audit findings related to the particular subaward. Additionally, Rule 2 CFR 200.332(d)(3) requires the pass-through entity to issue a management decision for applicable findings pertaining only to the federal award provided to the subrecipient from the pass-through entity.

A. Subrecipient Classification

The DED has not established policies and procedures to determine if the recipients of federal program funds are subrecipients or contractors. Additionally, the DED made an inaccurate determination and did not classify the MHDC as a subrecipient. The assessment performed to make this determination was not documented.

DED officials stated they did not have policies and procedures because making this type of determination does not occur often and all other DED federal funds recipients have already been classified as a subrecipient or a contractor. DED officials stated they had not had to make a determination of this nature in several years and were unsure how to perform a subrecipient determination. No guidance was sought from the UG⁵ to make the determination. Additionally, the assessment was not documented because DED officials were unaware it needed to be.

DED officials stated they believed the MHDC was not a subrecipient at the time of the award. DED officials further stated since they originally did not consider the MHDC to be a subrecipient, they did not implement the required subrecipient monitoring (see section B), filed an inaccurate schedule of expenditures of federal awards (see finding number 2021-002), and did not identify a significant error in a federal report submitted by the MHDC (see finding number 2021-003A). Officials believed that because the MHDC is a state entity, subrecipient monitoring was not required.⁶ As part of the audit process, we requested DED officials justify how the MHDC is not a

⁵2 CFR Section 200.331(a), (b), and (c) list criteria to consider when making this determination.

⁶The Missouri Housing Development Commission (MHDC) was established under Chapter 215, RSMo, in 1969 and under Section 215.020, RSMo, is an instrumentality of the state of Missouri, which constitutes a body corporate and politic. The Commission includes the Governor, Lieutenant Governor, State Treasurer, Attorney General and six persons appointed by the Governor with the advice and consent of the Senate.



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subrecipient when considering the UG requirements.⁷ Based on these discussions, officials agreed the MHDC was a subrecipient.

B. Subrecipient Monitoring

The DED did not implement a subrecipient monitoring program to monitor the MHDC, the sole subrecipient.

Risk assessment

The DED did not perform a risk assessment of its subrecipient, MHDC, to determine the extent of monitoring necessary for an effective subrecipient monitoring system. The risk assessment was not performed because the DED did not properly classify the MHDC as a subrecipient (see section A). In addition, without consideration of the subrecipient's risk of noncompliance, the DED did not develop an adequate monitoring approach necessary to ensure compliance with the ERA Program award it passes through to the subrecipient.

Subrecipient monitoring procedures

The DED did not monitor the MHDC for the ERA Program in the following areas:

- Activities allowed and unallowed, to ensure the activities performed by the MHDC were compliant with ERA Program requirements.
- Costs allowed and unallowed, to ensure the costs paid by the MHDC were compliant with ERA Program requirements.
- Eligibility, to ensure MHDC only provided program monies to applicants who were eligible based on ERA Program requirements.

Additionally, the DED did not follow up on and ensure the MHDC took appropriate action to address the deficiency identified in MHDC's Single Audit, for the year ended June 30, 2021, related to approximately \$1 million in questioned costs.⁸ Also, the DED did not issue a management decision related to the deficiency identified in MHDC's Single Audit as required by federal regulations.

Conclusions

DED officials stated they did not perform the risk assessments or implement a subrecipient monitoring program because they originally believed the MHDC was not a subrecipient. See section A for more information about this incorrect determination. Without an established subrecipient monitoring program, the DED cannot provide assurance that MHDC is complying with ERA Program requirements. Additionally, the DED cannot ensure

⁷Rule 2 CFR Section 200.331(a) and (b).

⁸The audit report stated MHDC identified \$462,448 of known questioned costs and \$599,879 of potential questioned costs.



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deficiencies identified through the subrecipient's audits are timely and appropriately addressed.

Recommendations

The DED:

- A. Develop and implement procedures regarding subrecipient determinations and ensure a determination is made when program funds are disbursed to determine if the recipient of the funds is a subrecipient or a vendor.
- B. Formally assess and document each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Additionally, develop a subrecipient monitoring program that includes ensuring the subrecipient is compliant with program and relevant legal provisions and appropriate monitoring of subrecipient audit findings related to the program.

Auditee's Response

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

**2021-002.
DED SEFA**

Federal Agency: Department of the Treasury
 Federal Program: 21.023 COVID-19 - Emergency Rental Assistance Program
 21.026 COVID-19 - Homeowner Assistance Fund
 State Agency: Department of Economic Development (DED)
 Type of Finding: Noncompliance

The expenditures reported on the DED's schedule of expenditures of federal awards (SEFA) submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the statewide SEFA for the year ended June 30, 2021, were misstated. If the misstatement had not been identified during the audit, DED program expenditures would have been understated by \$337,542,257⁹ in the statewide SEFA as shown below:

Reported Expenditures	Actual Expenditures	Understated
\$0	\$337,542,257	\$337,542,257

⁹Of this amount, \$323,715,323 applies to the Emergency Rental Assistance Program and \$13,826,934 applies to the Homeowner Assistance Fund.



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Rule 2 CFR Section 200.510(b) requires the recipient of federal awards to prepare a SEFA including federal awards expended for each federal program. The omitted expenditures were all payments to a subrecipient. DED officials stated they did not include the expenditures to the subrecipient on their SEFA because they considered the subrecipient to be a state agency instead of a subrecipient. See finding number 2021-001 for more information about this incorrect determination. After discussion with agency officials, they agreed these expenditures should have been reported on the SEFA and subsequently submitted a revised SEFA to the DOA. The DOA included the revised amount in the statewide SEFA.

Recommendation

The DED ensure an accurate SEFA is prepared and submitted to the DOA.

Auditee's Response

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

2021-003.
DED Performance and
FFATA Reporting

Federal Agency: Department of the Treasury (Treasury)
 Federal Program: 21.023 COVID-19 - Emergency Rental Assistance Program
 2021 - ERAE0511 and ERAE0512
 State Agency: Department of Economic Development (DED)
 Type of Finding: A - Internal Control (Material Weakness) and Noncompliance
 B - Noncompliance

The DED did not establish an internal control system over required federal reporting of the Emergency Rental Assistance (ERA) Program and did not identify a significant inaccuracy in a performance report. In addition, the required Federal Funding Accountability and Transparency Act (FFATA) reporting was not submitted for state fiscal year 2021. The DED provided a \$324 million subaward to the Missouri Housing Development Commission (MHDC) from the ERA Program in fiscal year 2021. This first-tier subaward¹⁰ accounted for 100 percent of the program's expenditures.

The DED is responsible for administering the ERA Program. The DED contracted with the MHDC to implement the ERA Program and to follow all federal guidelines related to the ERA Program, including reporting requirements.

The ERA Program requires recipients to certify and submit monthly and quarterly performance reports, which include a brief narrative describing the performance and accomplishments over the reporting period. The monthly

¹⁰First-tier subawards are federal awards made to non-federal entities by the prime award recipient, in this case the DED, on behalf of the federal awarding agency, the Treasury.



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reports provide the Treasury with the number of households receiving assistance and the amount of ERA funds expended in the reporting period. The quarterly reports include a standard federal financial report, various financial data points, and participant household payment data. The DED contracted with the MHDC to prepare and submit these reports on the DED's behalf.

The FFATA requires comprehensive reporting for certain federal awards to promote transparency and accountability over the use of the federal funds. Per the *ERA Reporting Guidance* issued by the Treasury,¹¹ the Treasury would submit, on behalf of the recipients, the required FFATA reports into the FFATA Subaward Reporting System (FSRS) based off the information provided by the DED on its first quarter performance reports.

A. Performance Reporting

An internal control system to achieve compliance with federal reporting requirements has not yet been developed and a quarterly performance report was inaccurate.

The DED contracted with MHDC to submit the ERA Program performance reports on the DED's behalf. DED officials believed the contract with MHDC stating MHDC would administer the ERA Program and follow all federal guidelines, including the federal reporting requirements, was adequate reasoning for their lack of a control system and review process. Therefore, no additional controls were implemented, such as reviewing the reports for accuracy and completeness before the report is filed. A DED official stated the DED reviewed the reports submitted by the MHDC, but this review was performed after the report had already been submitted by the MHDC, was to ensure the report was complete, and was not documented.

To test compliance of the performance report accuracy and timely submittal, we reviewed reporting documentation for 2 of the reports that were required to be submitted within our audit period. We identified 1 quarterly report that inaccurately stated the MHDC was a contractor instead of a subrecipient. A DED official stated this error was not identified during review because the DED did not consider the MHDC to be a subrecipient (see finding number 2021-001A). Because of this error, the Treasury did not file the FFATA report on behalf of the DED (see section B).

Rule 2 CFR Section 200.329(c), requires non-federal entities to submit performance reports at the interval required by the federal awarding agency containing data elements approved by the OMB. Additionally, Rule 2 CFR 200.303(a) requires the non-federal entity to "[e]stablish and maintain

¹¹<https://home.treasury.gov/system/files/136/ERA-Reporting-Guidance-v2.pdf>, page 14, accessed on April 28, 2022.



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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."

B. Transparency Reporting

The DED did not take the appropriate steps to ensure the required FFATA reporting occurred. The Treasury provided guidance to recipients stating the Treasury would submit, on behalf of the recipients, the required FFATA reports based on the quarterly performance reports submitted. However, the MHDC incorrectly listed itself as a contractor instead of a subrecipient, and the DED did not identify the error in the quarterly performance report, causing the Treasury to not submit the required FFATA reports.

Contractor payments are not required to be reported under FFATA; therefore, the Treasury did not submit the FFATA report for ERA Program based off of the performance report information. As a result, payments made by the DED have not been reported into the FSRS, resulting in the lack of the FFATA reporting.

Rule 2 CFR Part 170, Appendix A, requires non-federal entities to report first-tier subawards of \$30,000 or more to the FSRS no later than the end of the month following the month in which the subaward was made. Information entered into the FSRS is publicly available at USASpending.gov. In addition to noncompliance with federal requirements, not reporting subawards to the FSRS accurately and timely increases the risk that those using the reports could rely on inaccurate information.

Recommendations

The DED:

- A. Develop an internal control system over federal reporting requirements for the ERA Program and ensure reports are submitted accurately.
- B. Take the steps necessary to ensure the FFATA reporting requirements are met.

Auditee's Response

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

**2021-004.
 Medicaid National Correct
 Coding Initiative**

Federal Agency:	Department of Health and Human Services (DHHS)
Federal Program:	93.767 Children's Health Insurance Program
	2020 - 2005MO5021
	2021 - 2105MO5021
	93.778 COVID-19 - Medical Assistance Program



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	93.778	Medical Assistance Program 2020 - 2005MO5MAP and 2005MO5ADM 2021 - 2105MO5MAP and 2105MO5ADM
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,¹² the MHD has not fully implemented the Medicaid National Correct Coding Initiative (NCCI) edits in the Medicaid Management Information System (MMIS) as required. During the year ended June 30, 2021, the MHD made Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) payments, subject to NCCI edits, 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. Section 6507 of the Affordable Care Act (Section 1903(r) of the Social Security Act¹³) 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 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.

¹²See single audit report at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding number 2020-002.

¹³Title 42 USC 1396b(r)



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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, 2021, in January 2021; and the MHD did not reprocess claims paid for the quarters ended June 30, 2020, September 30, 2020, and December 31, 2020, with the updated edits. In addition, the MHD has not implemented any of the MUE edit files received. MHD officials indicated they are working with the MMIS contractor to fully implement both the PTP and MUE edits.

In addition to noncompliance with Section 6507 of the Affordable Care Act, 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. 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.

Auditee's Response

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

**2021-005.
Medicaid and CHIP
Participant Eligibility**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.767 Children's Health Insurance Program 2020 - 2005MO5021 2021 - 2105MO5021
	93.778 COVID-19 - Medical Assistance Program
	93.778 Medical Assistance Program 2020 - 2005MO5MAP and 2005MO5ADM 2021 - 2105MO5MAP and 2105MO5ADM
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



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As similarly noted in our 2 previous audits,¹⁴ the DSS does not have sufficient controls to ensure compliance with the eligibility requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for certain participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). The DSS did not correct system overrides for some MAGI-based participants, preventing their cases from being closed when necessary. There were approximately 1.1 million Medicaid and CHIP participants as of June 30, 2021.

