



## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

Honorable Michael L. Parson, Governor  
and  
Members of the General Assembly  
and  
Anna S. Hui, Director  
Department of Labor and Industrial Relations  
Jefferson City, Missouri

We completed audit work at the Department of Labor and Industrial Relations (DOLIR) as part of our annual statewide audits of the State of Missouri's financial statements and federal awards for the fiscal year ended June 30, 2021. We issued audit reports (Report Nos. 2022-002 and 2022-022) of the state's Annual Comprehensive Financial Report, in January and March 2022; and issued the Single Audit Report (Report No. 2022-043), in July 2022.<sup>1</sup> The purpose of this letter is to summarize, and communicate to stakeholders, the audit work performed at the DOLIR during these audits and the audit results.

#### **Statewide Audits and Methodology**

We conducted the annual financial statement audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statement audit includes, among other things, expressing an opinion on whether the state's financial statements are fairly presented, in all material respects. The Office of Administration (OA) prepared the Annual Comprehensive Financial Report (financial statements) from various sources including the statewide accounting (SAM II) system and survey data received from state agencies and offices. The state's financial statements covered \$50 billion in total assets and \$35 billion in total expenses for fiscal year 2021. To satisfy our audit objectives, we evaluated and identified the accounts significant to each opinion unit within the state's financial statements and performed various audit procedures, including reviews of internal controls for each of those accounts. For fiscal year 2021, our financial statement audit included work at the OA and 13 state agencies and offices.

We conducted the annual Single Audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit includes, among other things, expressing an opinion on whether the state complied with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs. The state's Schedule of Expenditures of Federal Awards (SEFA), which did not include federal award expenditures of the public universities and other component units, reported the state expended more than \$20.6 billion in federal funds for 305 programs in fiscal year 2021. We performed risk assessments on each of the state's 33 Type A programs (programs with federal award expenditures more than \$30.96 million) and 26 larger Type B programs (programs with federal award expenditures between \$7.7 million

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

and \$30.96 million) and audited (as major) each program assessed as high risk in accordance with the Uniform Guidance. For each major program, we performed various audit procedures, including testing and reviews of internal control over compliance requirements that could have a direct and material effect on the program. For fiscal year 2021, our Single Audit included 20 major federal programs with expenditures totaling \$13.8 billion, administered by 10 state agencies.

### **Financial Statement Audit Work at the DOLIR**

For the DOLIR, we audited revenue activity of \$3.6 billion, expenditure activity of \$3.7 billion, a cash balance of \$602 million, an accounts receivable balance of \$104 million, and an accounts payable balance of \$45 million for the Unemployment Compensation Fund. In addition, we audited expenditure activity of \$71 million and a long-term liabilities balance of \$2.2 billion for the Workers Compensation - Second Injury Fund.

### **Single Audit Work at the DOLIR**

The DOLIR reported federal award expenditures totaling \$3.8 billion for fiscal year 2021. We audited, as major, the Presidential Declared Disaster Assistance to Individuals and Households - Other Needs program with expenditures of \$301 million.

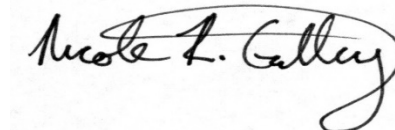
### **Audit Results and Findings at the DOLIR**

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

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

- Department of Labor and Industrial Relations UInteract System Controls (Finding Nos. FS2021-004 and 2021-019) - The DOLIR needed 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.

The audit finding and the DOLIR's response are included in our Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2022-022) and the Single Audit Report (Report No. 2022-043). The DOLIR's Corrective Action Plan is included in the Single Audit Report.



Nicole R. Galloway, CPA  
State Auditor