To ensure MAGI-based participants continue to be eligible for benefits, 42 CFR Sections 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 (PHE) and the suspension remained in effect for the entire audit period. All validly enrolled participants on March 19, 2020, remained continuously enrolled throughout the audit period 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. Non-automatic redeterminations for MAGI-based participants are performed manually by FSD specialists. Eligibility information is transferred from the MEDES into the Medicaid Management System (MMIS), the Medicaid claims payment system, nightly. To ensure continuous enrollment during the PHE, the DSS programmed the MEDES to continue coverage effective March 18, 2020, except in the case of a participant's death, move out of state, or voluntary closure. For some exceptions, the MEDES automatically closes the case. For other exceptions, an FSD specialist manually records the reason for closure and initiates closure of the participant's case in the MEDES.

MEDES operations have been problematic since implementation and manual overrides to individual cases to compensate for previous system errors and limitations were not corrected. DSS officials explained there was a period of time when the MEDES was incorrectly closing some eligible cases before a redetermination could be performed. To prevent affected cases from being closed, DSS personnel manually overrode system controls. However, once these system limitations were corrected in June 2017, the DSS did not remove

¹⁴See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2020-003 and 2019-005.



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the previously-established manual overrides, which prevented the system from taking automatic actions such as identifying cases needing redetermination and closing cases.

To test compliance with eligibility requirements in effect during the audit period, we reviewed 60 MAGI-based participants that were continuously enrolled during the year ended June 30, 2021. We identified 3 participants with previously-established system overrides, 1 of whom (2 percent) was no longer eligible for Medicaid. This participant was initially enrolled in December 2014 and became ineligible in February 2016 when she moved out of state. An FSD specialist recorded in the participant's file the reason the participant was ineligible and initiated closure of the case; however, DSS officials indicated the previously-established system overrides prevented the case from closing. No Medicaid payments were made on behalf of this ineligible participant during the year ended June 30, 2021.

In response to prior audit recommendations, DSS officials indicated they recently developed a report to identify MEDES participants with overdue redeterminations due to these system problems; however, the DSS has not reviewed these participants to ensure they remain eligible and do not meet one of the exceptions requiring case closure during the PHE. DSS officials indicated once the PHE ends, they plan to begin removing the manual overrides and performing redeterminations for these participants.

The failure to implement adequate internal controls to ensure ineligible participant cases are closed can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which would be 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."

Recommendation

The DSS through the MHD and the FSD review participants with manual overrides in the MEDES to ensure the participants remain eligible and do not meet one of the exceptions requiring removal from the Medicaid and the CHIP during the PHE. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

Auditee's Response

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

Auditor's Comment

The DSS Corrective Action Plan (CAP) states the DSS disagrees there is a significant deficiency in internal controls because only one ineligible participant was identified, there were no questioned costs, and the case has since been closed. The CAP states the DSS has processes in place to terminate



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eligibility for individuals who are deceased, voluntarily request closure, or report they have moved out of state. However, these processes are not in place for participant cases with manual overrides, and although recommended in prior audits, the DSS has not reviewed those cases to ensure the participants remain eligible and do not meet one of the exceptions requiring termination during the PHE. Until the manual overrides are corrected and/or applicable participants reviewed, there is continued risk of improper payments on these cases. Therefore, this finding is valid.

2021-006.
Foster Care Maintenance
Payment Rates

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
2020 - G2001MOFOST
2021 - G2101MOFOST
State Agency: Department of Social Services (DSS) - Children's
Division (CD) and Division of Finance and
Administrative Services (DFAS)
Type of Finding: Internal Control (Significant Deficiency) and
Noncompliance

The DSS has not documented policies and procedures, including a periodic schedule, for reviews of Foster Care program maintenance payment rates. In addition, the DSS could not provide documentation supporting any review of the rates in effect for the year ended June 30, 2021. During that period, the DSS paid maintenance payments totaling about \$42 million (excluding prior quarter adjustments) for approximately 7,000 children.

The DSS provides Foster Care maintenance payments to foster homes, relative homes, and residential facilities to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, and other travel and incidental expenses benefiting the child. Foster Care maintenance payment rates are set during the annual budget process, in which the DSS submits budget requests based on proposed rates and amounts. These requests are reviewed, potentially revised, and approved by the general assembly and the governor. The rates approved for the year ended June 30, 2021, were the same as those set for the year ended June 30, 2020. The fiscal year 2020 rates increased by 1.5 percent from the prior year rates.

Title 42 USC Section 671(a)(11) provides that in order for a state to be eligible for payments, the State Plan must provide for periodic review of amounts paid as Foster Care maintenance payments, to assure their continuing appropriateness. In addition, 45 CFR Section 1356.21(m)(1) requires the DSS to review the Foster Care maintenance payment amounts at reasonable, specific, time-limited periods established by the DSS.

DSS has not implemented a schedule or any procedures for reviewing and determining the appropriateness of the Foster Care maintenance payment



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rates as required. In addition, for the rates in effect for the year ended June 30, 2021, DSS officials could not provide any documentation detailing a review or analysis supporting the rates requested during the budget process. Without a schedule or documented reviews, the DSS cannot demonstrate that reviews were completed as required or that the rates paid are appropriate.

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. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission." Paragraph 12.01 of the *Standards for Internal Control in the Federal Government*, also known as the Green Book, states "management should implement control activities through policies."

Recommendation

The DSS through the CD and the DFAS develop policies and procedures, including a reasonable and specific schedule, for periodic reviews of Foster Care program maintenance payments and rates, and implement the schedule for reviewing and determining the appropriateness of the payments and rates as required. Also, maintain documentation of all reviews performed.

Auditee's Response

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

Auditor's Comment

The DSS Corrective Action Plan (CAP) states the DSS disagrees with the finding because the department has existing procedures to review the Foster Care maintenance payment rates as part of the annual budget preparation process. The CAP also states the DSS provided auditors documentation of the annual budget meeting to demonstrate the review occurred. Budget meeting documentation provided showed the requested rates were discussed, but did not include any evidence a detailed review or analysis of the rates for continued appropriateness occurred. Without retaining documentation of reviews or analyses of the rates, the DSS cannot demonstrate the rates were reviewed for continued appropriateness annually or reviewed at all. Without documented policies and procedures, the DSS cannot demonstrate proper internal controls have been established to ensure the rates are reviewed periodically as required. Therefore, this finding is valid. In addition, the CAP states the DSS will record the minutes from the portion of the meeting regarding review of maintenance payment rates going forward. However, recordings of budget meeting discussions are not sufficient in place of documented policies and procedures, and detailed reviews or analyses.



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2021-007.
Child Care Corrective
Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 COVID-19 - Child Care and Developmental Block Grant
2020 - G2001MOCCC3
93.575 Child Care and Developmental Block Grant
2020 - G2001MOCCDF
2021 - G2101MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2020 - G2001MOCCDF
2021 - G2101MOCCDF
State Agency: Department of Social Services (DSS)
Type of Finding: Internal Control (Significant Deficiency) and Noncompliance
Questioned Costs: \$179

DSS controls over the Child Care Development Fund (Child Care) program's corrective (manual) subsidy payments to child care providers are not sufficient to prevent improper payments. The DSS made unsupported corrective payments and/or overpaid providers on behalf of 3 children. During the year ended June 30, 2021, the DSS paid over 2,800 providers serving approximately 44,400 children of eligible clients about \$121 million, including about \$8 million in corrective payments.

The DSS provides subsidy funds to child care providers who serve eligible clients (parents/caregivers). Once approved for services, the client selects a provider and the DSS enters into an agreement/contract with the provider. An eligibility specialist sets maximum authorized service units for the amount and type of care that best meets the client's need, and enters this into the Family Assistance Management Information System (FAMIS) for each child. In October 2019, the DSS implemented a new electronic time and attendance reporting system, the Child Care Business Information Solution (CCBIS). Clients create and use CCBIS profiles to check their children in and out of the provider's care. The CCBIS maintains information related to these events, such as the date, time, and client presence; and requires this information for payment. This information is later approved by clients and used by providers to invoice the DSS monthly. The CCBIS interfaces with the FAMIS to systematically process payments. The DSS added providers to the CCBIS throughout the year ended June 30, 2021, and most providers were using the CCBIS by June 2021.

While most provider payments are systematic through the CCBIS/FAMIS interface, some corrective (manual) payments are needed. If a provider identifies discrepancies in its systematic payment(s), the provider may request corrective payment from the DSS within 60 days of a service month's end. Corrective payment requests must be supported by payment resolution request (PRR) forms summarizing the discrepancy and client-signed copies



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of attendance records. DSS personnel within the Child Care Payment Unit review and approve the PRR form and attendance records and issue the corrective payment. Payment discrepancies requiring corrective payments can occur for various reasons, such as instances in which a client failed to sign the child in and/or out. There was an increase in corrective payments during the year ended June 30, 2021, as a result of certain leniencies granted during the pandemic and possibly attributable to clients and providers gaining experience with the CCBIS.

To test compliance with program requirements, we selected a sample of 60 children. For each child, we reviewed related provider agreements and documentation supporting payment(s) for one service month, including corrective payments if applicable. The department made payments totaling approximately \$32,400 to providers on behalf of these 60 children for the month reviewed, including approximately \$2,300 in corrective payments for 13 children. Documentation was not adequate to support corrective payments for 3 of 13 cases with corrective payments reviewed (23 percent). The DSS could not locate the PRR form or attendance records supporting the corrective payment for 1 case. The corrective payments for the other 2 cases were made in error because the submitted attendance records did not support the payment and/or total payments exceeded the maximum monthly amount authorized for the child. Unsupported/unauthorized corrective payments for these 3 cases totaled \$196. We question the federal share, or \$179 (91.51 percent).

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." Rule 45 CFR Section 98.68(a) requires the lead agency to document in its Child Care subsidy state plan that it has effective controls to ensure integrity and accountability in the program. To ensure controls are effective, the DSS needs to review, strengthen, and enforce policies and procedures to ensure Child Care subsidy provider corrective payments are properly supported and authorized.

Program transfer

Effective August 28, 2021, through Executive Order 21-02, the Governor transferred the Child Care program, including some personnel, from the DSS to the Department of Elementary and Secondary Education (DESE) - Office of Childhood. The DSS remained the lead agency responsible for all Child Care program policies and procedures during the year ended June 30, 2021. In subsequent years, the DSS will continue to perform certain agreed-upon responsibilities for the program.

Recommendation

The DSS and the DESE review, strengthen, and enforce policies and procedures regarding Child Care subsidy provider corrective payments. These procedures should include receipt and retention of payment resolution request forms and attendance records that sufficiently support the corrective



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payments. The DSS should review and correct the overpayments 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 Corrective Action Plan (CAP), issued by the DSS and the DESE, states the DSS and the DESE disagree the errors identified in the finding are significant. In the CAP, the DSS and the DESE recalculated an immaterial audit test error rate; and argued that even though payments were made without required documentation for 2 of the 3 errors, the errors were not "true" errors because they did not result in improper payments.

The DSS's and the DESE's attempt to restate the audit test results, for the purpose of minimizing these errors, is misleading. The DSS/DESE-recalculated error rate includes each individual service unit (attendance date) for both types of payments (systematic and corrective) tested in our sample of 60. While the total test results were considered when giving our opinion on the Child Care program as a whole, it was necessary to evaluate the results of the testing of systematic and corrective payments separately because the payment types are under separate internal control structures. The finding addresses the internal control deficiencies and errors associated with the corrective payments; therefore, in order to put these items into proper perspective, it is more appropriate to describe the test results specific to corrective payments. Because documentation was not adequate to support corrective payments for 3 of 13 cases with corrective payments reviewed (23 percent), and corrective payments were material to the program (about \$8 million during the year), there is a reasonable possibility that noncompliance was not prevented, or detected and corrected, on a timely basis during the audit period. Therefore the finding is valid.

**2021-008.
DSS FFATA Reporting**

Federal Agency:	Department of Health and Human Services (DHHS)
Federal Program:	93.558 Temporary Assistance for Needy Families (TANF) 2020 - 2001MOTANF 2021 - 2101MOTANF
	93.568 COVID-19 - Low-Income Home Energy Assistance (LIHEAP)
	93.568 Low-Income Home Energy Assistance (LIHEAP) 2021 - 2101MOLIEA
Federal Agency:	Department of Justice (DOJ)
Federal Program:	16.575 Crime Victim Assistance (CVA) 2017 - 2017-VA-GX-0079 2018 - 2018-V2-GX-0035



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2019 - 2019-V2-GX-0044

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

The DFAS needs to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting for the TANF, LIHEAP, and CVA programs. During state fiscal year 2021, the DFAS did not fully comply with FFATA reporting requirements for more than half of the subawards reviewed. During state fiscal year 2021, the DSS disbursed approximately \$12 million in first-tier subawards¹⁵ to 133 subrecipients of the TANF program, \$54 million in first-tier subawards to 21 subrecipients of the LIHEAP, and \$50 million in first-tier subawards to 131 subrecipients of the CVA program. First-tier subawards accounted for approximately 6 percent, 67 percent, and 97 percent of the TANF, LIHEAP, and CVA programs' expenditures, respectively.

The FFATA requires comprehensive reporting for certain federal awards to promote transparency and accountability over the use of the federal funds. Rule 2 CFR Part 170, Appendix A, requires the DFAS to report first-tier subawards of \$30,000 or more to the FFATA Subaward Reporting System (FSRS) no later than the end of the month following the month in which the subaward was made. Information entered into the FSRS is publicly available at USASpending.gov.

Internal controls

DFAS policies and procedures over the FFATA reporting process require a supervisory review of the information uploaded to the FSRS, but do not require the supervisors maintain documentation of reviews performed.

DFAS personnel prepare a monthly excel spreadsheet of data from various sources including contracts and federal funding disclosure information sheets. DFAS personnel transfer the spreadsheet data to the federal FSRS template, and upload the data to the FSRS. Various subaward data is uploaded, including the entity name, award amount, and the date issued. No one could provide documentation supporting the supervisory reviews performed.

Without adequate documented supervisory review over FFATA reporting, the DFAS has less assurance the information included in the FFATA reporting for the TANF, LIHEAP, and CVA programs are complete and accurate. 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

¹⁵First-tier subawards are federal awards made to non-federal entities by the prime award recipient, in this case the DSS, on behalf of the federal awarding agencies, the DHHS and the DOJ.



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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."

FFATA reporting

The DFAS did not comply with FFATA reporting requirements for the TANF, LIHEAP, and CVA programs. To test compliance with FFATA reporting requirements, we reviewed 41 program subawards totaling \$14 million for the TANF, LIHEAP, and CVA programs awarded in fiscal year 2021. Instances of noncompliance identified are shown in the following table.

Transactions Tested	Subaward not reported (1)	Report not timely (2)	Subaward amount incorrect	Subaward missing key data elements
41	3	24	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely (2)	Subaward amount incorrect	Subaward missing key data elements
\$14,019,443	\$362,528	\$13,098,375	\$0	\$0

(1) All were CVA subawards.

(2) Reports were submitted 14 days to 3 months after the last day of the month following the month in which the subawards were made. We identified 20 errors totaling \$955,500 for the TANF program and 4 errors totaling \$12,142,875 for the LIHEAP program.

DFAS personnel could not explain why these errors occurred. In addition to noncompliance with federal requirements, not reporting subawards to the FSRS accurately and timely increases the risk that those using the reports could rely on inaccurate information.

Recommendation

The DSS through the DFAS strengthen internal controls related to FFATA reporting by having supervisors maintain documentation of reviews performed of the information reported to the FSRS for the TANF, LIHEAP, and CVA programs. In addition, the DFAS should complete FFATA reporting in accordance with the applicable requirements.

Auditee's Response

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

Auditor's Comment

The DSS Corrective Action Plan (CAP) states the DSS disagrees that having supervisors document their review of information reported to the FSRS is a necessary component of strong internal controls because regulations do not require documentation of such reviews. The CAP states the DSS adheres to formalized procedures for FFATA reporting. However, without requiring documentation of supervisory reviews performed, the DSS cannot demonstrate adherence to the established policies and procedures. Because effective internal controls include documentation demonstrating the controls



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are operating in accordance with the established internal control system, this finding is valid.

2021-009.
ELC Program Subrecipient
Reimbursements

Federal Agency: Department of Health and Human Services
Federal Program: 93.323 COVID-19 - Epidemiology and Laboratory
Capacity for Infectious Diseases (ELC)
93.323 Epidemiology and Laboratory Capacity for
Infectious Diseases (ELC)
2019 and 2020 - NU50CK000546
State Agency: Department of Health and Senior Services (DHSS) -
Division of Community and Public Health (DCPH)
Type of Finding: Internal Control (Material Weakness) and
Noncompliance
Questioned Costs: \$105,507

The DHSS did not have sufficient controls and procedures to ensure ELC program reimbursements to subrecipients were allowable, reasonable, and supported with sufficient documentation. As a result, unsupported reimbursements totaling \$105,507 were made to some subrecipients.

The ELC program was developed to help combat infectious diseases and support public health agencies, with funding and resources for detection and prevention of disease. With the rise of COVID-19, the DHSS, through the ELC program, received and spent funds for testing, contact tracing, vaccinations, and other COVID-19 activities. The DHSS, through the DCPH, provides ELC program funding to subrecipients to provide COVID-19 support to communities. During the year ended June 30, 2021, the DHSS disbursed approximately \$22.7 million to 123 subrecipients of the ELC program, including county and city health departments and universities. Disbursements to subrecipients represented approximately 53 percent of the program's expenditures.

Rule 2 CFR Section 200.403 provides that costs charged to federal programs should be necessary and reasonable for the performance of the federal award and adequately documented.

Per Section 6 of the program services contract, ELC program subrecipients must submit a completed request for payment form monthly for reimbursement of costs. The request for payment form consists of one single amount, representing the total amount of expenditures requested for reimbursement. No other documentation is required for reimbursement. DCPH staff review, approve, and process the forms for reimbursement; however, the DCPH has not implemented procedures for reviewing detailed supporting documentation, at least on a test basis. In addition, as noted in finding number 2021-010, the DCPH did not adequately monitor the ELC program subrecipients.



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To test compliance with program requirements, we selected a sample of 60 reimbursements totaling \$469,675 to 33 subrecipients during the year ended June 30, 2021. Documentation was not adequate to support 14 of 60 reimbursements reviewed (23 percent).¹⁶ These 14 reimbursements, which were made to 13 county health departments, were supported by a request for payment form but no other documentation. To determine whether these 14 reimbursements were allowable and adequately supported, we requested DCPH staff obtain detailed supporting documentation such as invoices, receipts, and/or payroll records from the subrecipients. In response to our request, the DCPH provided quarterly activity reports prepared by the subrecipients, containing brief written summaries and descriptions of services performed during the quarter. The DCPH did not obtain and provide any detailed supporting documentation for these 14 reimbursements. DCPH officials indicated they believed the quarterly reports were sufficient to support the reimbursements; however, relying on quarterly summary reports without detailed supporting documentation does not provide adequate assurance the reimbursements were in accordance with federal requirements. We question the federal share of the 14 unsupported reimbursements, or \$105,507 (100 percent). Known questioned costs for unsupported reimbursements to ELC program subrecipients represent approximately 22 percent of reimbursements reviewed. If similar errors were made on the remaining population of ELC program subrecipient reimbursements, questioned costs could be significant.

Without procedures for reviewing detailed documentation supporting reimbursements to ELC program subrecipients, the DCPH cannot demonstrate adequate internal controls to ensure costs are allowable, reasonable, and supported. 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 that Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DHSS through the DCPH establish procedures for reviewing detailed documentation supporting reimbursements to ELC program subrecipients to ensure costs are allowable, reasonable, and supported.

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 DHSS Corrective Action Plan states the DHSS disagrees with the finding because the department plans to begin reviewing detailed documentation

¹⁶ Although not required, some subrecipients attached detailed supporting documentation to their request for payment forms.



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supporting subrecipient reimbursements when it starts performing subrecipient monitoring procedures in state fiscal year 2023. However, because the DCPH did not review documentation supporting reimbursements to ELC program subrecipients during the audit period, this finding is valid.

2021-010.
ELC Program Subrecipient
Monitoring

Federal Agency: Department of Health and Human Services
 Federal Program: 93.323 COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
 2019 and 2020 - NU50CK000546
 State Agency: Department of Health and Senior Services (DHSS) - Division of Community and Public Health (DCPH)
 Type of Finding: Internal Control (Material Weakness) and Noncompliance

The DCPH did not perform subrecipient monitoring procedures in accordance with the department monitoring policy. During the year ended June 30, 2021, the DHSS disbursed approximately \$22.7 million to 123 ELC subrecipients.

Rule 2 CFR Section 200.332(b) requires pass-through entities to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Rule 2 CFR Section 200.332(d) requires pass-through entities to monitor the activities of subrecipients as necessary to ensure the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. Pass-through entities are required to follow up and ensure the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means.

The DHSS's subrecipient monitoring process, outlined in the DHSS's Financial Policy, provides the requirements for monitoring the department's subrecipient financial assistance agreements. Program divisions are required to develop a monitoring plan for each subrecipient contract. Monitoring plans include the planned frequency of monitoring activities, monitoring procedures to be utilized, and potential corrective actions. The types of monitoring can include routine receipt and review of required reports, invoices, receipts, and supporting documentation and periodic on-site visits or desk reviews. In addition, the monitoring process requires a risk assessment at the start of a new subrecipient contract and categorizes each subrecipient contract as high, medium, or low risk. The risk category determines the required type and nature of further monitoring of the subrecipient contract.



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During state fiscal year 2021, the DCPH did not adequately monitor ELC program subrecipients. The DCPH did not develop a monitoring plan as required by the DHSS monitoring policy. In addition, risk assessments to determine the nature, timing, and extent of monitoring procedures; and monitoring reviews were not performed as required by federal regulations and the monitoring policy. DCPH officials indicated subrecipient monitoring procedures were not performed due to the rapid distribution of COVID-19 funding to subrecipients. DCPH officials also indicated they intend to start performing monitoring reviews in state fiscal year 2023 with all reviews completed by March 2024.

When subrecipient monitoring procedures are not performed, there is increased risk that noncompliance with program requirements will go undetected. A detailed monitoring plan for ELC subrecipients is necessary to demonstrate adequate internal controls over compliance with subrecipient monitoring requirements. 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 that Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DHSS through the DCPH ensure subrecipient monitoring procedures are performed in accordance with the department monitoring policy.

Auditee's Response

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

**2021-011.
DHSS FFATA Reporting**

Federal Agency: Department of Health and Human Services (DHHS)
Federal Program: 93.323 COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
2019 NU50CK000546
2020 NU50CK000546
State Agency: Department of Health and Senior Services (DHSS)
Type of Finding: Noncompliance

During state fiscal year 2021, the DHSS did not complete Federal Funding Accountability and Transparency Act (FFATA) reporting within required timeframes for some ELC program subawards. During that fiscal year, the DHSS disbursed \$22.7 million in first-tier subawards¹⁷ to 123 subrecipients

¹⁷First-tier subawards are federal awards made to non-federal entities by the prime award recipient, in this case the DHSS, on behalf of the federal awarding agency, the DHHS.



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of the ELC program. First-tier subawards accounted for approximately 53 percent of the program's expenditures.

The FFATA requires comprehensive reporting for certain federal awards to promote transparency and accountability over the use of the federal funds. Rule 2 CFR Part 170, Appendix A, requires the DHSS to report first-tier subawards of \$30,000 or more to the FFATA Subaward Reporting System (FSRS) no later than the end of the month following the month in which the subaward was made. Various subaward data is reported, including the entity name, award amount, and the date issued. Information entered into the FSRS is publicly available at USASpending.gov.

To test compliance with FFATA reporting requirements, we reviewed 24 ELC program subawards totaling approximately \$1.5 million, awarded in state fiscal year 2021. Of the subawards reviewed, 8 (33 percent) totaling \$553,050 were not uploaded to the FSRS timely. These subawards were reported 25 days to 7 months after the last day of the month following the month in which the subawards were made. DHSS officials indicated the delays occurred because other COVID-19 related responsibilities took precedence over FFATA reporting.

In addition to noncompliance with federal requirements, not reporting subawards to the FSRS timely increases the risk that those using the reports could rely on inaccurate information.

Recommendation

The DHSS complete FFATA reporting for the ELC program within required timeframes.

Auditee's Response

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

**2021-012.
 Medicaid SPPC Participant
 Choice Agreements**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.778 COVID-19 - Medical Assistance Program
	93.778 Medical Assistance Program
	2020 - 2005MO5MAP and 2005MO5ADM
	2021 - 2105MO5MAP and 2105MO5ADM
State Agency:	Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance

The DSDS does not have effective controls in place to ensure Participant Choice Agreements were obtained and/or retained for participants of the State Plan Personal Care (SPPC) program.



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The DSDS is responsible for the direct administration of various Medical Assistance Program (Medicaid)-funded Home and Community Based Services (HCBS) programs for seniors and adults with disabilities, including the SPPC. During the year ended June 30, 2021, the DHSS made payments totaling approximately \$816 million on behalf of approximately 63,000 participants of the SPPC.

As part of the initial assessment and annual reassessment processes, DSDS personnel are required to ensure a Participant Choice Agreement (DA-3 form) was signed by the participant and the assessor, and uploaded to the CyberAccess web tool. The DSDS utilizes Participant Choice Agreements to comply with 42 CFR Section 441.301(c)(4) and 42 CFR Section 441.302(d) that require participants be provided information and given choices regarding their care. Assessments and reassessments are completed by either DSDS personnel or provider personnel. DSDS personnel perform quality assurance reviews of assessments and reassessments completed by provider personnel, and are to ensure a signed Participant Choice Agreement was uploaded. Once the Participant Choice Agreement is uploaded to the CyberAccess web tool by the assessor, the original agreement is not retained.

To test compliance with federal requirements, we reviewed CyberAccess web tool records for 60 participants enrolled in the SPPC program during the year ended June 30, 2021. A Participant Choice Agreement was not in the web tool or retained elsewhere for 5 participants (8 percent) reviewed. Assessments or reassessments for these 5 participants were completed by providers, and DSDS quality assurance reviews did not identify these missing agreements. DSDS officials were unable to determine whether the forms were obtained but not uploaded to the CyberAccess web tool or were never obtained.

Without obtaining and retaining a Participant Choice Agreement, the DSDS cannot demonstrate the participant was provided the proper choices in care services as required. 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 DHSS through the DSDS implement procedures to ensure a signed Participant Choice Agreement is obtained and retained for all participants of the State Plan Personal Care program.

Auditee's Response

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



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2021-013.
Medicaid Facility Survey
Timeliness

Federal Agency: Department of Health and Human Services (DHHS)
Federal Program: 93.777 COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
2017, 2019, 2020, and 2021 - TITLE XVIII
2019, 2020, and 2021 - TITLE XIX SS
2020 and 2021 - CLIA
2020 and 2021 - TITLE 18 CRS
2020 and 2021 - XVIII IMPAC
State Agency: Department of Health and Senior Services (DHSS) - Section for Long-Term Care Regulation (SLCR)
Type of Finding: Noncompliance

The SLCR did not perform facility survey procedures within required timeframes. During the year ended June 30, 2021, the DHSS through the SLCR surveyed 539 providers, including 526 long-term care nursing facilities and 13 independent care facilities for individuals with intellectual disabilities.

The DHSS is the state survey agency charged with inspecting providers of the Medical Assistance Program (Medicaid), including hospitals, nursing facilities, and other long-term care facilities. Under 42 CFR Section 431.108, as a basis for participation in Medicaid, providers are subject to survey and certification by the DHHS - Centers for Medicare and Medicaid Services (DHHS-CMS) or the DHSS to ensure providers and suppliers are in compliance with regulatory health and safety standards and conditions of participation.

The DHHS-CMS provides the State Operations Manual (SOM) to state agencies as guidelines for the survey and certification of providers. SOM Chapter 2, Section 2728, requires the state agency to mail the provider a copy of Form CMS-2567 (Statement of Deficiencies and Plan of Correction) within 10 working days after the survey. In addition, SOM Chapter 7, Section 7317.2, requires onsite revisits to occur any time between the last correction date on the plan of correction and the 60th day from the survey date to confirm the facility is in substantial compliance, and in certain cases, has the ability to remain in substantial compliance. Due to the COVID-19 pandemic, in March 2020, the DHHS issued a memo to all state survey agencies that suspended non-emergency surveys and prioritized all remaining survey activity. This allowed agencies to focus their surveys on infectious disease and abuse concerns and complaints. In August 2020, the DHHS-CMS issued a memo allowing for the resumption of suspended surveys as long as the state survey agencies had the necessary resources available to conduct those surveys.



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To test compliance with survey and certification requirements, we reviewed 32 provider surveys performed between September 1, 2020, and June 30, 2021. Of 31 surveys that required a Statement of Deficiencies and Plan of Correction, 8 statements (26 percent) were sent to facilities between 11 and 27 working days after survey exit instead of within 10 working days as required. DHSS officials indicated these delays were due in part to staff being reassigned to duties associated with COVID-19, staffing shortages within the DHSS, and increased findings of noncompliance leading to longer write-up time. In addition, of the 12 providers that required a revisit, the revisits to 2 facilities (17 percent) were completed 71 and 85 days after the initial survey date instead of within 60 days as required. DHSS officials indicated these items were delayed due to various facility issues including staffing shortages, large number of deficiencies, and/or inadequate plans of correction.

Recommendation

The DHSS through the SLCR ensure survey procedures are conducted within required timeframes.

Auditee's Response

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

**2021-014.
 Medicaid Developmental
 Disabilities
 Comprehensive Waiver
 Per Diem Rates**

Federal Agency: Department of Health and Human Services (DHHS)
 Federal Program: 93.778 COVID-19 - Medical Assistance Program
 93.778 Medical Assistance Program
 2020 - 2005MO5MAP and 2005MO5ADM
 2021 - 2105MO5MAP and 2105MO5ADM
 State Agency: Department of Mental Health (DMH) - Division of
 Developmental Disabilities (DD)
 Type of Finding: Noncompliance

As noted in our prior 6 audit reports,¹⁸ 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

¹⁸See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2020-005, 2019-007, 2018-014, 2017-017, 2016-006, and 2015-015.



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services are allowed under the waiver, including residential habilitation services provided to 1,511 participants in group homes and 5,487 participants served by individualized supported living (ISL) providers during the year ended June 30, 2021. 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, 2021, per diem payments for group home services totaled approximately \$125 million, and per diem payments for ISL services totaled approximately \$670 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, 2021. 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, 2021, DD officials indicated the DMH paid acuity-based per diem rates for approximately 92 percent of the participants in group homes and approximately 60 percent of the participants in ISL placements, and historical per diem rates for the remaining 8 percent and 40 percent, respectively. In state fiscal year 2022, the DMH received funding to fully phase in group home and ISL rates to the acuity-based rates. A corrective action plan approved by the federal DHHS - Centers for Medicare and Medicaid Services (DHHS-CMS), Division of Medicaid Field Operations-North in June 2019, stated the rates for ISL providers are planned to be fully implemented by 2024.

As noted in prior audits, the DD does not retain documentation to support per diem rates paid at historical rates exceeding acuity-based rates. The DD retains the group home individual plan of care and cost of living allowance (COLA) notices supporting some per diem rate increases. However, these documents do not show how the rate was originally determined or what costs were included in the per diem rate. To test compliance with various Comprehensive Waiver program requirements, we tested 60 payments to service providers during the year ended June 30, 2021. Of these 60 payments, 32 were to ISL providers, and 9 were to group homes for habilitation services. All ISL and group home payments tested were based on acuity-based per diem rates or historical rates that were less than or equal to acuity-based rates; therefore, no questioned costs were identified for the year ended June 30, 2021.



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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 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 waiver services for a minimum period of 3 years." Adequate documentation of habilitation services per diem rates is necessary to ensure compliance with the federal requirements related to the Comprehensive Waiver program and to ensure only allowable costs are included in the per diem rates.

Recommendation

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

Auditee's Response

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

Auditor's Comment

The DMH Corrective Action Plan states the DMH disagrees with the finding because all existing rates are now a factor of a rate study, the rate study serves as the documentation for all residential rates paid, and any other forms of documentation are irrelevant. However, as stated in the finding, payments to providers for any participants at historical per diem rates that exceed 100 percent of amounts calculated using the rate study are not adequately supported and documented, as required by federal regulations. Because the



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DMH had not transitioned all participants to the acuity-based model as of the year ended June 30, 2021, this finding is valid.

2021-015.
GEER Fund Annual
Performance Reporting

Federal Agency: Department of Education (USDE)
Federal Program: 84.425C COVID-19 - Governor's Emergency
Education Relief (GEER) Fund
2020 - S425C200016
State Agency: Department of Elementary and Secondary Education
(DESE)
Type of Finding: Noncompliance

The DESE did not report subaward information in its annual performance report of the GEER Fund for the period March 13 through September 30, 2020.

Rule 2 CFR Section 200.329(c), requires non-federal entities to submit performance reports at the interval required by the federal awarding agency containing data elements approved by the OMB. GEER Fund recipients are required to submit an annual performance report (OMB Form No. 1810-0748) to the USDE describing how the state and subgrantees used the awarded funds during the performance period. In the report, recipients are to report total amounts allocated and expended as well as various subaward information including each subgrantee and award amount.

The GEER Fund grant was initially awarded to the Governor's office. The Office of Administration (OA), on behalf of the Governor's office, entered into an interagency agreement with the DESE and the Department of Higher Education and Workforce Development (DHEWD), designating the DESE as the fiscal agent for the GEER Fund for the State of Missouri. The DESE draws down and disburses the funds to DESE subrecipients (Local Education Agencies [LEAs]) or to the DHEWD. The DHEWD disburses funds to the DHEWD subrecipients (Institutions of Higher Education [IHEs]). The interagency agreement states the DESE shall manage all reporting requirements by collecting information and data including data from the DHEWD and the OA.

In the annual performance report submitted for the period March 13 through September 30, 2020, the DESE did not correctly report the GEER Fund subawards. In the subgrantee sections, the DESE did not report any detail for the 549 LEA subawards totaling \$30 million and the 23 IHE subawards totaling \$23.6 million. Instead, the DESE incorrectly reported the amounts allocated by the state to the DESE and the DHEWD. DESE personnel indicated the reporting errors occurred due to the unusual nature of the GEER Fund allocations and a misunderstanding of guidance received from the USDE. DESE personnel also indicated most of the performance report data was transferred from the Federal Funding Accountability and Transparency



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Act submissions, which also incorrectly excluded subgrantee information (see finding number 2021-016).

In addition to noncompliance with federal requirements, not accurately reporting annual performance data increases the risk that those using the report could rely on inaccurate information.

Recommendation

The DESE ensure accurate annual performance reports are submitted for the GEER Fund.

Auditee's Response

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

**2021-016.
 DESE FFATA Reporting**

Federal Agency: Department of Education (USDE)
 Federal Program: 84.425C COVID-19 - Governor's Emergency Education Relief (GEER) Fund 2020 - S425C200016
 84.425D COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund 2021 - S425D210021 and S425U210021
 State Agency: Department of Elementary and Secondary Education (DESE)
 Type of Finding: Noncompliance

During state fiscal year 2021, the DESE did not comply with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements for any of the subawards reviewed for the GEER Fund and the ESSER Fund grants.

The FFATA requires comprehensive reporting for certain federal awards to promote transparency and accountability over the use of the federal funds. Rule 2 CFR Part 170, Appendix A, requires the DESE to report first-tier subawards¹⁹ of \$30,000 or more to the FFATA Subaward Reporting System (FSRS) no later than the end of the month following the month in which the subaward was made. Various subaward data is reported, including the entity name, award amount, and the date issued. Information entered into the FSRS is publicly available at USASpending.gov.

The GEER Fund grant was initially awarded to the Governor's office. The Office of Administration (OA), on behalf of the Governor's office, entered into an interagency agreement with the DESE and the Department of Higher Education and Workforce Development (DHEWD), designating the DESE as the fiscal agent for the GEER Fund for the State of Missouri. The DESE

¹⁹First-tier subawards are federal awards made to non-federal entities by the prime award recipient, in this case the DESE, on behalf of the federal awarding agency, the USDE.



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draws down and disburses the funds to the DESE subrecipients (Local Education Agencies [LEAs]) or to the DHEWD. The DHEWD disburses funds to the DHEWD subrecipients (Institutions of Higher Education [IHEs]). The interagency agreement states the DESE shall manage all reporting requirements by collecting information and data including data from the DHEWD and the OA. During state fiscal year 2021, the DESE and the DHEWD disbursed approximately \$29.5 million in first-tier subawards to 401 subrecipients of the GEER Fund and the DESE disbursed approximately \$306.9 million in first-tier subawards to 554 subrecipients of the ESSER Fund. First-tier subawards accounted for approximately 78 percent of the GEER Fund expenditures and 99 percent of the ESSER Fund expenditures.

To test compliance with FFATA reporting requirements for the GEER Fund, we reviewed the sole FSRS report submitted by DESE personnel during state fiscal year 2021. The DESE did not report any of the 549 LEA subawards totaling \$30 million or the 23 IHE subawards totaling approximately \$23.6 million in the FSRS. Instead, the DESE incorrectly reported as subawards, the allocations by the state to the DESE and the DHEWD.

To test compliance with FFATA reporting requirements for the ESSER Fund, we reviewed 40 ESSER Fund subawards totaling approximately \$73.2 million awarded in state fiscal year 2021. Of the subawards reviewed, 40 subawards (100 percent) were not uploaded to the FSRS timely. These subawards were reported 4 to 7 months after the last day of the month following the month in which the subawards were made.

DESE personnel indicated the FFATA reporting errors occurred due to a misunderstanding of FFATA reporting requirements as well as the unusual nature of the GEER Fund allocations. In addition to noncompliance with federal requirements, not reporting subawards to the FSRS accurately and timely increases the risk that those using the reports could rely on inaccurate information.

Recommendation

The DESE complete FFATA reporting for the GEER Fund and the ESSER Fund in accordance with the applicable requirements.

Auditee's Response

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

**2021-017.
 Special Education Cluster
 Subrecipient Monitoring**

Federal Agency:	Department of Education
Federal Program:	84.027 Special Education Grants to States
	2018 - H027A180040 and H027A18004018A
	2019 - H027A190040 and H027A19004019A
	2020 - H027A200040 and H027A20004020A
	84.173 Special Education Preschool Grants
	2019 - H173A190103
	2020 - H173A200103



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State Agency: Department of Elementary and Secondary Education (DESE)
Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

The DESE needs to strengthen internal controls to ensure compliance with subrecipient monitoring requirements. During the year ended June 30, 2021, the DESE did not perform subrecipient monitoring reviews in accordance with its monitoring guide for the Special Education Cluster. The DESE disbursed \$212.3 million to 541 subrecipients for costs related to the Special Education Cluster during the year ended June 30, 2021.

Rule 2 CFR Section 200.332(b) requires pass-through entities to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Rule 2 CFR section 200.332(d) requires pass-through entities to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. Pass-through entities are required to follow up and ensure the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means.

Subrecipients for the Special Education Cluster are Local Education Agencies (LEAs). The DESE's tiered monitoring process, outlined in the DESE's Special Education Fiscal Monitoring Guide, provides for annual desk audits and application reviews of all LEAs. Desk audit and application reviews include review and approval of budget applications, payment requests, and final expenditure reports. In addition, the monitoring guide requires an annual risk assessment that evaluates various risk indicators and categorizes each LEA as high, medium, or low risk. The risk category determines the required type and nature of further monitoring of the LEA. With some exceptions, for high-risk LEAs, on-site/virtual visits consisting of inspections of records, tours of facilities, interviews of employees, and other procedures are required. For medium-risk LEAs, self-assessment/desk monitoring reviews consisting of review and verification of documentation supporting the LEA's responses to a compliance questionnaire are required. For low-risk LEAs, no additional action is required. No additional action is required for high-risk LEAs that attended fiscal training, received phone monitoring, or received targeted technical assistance in the prior fiscal year.

The monitoring guide provides that review reports listing any deficiencies noted be generated for on-site/virtual visits and self-assessment/desk monitoring reviews. The LEA is required to prepare a corrective action plan (CAP) by a required due date outlining plans to correct the deficiencies and implement procedural changes.



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During state fiscal year 2021, DESE Special Education personnel performed risk assessments for all 541 Special Education Cluster LEAs; however, the DESE did not perform monitoring reviews for some LEAs in accordance with the monitoring guide. The following table shows the results of the risk assessment performed for that fiscal year, and the monitoring reviews required.

Assessed Risk	High	Medium	Low
Number of LEAs	18	213	310
Type of Monitoring Required	On-site/ virtual visit	Self-assessment/ desk monitoring	No additional action

For 7 of 18 LEAs categorized as high-risk, the DESE did not perform the required on-site/virtual monitoring visits. Monitoring records indicate these 7 LEAs were exempt from such visits because they had attended fiscal training in the prior fiscal year; however, no fiscal training took place in fiscal year 2020 due to the ongoing pandemic. DESE personnel indicated they considered attendance at the state fiscal year 2019 training to meet the monitoring guide's visit exemption requirement.

Our review of 25 on-site/virtual visits and self-assessment/desk monitoring reviews performed during the state fiscal year ended June 30, 2021, identified two incomplete reviews (8 percent). For both reviews, the LEAs had not submitted requested or required information and DESE personnel had not timely followed up with the LEAs about the outstanding items. One onsite/virtual review was initiated in May 2021, but was not fully completed as of April 2022. For one desk monitoring review completed in May 2021, the LEA did not submit a CAP until January 2022, after our inquiry.

When subrecipient monitoring reviews are not performed in accordance with the monitoring guide, there is increased risk that noncompliance with program requirements will go undetected. Adequate internal controls are necessary to ensure established policies and procedures over subrecipient monitoring are followed. In addition, 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 DESE strengthen controls and procedures to ensure subrecipients of the Special Education Cluster are monitored in accordance with the monitoring guide.

Auditee's Response

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



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2021-018.
DESE SEFA

Federal Agency: Department of Education
 Federal Program: 10.555 COVID-19 - National School Lunch Program
 10.555 National School Lunch Program
 84.425C COVID-19 - Governor's Emergency Education Relief (GEER) Fund
 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States
 96.001 Social Security Disability Insurance
 State Agency: Department of Elementary and Secondary Education (DESE)
 Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

The DESE'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 DESE SEFA submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the statewide SEFA for the year ended June 30, 2021, were misstated. If the errors and omissions had not been identified during the audit, expenditures would have been understated by approximately \$77.1 million in the statewide SEFA for various DESE programs.

The following table summarizes the DESE SEFA errors identified:

Error Type	Overstated/(Understated)
Allocated and Indirect Cost omissions	\$ (28,148,983)
GEER Fund omission	(23,643,000)
Food Donations omission	(25,941,494)
Data Entry errors	589,990
Total Errors	\$ (77,143,487)

- Allocated and indirect costs such as payroll benefits, building rent, computer systems, and other adjustments recorded as Federal Aid Charge (FX) documents in the statewide accounting (SAM II) system, totaling \$28,148,983, were not included for most programs.
- GEER Fund drawdowns totaling \$23,643,000 for reimbursement of Department of Higher Education and Workforce Development (DHEWD) expenditures were not included. These funds were direct expenditures of the DESE and indirect expenditures of the DHEWD.
- The value of food donations (\$25,941,494) were not included in the National School Lunch Program expenditures.



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- Data entry errors for 2 programs resulted in a net overstatement of \$589,990.

The errors occurred without detection due to (1) staff turnover, (2) inadequate documented procedures for preparing the SEFA, and (3) inadequate review procedures. After we notified the DESE of these errors, the DESE submitted a revised SEFA to the DOA, and the DOA included the revised amounts in the statewide SEFA.

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

Recommendation

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

Auditee's Response

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

**2021-019.
 Department of Labor and
 Industrial Relations
 UInteract System Controls**

Federal Agency:	Department of Labor Department of Homeland Security
Federal Program:	17.225 COVID-19 - Unemployment Insurance 2020 - UI-34725-20-55-A-29 and UI-34866-20-55-A-29
	17.225 Unemployment Insurance 2020 - UI-34068-20-55-A-29 2021 - UI-35658-21-55-A-29
	97.050 COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs 2020 - DHS-20-ONA-050-00-99
State Agency:	Department of Labor and Industrial Relations (DOLIR)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance
Questioned Costs:	\$86,500

The DOLIR needs to improve certain UInteract system controls. System controls were not sufficient to prevent or detect improper payments authorized by an employee totaling approximately \$123,000 during fiscal



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years 2020 and 2021. See Financial Statement Finding number FS2021-004 in the Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2022-022²⁰), issued in March 2022.

We question the overpayments during the year ended June 30, 2021, identified in the finding. The overpayment amounts by program and fiscal year are detailed in the following table:

Program	Fiscal Year 2021	Fiscal Year 2020	Total
FPUC	\$ 49,165	27,600	76,765
PEUC	4,672	0	4,672
PUA	13,975	5,044	19,019
Regular UI	15,088	3,363	18,451
LWA	3,600	0	3,600
Total	\$ 86,500	36,007	122,507

2021-020.
SEMA Suspension and
Debarment Procedures

Federal Agency: Department of Homeland Security - Federal Emergency Management Agency (FEMA)
 Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
 2013 - FEMA-4144-DR-MO
 2015 - FEMA-4238-DR-MO
 2016 - FEMA-4250-DR-MO
 2017 - FEMA-4317-DR-MO
 2019 - FEMA-4435-DR-MO and FEMA-4451-DR-MO
 2020 - FEMA-4490-DR-MO and FEMA-4552-DR-MO
 State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)
 Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

During the year ended June 30, 2021, the SEMA did not have adequate procedures to ensure the timely verification that subrecipients of the Disaster Grants - Public Assistance (Presidentially Declared Disasters) (DGPA) program were not suspended or debarred.

Through the DGPA program, the SEMA provides assistance to local governments and certain private non-profit organizations to respond to

²⁰See report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2022022>>



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disasters. Applications for funding are reviewed and approved by SEMA and FEMA personnel, and the SEMA makes payments to the subrecipients based on approved funding amounts and actual costs. During the year ended June 30, 2021, the SEMA disbursed approximately \$69 million²¹ to approximately 480 subrecipients of the DGPA program.

Rule 2 CFR Section 200.214 requires non-federal entities to comply with the non-procurement debarment and suspension regulations in 2 CFR Part 180, which restrict subawards with parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs. Rule 2 CFR Section 180.300 states, "[w]hen you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by: (a) Checking SAM Exclusions;^[22] or (b) Collecting a certification from that person; or (c) Adding a clause or condition to the covered transaction with that person."

SEMA procedures in effect during the year ended June 30, 2021, required SEMA personnel to verify each subrecipient was not suspended or debarred at project completion rather than prior to approving funding as required. When a project is ready to be closed, SEMA personnel complete an Applicant Processing Checklist form documenting various verifications performed for each subrecipient, including verification that the subrecipient was not suspended or debarred. SEMA officials indicated if subrecipients are identified as suspended or debarred, the SEMA would require reimbursement of grant funds disbursed. Our review of checklist forms for 48 haphazardly selected subrecipients that received DGPA program payments during the year ended June 30, 2021, noted the suspension and debarment verification was performed 2 months to 43 months after the funding approval date for 15 subrecipients, no verification date was recorded for 1 subrecipient, and verifications had not been performed as of January 2022 for 32 subrecipients. SEMA officials indicated they were not fully aware of the requirements until they were brought to their attention during a FEMA financial monitoring review in 2021. In response to the FEMA review, in 2022, the SEMA began requiring applicants of the DGPA program to certify they are not suspended or debarred during the application process.

Not verifying that subrecipients are not suspended or debarred prior to approving funding increases the risk that the SEMA could contract with a subrecipient that is suspended or debarred and be required to return the funds

²¹The Schedule of Expenditures of Federal Awards, Amount Provided to Subrecipients column, includes approximately \$52 million in expenditures by other state agencies that has been excluded from this total.

²²System for Award Management



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paid to the subrecipient to the federal awarding agency. To ensure compliance with suspension and debarment requirements, the SEMA should continue to strengthen and enforce internal controls to ensure verifications are performed prior to approving funding. 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 SEMA should continue to strengthen and enforce internal controls over suspension and debarment requirements to verify each subrecipient of the DGPA program was not suspended or debarred prior to approving funding.

Auditee's Response

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

**2021-021.
SEMA FFATA Reporting**

Federal Agency:	Department of Homeland Security - Federal Emergency Management Agency (FEMA)
Federal Program:	97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2020 - FEMA-4490-DR-MO and FEMA-4552-DR-MO
State Agency:	Department of Public Safety - State Emergency Management Agency (SEMA)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance

The SEMA needs to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) (DGPA) program. During state fiscal year 2021, the SEMA did not comply with FFATA reporting requirements for any of the subawards reviewed. During state fiscal year 2021, the SEMA disbursed approximately \$69.2 million in first-tier subawards²³ to 484 subrecipients of the DGPA program. First-tier subaward payments accounted for approximately 61 percent of the program's expenditures.

The FFATA requires comprehensive reporting for certain federal awards to promote transparency and accountability over the use of the federal funds. Rule 2 CFR Part 170, Appendix A, requires the SEMA to report first-tier subawards of \$30,000 or more to the FFATA Subaward Reporting System (FSRS) no later than the end of the month following the month in which the

²³First-tier subawards are federal awards made to non-federal entities by the prime award recipient, in this case the SEMA, on behalf of the federal awarding agency, the FEMA.



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subaward was made. Information entered into the FSRS is publicly available at USASpending.gov.

On a monthly basis, SEMA procedures provide that SEMA personnel download information pertaining to subrecipient awards from the FEMA data warehouse and enter the information into an excel spreadsheet. SEMA personnel filter the spreadsheet information to identify subawards that require FFATA reporting, transfer the data to the federal FSRS template, and upload the data to the FSRS. Various subaward data is uploaded, including the entity name, award amount, and the date issued.

Internal controls

The SEMA's policies and procedures over the FFATA reporting process do not include procedures for compiling subaward data or requiring a documented supervisory review of the information uploaded to the FSRS.

Without sufficiently detailed policies and procedures or adequate supervisory review over FFATA reporting, the SEMA has less assurance the information included in the FFATA reporting for the DGPA program is complete and accurate. Policies and procedures, at a minimum, should define the responsibilities of various program personnel and include procedures for ensuring the accuracy and completeness of all FFATA reporting elements. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission." The *Standards for Internal Control in the Federal Government*, also known as the Green Book, provides that management should document responsibilities through policies. Paragraph 12.02 of the Green Book states, "management documents in policies the internal control responsibilities of the organization." Paragraph 12.04 states policies may be further defined through day-to-day procedures and "[m]anagement communicates the policies and procedures to personnel so that personnel can implement the control activities for their assigned responsibilities."

FFATA reporting

The SEMA did not comply with FFATA reporting requirements for the DGPA program. To test compliance with FFATA reporting requirements, we reviewed 28 DGPA program subawards, totaling approximately \$2.7 million, awarded in state fiscal year 2021. Instances of noncompliance identified are shown in the following table.



State of Missouri - Single Audit
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

Transactions Tested	Subaward not reported (1)	Report not timely (2)	Subaward amount incorrect	Key subaward elements missing and/or incorrect (3)
28	1	27	0	4
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Key subaward elements missing and/or incorrect
\$2,728,702	\$428,036	\$2,300,666	\$0	\$109,852

- (1) When SEMA officials investigated this error, they discovered an additional 6 subawards totaling \$1,194,755 that had not been reported.
 (2) Reports were submitted 1 to 8 months after the last day of the month following the month in which the subawards were made.
 (3) For these 4 subawards, key data elements such as subawardee's name, address, and DUNS number were incorrect.

SEMA personnel indicated the FFATA reporting errors occurred because other disaster-related duties took precedence over FFATA reporting. In addition to noncompliance with federal requirements, not reporting subawards to the FSRS accurately and timely increases the risk that those using the reports could rely on inaccurate information.

Recommendation

The SEMA strengthen internal controls related to FFATA reporting to include formal written policies and procedures for compiling subaward data and documented supervisory reviews of the information reported to the FSRS for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) program. In addition, the SEMA should complete FFATA reporting in accordance with the applicable requirements.

Auditee's Response

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

**2021-022.
 MoDOT FFATA Reporting**

Federal Agency: Department of Transportation
 Federal Program: 20.106 COVID-19 - Airport Improvement Program and COVID-19 Airports Programs
 20.106 Airport Improvement Program and COVID-19 Airports Programs
 2015 - 3-29-SBGP-64-2015
 2017 - 3-29-SBGP-78-2017
 2018 - 3-29-SBGP-91-2018
 2019 - 3-29-SBGP-97-2019
 2020 - 3-29-SBGP-106-2020,
 3-29-SBGP-107-2020, 3-29-SBGP-108-2020,
 3-29-SBGP-109-2020, 3-29-SBGP-111-2020,
 3-29-SBGP-113-2020, 3-29-SBGP-115-2020,
 3-29-SBGP-118-2020, 3-29-SBGP-119-2020
 2021 - 3-29-SBGP-114-2021
 State Agency: Missouri Department of Transportation (MoDOT)
 Type of Finding: Internal Control (Significant Deficiency)



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
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The MoDOT needs to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting for the Airport Improvement Program (AIP). During state fiscal year 2021, the MoDOT disbursed approximately \$40.4 million in first-tier subawards²⁴ to 98 subrecipients of the AIP. First-tier subaward payments accounted for 100 percent of the program's expenditures.

The FFATA requires comprehensive reporting for certain federal awards to promote transparency and accountability over the use of the federal funds. Rule 2 CFR Part 170, Appendix A, requires the MoDOT to report first-tier subawards of \$30,000 or more to the FFATA Subaward Reporting System (FSRS) no later than the end of the month following the month in which the subaward was made. Information entered into the FSRS is publicly available at USASpending.gov.

On a monthly basis, MoDOT personnel filter grant tracking spreadsheet information to identify subawards that require FFATA reporting and enter the information into a FFATA excel spreadsheet. MoDOT procedures provide for a documented supervisory review of the FFATA spreadsheet prior to manual entry and upload of the information to the FSRS. Various subaward data is uploaded, including the entity name, award amount, and the date issued.

While some internal controls are in place, the MoDOT's formal written policies and procedures over the FFATA reporting process do not include procedures for compiling subaward data to be uploaded to the FSRS. In addition, documented supervisory reviews of information uploaded to the FSRS were not always performed. To test compliance with FFATA reporting requirements, we reviewed 20 AIP subawards totaling \$9,098,841. The MoDOT did not perform a documented review of subaward information in FFATA spreadsheets prior to FSRS submission for 15 of 20 subawards (75 percent) reviewed. MoDOT personnel indicated the review process was interrupted due to staff turnover.

Without sufficiently detailed policies and procedures or adequate documented supervisory review over FFATA reporting, the MoDOT has less assurance the information included in the FFATA reporting for the AIP program is complete and accurate. Policies and procedures, at a minimum, should define the responsibilities of various program personnel and include procedures for ensuring the accuracy and completeness of all FFATA reporting elements. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal

²⁴First-tier subawards are federal awards made to non-federal entities by the prime award recipient, in this case the MoDOT, on behalf of the federal awarding agency, the Department of Transportation.



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission." The *Standards for Internal Control in the Federal Government*, also known as the Green Book, provides that management should document responsibilities through policies. Paragraph 12.02 of the Green Book states, "management documents in policies the internal control responsibilities of the organization." Paragraph 12.04 states policies may be further defined through day-to-day procedures and "[m]anagement communicates the policies and procedures to personnel so that personnel can implement the control activities for their assigned responsibilities."

Recommendation

The MoDOT strengthen internal controls related to FFATA reporting to include formal written policies and procedures for compiling subaward data, and perform documented supervisory reviews of the information reported to the FSRS for the Airport Improvement Program.

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. Audit reports may include issues related to the administration of federal programs. We reviewed the reports issued from May 2021 to May 2022 and the following report relates to a federal program.

Report Number	Report Name
2021-049	Missouri WIC Information Network System Data Security

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, 2021

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, 2021

Michael L. Parson
Governor



Kenneth J. Zellers
Commissioner

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Stacy Neal
Director

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

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

The attached documents are the Summary Schedule of Prior Audit Findings for the year ended June 30, 2021, and includes all findings from the audit for the Fiscal Year ended June 30, 2020, and certain findings from the audits for the Fiscal Years ended June 30, 2019, 2018, 2017, 2016, and 2015.

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, 2021

2020-001. Medicaid Nursing Facility Cost Report 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)
Similar Finding: 2019-006

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 by the Missouri Medicaid State Plan (State Plan). No nursing facility cost report audits were completed during the year ended June 30, 2020, and our previous audit noted only a few cost report audits were performed in recent years. The MHD 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 had not developed procedures to monitor and ensure the contractor collects and audits the nursing facility cost reports in accordance with the State Plan.

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.

Status of Findings:

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.

Furthermore, all processes are in place and audits have been and are being completed in accordance with the agreed upon schedule with the contractor and therefore, no further corrective actions need to be taken. MHD has worked 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.

Contact Person: Becky Rucker
Phone Number: 573-751-3737



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-002. Medicaid National Correct Coding Initiative

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)

The MHD had not fully implemented the Medicaid National Correct Coding Initiative (NCCI) edits in the Medicaid Management Information System (MMIS) as required by 42 USC 1396b(r). In addition, the MHD did not ensure confidentiality agreements containing elements required by the Medicaid NCCI Technical Guidance Manual to protect the confidentiality of the edit files were in place with the MMIS contractor.

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.

Status of Finding:

MHD staff are working together with MHD's fiscal agent to implement these changes to the MMIS system, with a planned implementation in 2022. The confidentiality agreement was updated in March 2021 with the NCCI language. The confidentiality agreement portion of this corrective action plan has been implemented and with no further updates needed.

Contact Person: Nanci Nikodym, Kim Johnson & Holly Hern

Phone Number: 573-522-9853, 573-751-7988, 573-526-7876



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

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
93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD) and
Family Support Division (FSD)
Questioned Costs: \$1,928 (2020)
Similar Finding: 2019-005

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), prior to temporary suspension of the requirements in March 2020 in response to the COVID-19 public health emergency. The DSS did not perform an eligibility redetermination for a participant as required.

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.

Status of Findings:

The DSS has developed a monthly report to identify overdue reviews. Upon the expiration of the Public Health Emergency (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. The DSS has taken actions to close the eligibility for the participant noted in the recommendation.

The questioned costs identified in this finding were \$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.

Furthermore, on November 16, 2021, the DSS received the Management Decision Letter from the Centers for Medicare and Medicaid Services (CMS) which indicates that the department is not to return the \$1,928 federal share. Per CMS, "financial recoveries based on eligibility errors can only be pursued when identified by programs operating under CMS' Payment Error Rate Measurement (PERM) program, under section 1903(u) of the Social Security Act and regulations at 42 CFR Part 431, Subpart Q."

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



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-004. 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: \$14,465 (2020)
Similar Findings: 2019-001 and 2018-004

The DSS made payments on behalf of ineligible children and did not have sufficient controls to prevent and/or detect certain unallowable payments. The CD made payments on behalf of some ineligible children with backdated subsidy agreements, and made an unallowable payment for an additional child.

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.

Status of Findings:

The DSS previously addressed this finding, therefore DSS disagrees with the current recommendation. 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 to 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.

Regarding the payments for the children identified in this finding, fund recoupments were completed on February 9, 2021, which would have been reflected on the QE 03/31/2021 grant reports.

Contact Person: Jodi Lodewegen
Phone Number: 816-234-5694



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-005. 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: \$173,694 (2020)
Similar Findings: 2019-007, 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 Department of Social Services (DSS) recently received a letter from The Centers for Medicare and Medicaid Services (CMS) addressing this finding. The Division of Developmental Disabilities (DD) anticipates CMS, through the DSS response letter, will suspend the disallowance for this finding, as it did with previous findings 2018-014, and 2019-007, 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. The Division implemented Phase 1 of the corrective action plan on July 1, 2021 with General Assembly passage of funding to increase residential rates to 100% of the lower bound, based on the 2018 Mercer Rate Study.

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



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-006. CSFP Food Inventory

Federal Agency: United States Department of Agriculture (USDA)
Federal Program: 10.565 Commodity Supplemental Food Program
State Agency: Department of Health and Senior Services (DHSS) - Bureau of Community Food
 & Nutrition Assistance (BCFNA)

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.

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.

Status of Finding:

All annual food bank inventories were completed in the summer and fall of 2021 with the exception of the St. Louis Area Food Bank which was completed November 18, 2021. CFNA has written procedures in the CSFP Manual for Food Banks regarding the annual warehouse inventory requirement for each food bank.

Contact Person: Gail Ponder
Phone Number: 573-526-4700



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-007. DPS-OTAG Cooperative Agreement Final Accounting

Federal Agency: Department of Defense
Federal Program: 12.401 National Guard Military Operations and Maintenance (O&M) Projects
State Agency: Department of Public Safety (DPS) - Office of the Adjutant General (OTAG)

The DPS-OTAG did 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 by National Guard Regulation (NGR) 5-1, Chapter 11-10.

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.

Status of Finding: Corrective action was taken.

Contact Person: Nick Humphrey
Phone Number: (573) 638-9574



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

FS2020-001. Department of Revenue Financial Reporting Controls

State Agency: Department of Revenue (DOR)

The DOR did not have adequate controls and procedures over financial reporting of motor vehicle sales tax accounts receivable. As a result, net accounts receivable and related liability balances submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the *Missouri Comprehensive Annual Financial Report* for the year ended June 30, 2020, were misstated.

Recommendation:

The DOR implement controls and procedures to prepare and submit accurate motor vehicle sales tax accounts receivable reports to the DOA.

Status of Finding:

Corrective actions were taken as stated in the State Auditor's Office Report 2021-17 titled State of Missouri Comprehensive Annual Financial Report on Internal Control, Compliance, and Other Matters Year Ended June 30, 2020.

Contact Person: Brittany Burns

Phone Number: (573) 751-5236



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

FS2020-002. 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 accounts payable. As a result, accounts payable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the *Missouri Comprehensive Annual Financial Report* for the year ended June 30, 2020, was misstated.

Recommendation:

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

Status of Finding:

DSS Accounts Payable has implemented controls and procedures to be able to submit accurate reports to DOA. Staff are being adequately trained and the reviews by the Accounts Payable Manager are more extensive prior to submission.

Contact Person: Tara Giordano

Phone Number: 573-751-7263



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

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. This audit was conducted and the conclusion was DSS claim was accurate and supported.

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 Hulen
Phone Number: (573) 751-2426



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

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

Corrective Action Plans

Year Ended June 30, 2021

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.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2021

Michael L. Parson
Governor



Kenneth J. Zellers
Commissioner

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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, 2021. Each Corrective Action Plan was prepared by the State agency noted.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2021

**State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2021**

State Agency: Department of Revenue

Audit Finding Number: FS2021-001 - Department of Revenue Financial Reporting Controls

Name of the contact person responsible for corrective action: Brittany Burns

Completion date for corrective action: January 11, 2022

Corrective action planned is as follows:

The Department of Revenue took corrective action following the State Auditor's Office (SAO) notification of the finding with the sales and use tax accounts receivable reports reported to the Office of Administration - Division of Accounting (DOA). The corrective action included restating the sales and use tax accounts receivable reports for fiscal year ended June 30, 2021 and resubmitting the reports to the DOA, performing an evaluation of our current ACFR reporting process, and establishing a new two-step review process for all financial reports being submitted to the DOA and the SAO.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2021

**State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2021**

State Agency: Missouri Department of Natural Resources

Audit Finding Number: FS2021-002 - Department of Natural Resources Capital Asset Controls

Name of the contact person responsible for corrective action: Janet Laughlin

Anticipated completion date for corrective action: December 2021

Corrective action planned is as follows:

Future period depreciation and the useful life were corrected for the capital assets in question. Procedures were implemented in December 2021 to monitor the depreciation of assets on a monthly basis.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2021

**State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2021**

State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2021-003 – Department of Social Services Financial Reporting Controls

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

Anticipated completion date for corrective action: August 2022

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

DSS Response: The DSS agrees with this finding. The DSS notes that the referenced Cash on Hand (COH) reports were actually reviewed for accuracy at a point in time prior to the completion of all federal grant reports. The COH report is due and completed by day 30 following the end of the quarter with an estimate of the Temporary Assistance Grant as the Temporary Assistance Grant report is due and completed on day 45 following the end of the quarter.

Corrective action planned is as follows:

The DSS will use the Temporary Assistance Grant federal financial report rather than the estimate on the COH report to ensure accurate accounts receivable reporting.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2021

**State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2021**

State Agency: Department of Labor and Industrial Relations

Audit Finding Number: FS2021-004 - Department of Labor and Industrial Relations UInteract System Controls

Name of the contact person responsible for corrective action: Matthew Hankins

Anticipated completion date for corrective action: March 31, 2022

Corrective action planned is as follows:

The DOLIR agrees with the finding and has completed the analysis, identification and implementation of additional system controls to further prevent issuance of improper payments. Overpayments have been established accordingly and the DOLIR is actively pursuing recovery. Reporting has been developed and is being implemented in accordance with the confidentially communicated recommendations.



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State Agency: Missouri Department of Economic Development

Audit Finding Number: 2021-001 - DED Subrecipient Determination and Monitoring

Name of the contact person responsible for corrective action: Stacey Hirst, Financial Systems Manager, DED

Anticipated completion date for corrective action: June 30, 2022

Corrective action planned is as follows:

A. Subrecipient Classification:

DED agrees it inaccurately classified MHDC as a contractor when it initially entered into a memorandum of understanding with MHDC. DED subsequently determined MHDC to be a subrecipient. In response, DED is in the process of developing written procedures to be added to its Internal Control Plan to evaluate whether the partners of federal grant program funds are subrecipients or contractors.

B. Subrecipient Monitoring:

MHDC, created in 1969 by the General Assembly, is Missouri's housing finance agency and has successfully administered federal and state housing financial programs for more than 50 years. MHDC receives appropriations annually through DED's budget. MHDC commissioners include the Governor, Lieutenant Governor, State Treasurer, Attorney General, and six persons appointed by the Governor with advice and consent of the Senate. MHDC's executive director has been in that position for more than eight years. According to the Independent Auditor's Report for state fiscal years 2019 and 2020, MHDC's total assets were \$2 billion and \$2.2 billion, respectively. DED and MHDC signed a memorandum of understanding in February 2021, allowing MHDC to administer the program on behalf of the State of Missouri.

DED agrees that it did not perform a formal risk assessment for MHDC. DED has developed a risk assessment tool that will be used to determine whether subrecipients are low, moderate, or high risk. DED has also established a monitoring plan and developed monitoring tools to assist with identifying deficiencies and their remedies.



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State Agency: Missouri Department of Economic Development

Audit Finding Number: 2021-002 - DED SEFA

Name of the contact person responsible for corrective action: Stacey Hirst,
Financial Systems Manager, DED

Anticipated completion date for corrective action: June 30, 2022

Corrective action planned is as follows:

As stated in response to Audit Finding Number 2021-001, DED Subrecipient Determination and Monitoring, DED agrees it inaccurately classified MHDC as a contractor when it initially entered into a memorandum of understanding with MHDC. DED submitted the corrected SEFA to the Office of Administration on October 27, 2021.



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State Agency: Missouri Department of Economic Development

Audit Finding Number: 2021-003 - DED Performance and FFATA Reporting

Name of the contact person responsible for corrective action: Stacey Hirst, Financial Systems Manager, DED

Anticipated completion date for corrective action: June 30, 2022

Corrective action planned is as follows:

A. Performance Reporting:

As stated in response to Audit Finding Number 2021-001, DED Subrecipient Determination and Monitoring, DED agrees it inaccurately classified MHDC as a contractor when it initially entered into a memorandum of understanding with MHDC. DED has reviewed the reports submitted by MHDC; however, at the time of their submission, DED regarded MHDC as a contractor and did not believe the reports to be inaccurate. All of the other information in the reports was accurate, and DED will ensure that MHDC is correctly identified as a subrecipient in future reports.

B. Transparency Reporting:

As stated in response to Audit Finding Number 2021-001, DED Subrecipient Determination and Monitoring, DED agrees it inaccurately classified MHDC as a contractor when it initially entered into a memorandum of understanding with MHDC. Upon determining the FFATA reports were not being generated by the U.S. Treasury because MHDC was classified as a "contractor" and not a "subrecipient" in FSRS, DED reached out to the U.S. Treasury several times to make this correction in FSRS. Initially DED received no response. Upon a follow-up inquiry, DED received an email asking for a written request, which it submitted immediately. FSRS does not permit DED to make the change necessary to resolve this issue. DED requires Treasury's assistance in order to make the needed revision. DED will therefore continue reaching out to Treasury to resolve this misclassification.



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State Agency: Department of Social Services (DSS)

Audit Finding Number: 2021-004 – Medicaid National Correct Coding Initiative

Name of the contact persons responsible for corrective action: Kim Johnson and Nanci Nikodym

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

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.

DSS Response: DSS agrees with the auditor's finding. The Corrective Action Plan includes planned actions to address this finding.

Corrective action planned is as follows:

The MO HealthNet Division (MHD) will fully implement National Correct Coding Initiative (NCCI) edits. To fully implement, NCCI edits must be updated on a quarterly basis. System work to complete this task is underway. Once system work is completed, the NCCI edits will be updated quarterly and claims will be reprocessed.

DSS must also follow the medically unlikely edits (MUE) provided by the Centers for Medicare & Medicaid Services (CMS). This is similar to the MHD maximum quantity. Currently, MHD partially follows MUEs. Some maximum quantities differ from the MUEs. System work to complete this task is underway.

MHD has been actively working through these projects required for full implementation of the NCCI edits since the initial finding in fiscal year 2020. DSS is on track to meet the previously provided completion date of July 1, 2022.



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

Audit Finding Number: 2021-005 – Medicaid and CHIP Participant Eligibility

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

Anticipated completion date for corrective action: N/A

Recommendation: The DSS through the MHD and the FSD review participants with manual overrides in the MEDES to ensure the participants remain eligible and do not meet one of the exceptions requiring removal from the Medicaid and the CHIP during the PHE. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

DSS Response: The DSS disagrees with the finding.

The DSS disagrees that there is a significant deficiency in internal controls. As noted in the finding, the SAO identified one ineligible participant who had previously moved out of state prior to the Public Health Emergency (PHE). This is 1.67% of the 60 MAGI cases reviewed and no payments were made for the individual, so there was no financial impact during the audit period. Additionally, the DSS has taken action to close the eligibility case noted in the recommendation.

Section 6008 of the Families First Coronavirus Response Act (FFCRA) requires states to provide continuous coverage, through the end of the month in which the PHE period ends, to all Medicaid beneficiaries who were enrolled in Medicaid on or after March 18, 2020, regardless of any changes in eligibility unless the individual voluntarily terminates eligibility, is deceased, or moves out of state. As required by the Centers for Medicaid and Medicare Services (CMS) during the PHE, the DSS has processes in place to terminate eligibility for individuals who are deceased, voluntarily request closure, or report they have moved out of state.

During the PHE, the DSS is not conducting reviews of cases that do not report current changes. In accordance with CMS guidance, Missouri expects to unwind from the PHE by completing annual reviews for all MO HealthNet cases over twelve months from the expiration of the PHE. At the time of the review of each



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case, the DSS will appropriately end MO HealthNet eligibility for all individuals determined to no longer be eligible.

It should be noted that the SAO also reviewed 60 Aged, Blind, and Disabled (ABD) participants enrolled during the period of July 2020 to June 2021 and no errors were cited.

Corrective action planned is as follows:

N/A



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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: 2021-006 – Foster Care Maintenance Payment Rates

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

Anticipated completion date for corrective action: N/A

Recommendation: The DSS through the CD and the DFAS develop policies and procedures, including a reasonable and specific schedule, for periodic reviews of Foster Care program maintenance payments and rates, and implement the schedule for reviewing and determining the appropriateness of the payments and rates as required. Also, maintain documentation of all reviews performed.

DSS Response: The DSS disagrees with this finding. DSS has existing procedures to review the Foster Care maintenance payments and rates regularly as required. As DSS reviews the payments and rates yearly as a part of the budget preparation process for submission on October 1st, DSS believes this meets the definition of a reasonable and specific schedule. The DSS provided the SAO with documentation of the yearly budget meeting to demonstrate the review occurred.

The federal guidance does not specify the frequency or process for review. Although not required, DSS will begin to record the minutes from the portion of the meeting regarding review of maintenance payment going forward at the request of the SAO.

Corrective action planned is as follows:

The agency does not agree with the audit findings therefore a corrective action is not required.



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State Agency: Department of Social Services (DSS)

Audit Finding Number: 2021-007 – Child Care Corrective Payments

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

Anticipated completion date for corrective action: N/A

Recommendation: The DSS and the DESE review, strengthen, and enforce policies and procedures regarding Child Care subsidy provider corrective payments. These procedures should include receipt and retention of payment resolution request forms and attendance records that sufficiently support the corrective payments. The DSS should review and correct the overpayments for the children identified in this finding.

DSS/DESE Response: As indicated in the SAO Finding, the child care subsidy program transitioned from DSS to DESE on August 28, 2021. The response below states “Lead Agency” when referring to the Departments, which is consistent with the Administration for Children and Families terminology. The Lead Agency partially agrees with this finding.

The Lead Agency disagrees with the statement *“documentation was not adequate to support corrective payments for 3 of 13 cases with corrective payments reviewed (23 percent)”*. The Lead Agency finds this immaterial as the SAO requested a sample of 65 children and related payments, and reviewed 60 children from the sample with a total of 1,139 payments. During the review, there were discrepancies on three (3) children in the review and seven (7) payments. Of the seven payments, two payments were for the same child where the child was signed in but not out. As the child was signed in, the child did receive childcare services for both dates in question. Three of the payments did not have a PRR available for review; this does not indicate the child did not receive care only that a document is unable to be located. Only two of the seven payments (1 out of the 3 “cases”) had a true calculation error resulting in overpayment and provider recoupment. However even if all seven payments in question are considered an error, that would be a rate of only .6% of the total payments reviewed.



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The Lead Agency partially agrees with the statement *“an increase of corrective payments during the year ended June 30, 2021, as a result of certain leniencies granted during the pandemic and possibly attributable to clients and providers gaining experience with CCBIS”*. While the correction payments increased for SFY21 nearly 9,000 of these payments were made to providers for COVID related absences. These payments were necessary to ensure facilities could continue operations. In addition, the increase in corrective payments was due to the impact of the sign in and sign out processes during this time as many providers did not allow parents to come into the facilities to reduce the spread of the virus.

Corrective action planned is as follows:

The Lead Agency has already taken the necessary steps to mitigate substantial errors by implementing the CCBIS system and a process to electronically scan all PRRs into an internal online system. Therefore, the Lead Agency has determined additional corrective action is not applicable.



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

Audit Finding Number: 2021-008 – DSS FFATA Reporting

Name of contact person responsible for corrective action: Sheena Frazer

Anticipated completion date for corrective action: N/A

Recommendation: The DSS through the DFAS strengthen internal controls related to FFATA reporting by having supervisors maintain documentation of reviews performed of the information reported to the FSRs for the TANF, LIHEAP, and CVA programs. In addition, the DFAS should complete FFATA reporting in accordance with the applicable requirements.

DSS Response:

The DSS partially agrees with this finding. The DSS does not agree with the correlation of strong internal controls as it relates to FFATA reporting and supervisors maintaining documentation of the reviews performed. The DSS adheres to formalized procedures for FFATA reporting which includes managerial oversight and contends documented reviews may be preferred but are not required by regulation. The DSS had a transition of staff during the timeframe in question and the FSRs system does not permit users to access and compliance data or reports uploaded in the system by an alternate user. These circumstances allowed for exceptions identified. The DSS uploaded reports for all exception items to ensure the information is available in USA Spending.

Corrective action planned is as follows:

The DSS will continue to adhere to written procedures and maintain strong internal controls to maintain FFATA reporting compliance.



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State Agency: Department of Health and Senior Services

Audit Finding Number: 2021-009 - ELC Program Subrecipient Reimbursements

Name of the contact responsible for corrective action: Jennifer Harrison, Senior Program Specialist

Anticipated completion date for corrective action: March 2024

Corrective action planned is as follows:

The program has requested the needed information to perform reviews as required by DHSS policy. DHSS plans to have the thirteen mentioned above completed by August 31, 2022 and complete the remainder of the contractors by March 2024. The program will utilize monitoring plans developed in accordance with Financial Policy 4.3 to ensure procedures are in place for review of detailed documentation supporting reimbursement requests.

DHSS does not agree with the audit finding and believes that corrective action is not required. Explanation and specific reasons are as follows:

As discussed and explained to the auditors the program is following department policy in regards to monitoring contractors, which is in line with 2CFR 200.332. When the auditors asked if we could obtain detailed documentation from the contractors, we explained that we would be following the department's procedures/policy in completing this task and at a later date would be requesting support documentation to perform our monitoring. The auditors did not raise any concern about our response at the time. Therefore, we felt the auditors were comfortable with the approach we outlined and were also comfortable with the department's policy in regards to contract monitoring. It also should be noted that due to the need for our staff and the contractors staff to respond to the COVID-19 pandemic, delaying reviews of the contractors provided the best utilization of all resources involved in responding to the pandemic. These delays do not appear to be outside the intent of the department's policy or 2CFR 200.332. Throughout the contract period the program reviewed status reports the contractors provided, and we have found no indication of any issues/concerns that we needed to address. It should also be noted that the contractors we are working with have ongoing relationships with the DHSS for various other contracts, and their knowledge combined with expertise/ability to handle various programmatic requirements are well established.



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State Agency: Department of Health and Senior Services

Audit Finding Number: 2021-010 - ELC Program Subrecipient Monitoring

Name of the contact person responsible for corrective action: Jennifer Harrison,
Senior Program Specialist

Anticipated completion date for corrective action: July 31, 2022 (Monitoring Plan)
and March 2024 (Contract Monitoring)

Corrective action planned is as follows:

Program has developed the Monitoring plan for these contracts as required by Department Policy. The plan is currently under review. The contracts are currently being scheduled for review and the program anticipates all contracts will be reviewed by March 2024. Program will utilize the Monitoring Plan to ensure compliance with department policy.



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State Agency: Department of Health and Senior Services (DHSS)

Audit Finding Number: 2021-011 - DHSS FFATA Reporting

Name of the contact person responsible for corrective action: Pam Sandbothe,
Bureau Chief, Financial Services

Anticipated completion date for corrective action: June 30, 2023

Corrective action planned is as follows:

The DHSS agrees with the auditor's finding.

The DHSS Division of Administration will evaluate current FFATA reporting processes and implement changes to ensure timeliness of FFATA reporting.



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State Agency: Department of Health and Senior Services, Division of Senior and Disability Services

Audit Finding Number: 2021-012 - Medicaid SPPC Participant Choice Agreements

Name of the contact person Responsible for corrective action: Melanie Highland, Director, Division of Senior and Disability Services (DSDS)

Anticipated completion date for corrective action: Implemented

Corrective action planned is as follows:

The Division of Senior and Disability Services (DSDS) implemented a new Quality Improvement Quality Assurance Unit (Quality Unit) in 2020. As part of their improvement projects, the Quality Unit worked collaboratively with the Provider Review Team to develop a new standardized and comprehensive case record review tool. The new tool ensures consistency among the areas reviewed by each team member. A section of the tool focuses on completion of required forms including the Participant Choice Statement. The tool also serves as an education and remediation tool that is sent to provider reassessors in need of improvement.

Along with the new tool, the Quality Unit added a new position in March 2022 to focus on the consistency and accuracy of provider reassessor reviewers. Additionally, this new position serves as a liaison to provider reassessors by answering questions regarding reviews conducted and providing education as needed. A new supervisor case record review process was also implemented on May 1, 2022. Supervisors will analyze inconsistencies noted in the reviews completed by the Provider Review Team.

DSDS also implemented a new Provider Reassessor Contract in August 2021. This new contract focuses on enhanced quality measures and allows the division to take action if a provider reassessor is not performing in compliance with policy.



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State Agency: Department of Health and Senior Services (DHSS)

Audit Finding Number: 2021-013 - Medicaid Facility Survey Timeliness

Name of the contact person responsible for corrective action: Shelly Williamson, Administrator, Section for Long Term Care Regulation, Division of Regulation and Licensure

Anticipated completion date for corrective action: December 31, 2022

Corrective action planned is as follows:

The Department of Health and Senior Services (DHSS) agrees with the auditor's finding.

Surveys were not conducted during the National Public State of Emergency per instructions from Center for Medicare & Medicaid Services (CMS). As DHSS returned to surveying activity, it found the gap between surveys has resulted in an increase in both the number of and the severity of violations in long term care facilities. These increases have caused greater time being devoted to investigating these violations and the attendant write up activity, including the Statement of Deficiency.

The Section for Long Term Care Regulation (SLCR) currently has procedures in place to ensure surveys and certifications are performed in accordance with the State Operations Manual. The reasons detailed above, coupled with staffing shortages, particularly in the Registered Nurse job classification, have contributed to the inability to complete these tasks consistently within the prescribed time frames. In order to meet these time frames, SLCR has adopted a more aggressive approach to registered nurse recruiting. This includes requesting increased funding from both federal and state sources to increase across the board salaries for Registered Nurses and other survey staff. As a short-term solution, DHSS intends to contract for short term hiring of surveyors to assist in the timely conduct of surveys and certifications.

This two-pronged approach will provide a temporary solution in order to build a base upon which DHSS can work towards the goal of rebuilding its survey team as fully staffed and adequately compensated.



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State Agency: Department of Mental Health

Audit Finding Number: 2021-014 - 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: N/A

Corrective action planned is as follows:

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 three 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. As of July 1, 2021, all Group Home and Individualized Supported Living rates have been standardized to at least the floor of the approved rate methodology.



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State Agency: Department of Elementary and Secondary Education (DESE)

Audit Finding Number: 2021-015 - GEER Fund Annual Performance Reporting.

Name of the contact person responsible for corrective action: Shelley Woods,
Chief Operations Officer

Anticipated completion date for corrective action: April 1, 2022

Corrective action planned is as follows:

DESE agrees with the auditor's finding and will ensure accurate annual performance reports are submitted for the GEER fund. The annual report was corrected and submitted within the revision period on April 1, 2022.



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State Agency: Department of Elementary and Secondary Education (DESE)

Audit Finding Number: 2021-016 - DESE FFATA Reporting

Name of the contact person responsible for corrective action: Shelley Woods,
Chief Operations Officer

Anticipated completion date for corrective action: June 30, 2022

Corrective action planned is as follows:

DESE agrees with the auditor's finding and will ensure FFATA reporting is completed in accordance with applicable requirements.

DESE has created an internal procedure effective July 1, 2022 to ensure FFATA reporting is reviewed, submitted, and verified by the required timeframes and in accordance with federal regulations.



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State Agency: Department of Elementary and Secondary Education (DESE)

Audit Finding Number: 2021-017 - DESE Special Education Cluster Subrecipient Monitoring

Name of the contact person responsible for corrective action: Shelley Woods, Chief Operations Officer

Anticipated completion date for corrective action: June 30, 2022

Corrective action planned is as follows:

DESE agrees with the auditor's finding and will ensure subrecipients of the Special Education Cluster are monitored in accordance with the Special Education Fiscal Monitoring Guide as stated below.

The Special Education Fiscal Monitoring Guide indicates that districts who attended an in-person Special Education finance training in the prior fiscal year will not receive an on-site monitoring visit even if the district is determined as high risk. Due to COVID-19, the Special Education Finance staff did not provide any in-person trainings, so data was utilized from attendance at trainings within the past three fiscal years.

The Special Education Fiscal Monitoring Guide will be updated to reflect scoring may include attendance within the past three fiscal years when in-person training is not provided in the prior fiscal year.

The Special Education monitoring staff were unable to close the Corrective Action Plan (CAP) for two districts due to: ePeGS system issues with the Final Expenditure Report (FER) after corrections were submitted (2019-20), revisions to the prior fiscal year (2018-19) FER that didn't align with submitted documentation, timely responses from the districts, and waiting on refunds from the districts for overpayments. The monitoring team do not close CAPs until all issues are resolved.

The District Communication Procedure will be updated to ensure districts are contacted on a weekly basis after a CAP is overdue in order to close CAPs in a timely manner.



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State Agency: MO Department of Elementary and Secondary Education (DESE)

Audit Finding Number: 2021-018 - DESE SEFA

Name of the contact person responsible for corrective action: Shelley Woods,
Chief Operations Officer

Anticipated completion date for corrective action: January 1, 2022

Corrective action planned is as follows:

DESE agrees with the findings related to the SEFA and has implemented internal controls to mitigate any future reoccurrence. Beginning January 1, 2022, the Chief Operations Officer created documented procedures for the preparation and verification of expenditure data for the SEFA report to ensure accuracy.



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State Agency: Department of Labor and Industrial Relations

Audit Finding Number: 2021-019 - Department of Labor and Industrial Relations
UInteract System Controls

Name of the contact person responsible for corrective action: Matthew Hankins

Anticipated completion date for corrective action: March 31, 2022

Corrective action planned is as follows:

The DOLIR agrees with the finding and has completed the analysis, identification and implementation of additional system controls to further prevent issuance of improper payments. Overpayments have been established accordingly and the DOLIR is actively pursuing recovery. Reporting has been developed and is being implemented in accordance with the confidentially communicated recommendations.



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State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

Audit Finding Number: 2021-020 - SEMA Suspension and Debarment Procedures

Name of the contact person responsible for corrective action: Nikol Enyart

Anticipated completion date for corrective action: Completed

Corrective action planned is as follows:

SEMA agrees with the auditor's finding, our corrective action plan has been implemented and approved by FEMA in January 2022. Our 2022 Public Assistance State Administrative Plan includes the update and applicant's packages include a revised PA-1 form with a clause certifying that the applicant is not identified as debarred or suspended. Since January 2022 we have required applicants use the new form and applicants can no longer receive funds without first certifying they are not suspended or debarred.



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State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

Audit Finding Number: 2021-021 – SEMA FFATA Reporting

Name of the contact person responsible for corrective action: Nikol Enyart

Anticipated completion date for corrective action: Completed

Corrective action planned is as follows:

Updated fiscal policy and will carry out internal controls and supervisory reviews for FFATA Reporting.



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State Agency: Missouri Department of Transportation (MoDOT)

Audit Finding Number: 2021-022 - MoDOT FFATA Reporting

Name of the contact person responsible for corrective action: Todd Grosvenor,
MoDOT Financial Services Director

Anticipated completion date for corrective action: September 30, 2022

Corrective action planned is as follows:

MoDOT will develop written policies and procedures for compiling subaward data and perform documented supervisory reviews of the information reported to FSRS for the Airport Improvement Program.