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Missouri State Auditor

State of Missouri
Single Audit
Year Ended June 30, 2023

Report No. 2024-063

September 2024

auditor.mo.gov



Findings in the Fiscal Year 2023 State of Missouri Single Audit

Background	<p>The United States Congress passed the Single Audit Act Amendments of 1996 to establish uniform requirements for audits of federal awards. A single audit requires an audit of the State of Missouri's financial statements and expenditures of federal awards. The state spent approximately \$20.9 billion in federal awards during the fiscal year ended June 30, 2023. The Single Audit involved audit work on 16 major federal programs administered by 8 state agencies, with expenditures totaling approximately \$15.3 billion.</p>
Medicaid National Correct Coding Initiative	<p>As noted in three previous audits, the Department of Social Services (DSS) - MO HealthNet Division (MHD) has not fully implemented the Medicaid National Correct Coding Initiative edits in the Medicaid Management Information System (MMIS) as required. The MHD through the MMIS contractor, did not reprocess claims when edit files were implemented late. As a result, the claims processed during 103 of the days, or 28 percent, during the year ended June 30, 2023, were processed using outdated edits.</p>
Medicaid Management Information System Access	<p>The MHD did not timely review MMIS access rights and remove user accounts for users no longer employed in positions needing access. A sample of 40 MMIS users with access as of June 2023 identified 2 terminated users whose access had not been removed for 9 and 13 months.</p>
Medicaid and CHIP New Provider Eligibility	<p>The DSS needs to improve internal control to ensure new provider applications for participation in the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) are properly reviewed and screened as required by federal regulations and state procedures. Missouri Medicaid Audit and Compliance Provider Enrollment Unit staff did not fully complete and/or retain new provider enrollment application checklists for 3 of 40 (8 percent) new providers sampled.</p>
Medicaid and CHIP Receipt Controls	<p>The MHD does not have adequate controls in place to ensure the proper management of receipts. The MHD does not adequately restrict user access within the MMIS and does not account for all cash control numbers to ensure all checks and money orders received are properly deposited or returned to senders if the payment cannot be accepted. During a count of undeposited items and a review of related receipt records on December 11, 2023, auditors noted numerous omitted cash control numbers.</p>
Medicaid and CHIP MAGI-Based Participant Eligibility Redeterminations	<p>As similarly noted in four previous audits, the DSS does not have sufficient controls to ensure compliance with eligibility redetermination requirements of the Medicaid and the CHIP for certain participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). The DSS did not correct manual system overrides for approximately 11,500 (1 percent) MAGI-based participants, preventing their cases from being closed when necessary, and did not perform redeterminations for those participants requiring redeterminations once previously-suspended requirements resumed.</p>

<p>Medicaid and CHIP Participant Eligibility Terminations</p>	<p>The DSS does not have sufficient controls to ensure benefits are terminated for participants no longer eligible for the Medicaid and the CHIP. A review found a death match was not operating in the Medicaid Eligibility Determination and Enrollment System during the year ended June 30, 2023. Additionally, for 2 of 60 participant cases sampled, the DSS received information requiring participant case termination, but did not manually terminate the participants' eligibility in the applicable eligibility system.</p>
<p>Medicaid and CHIP Eligibility Determination Timeliness</p>	<p>As noted in the previous audit, the DSS did not perform eligibility determinations within required timeframes for participants of the Medicaid and the CHIP. In a test of compliance with eligibility requirements for the year ended June 30, 2023, auditors noted 7 of 120 eligibility determinations were made 2 to 27 days after the required timeframes, and averaged 15 days late.</p>
<p>DSS Cost Allocation</p>	<p>As similarly noted in the previous audit, DSS controls and procedures were not sufficient to ensure some administrative costs were allocated to federal programs in an equitable and consistent manner. Random moment time studies containing over 200 invalid staff surveys were used to allocate administrative costs. For the year ended June 30, 2023, costs totaling approximately \$1.08 million were incorrectly allocated to 6 programs. As a result, approximately \$546,000 (federal share) was allocated to state funding, that could have been allocated to federal funding for 4 programs.</p>
<p>DSS Adoption Savings</p>	<p>The DSS - Division of Finance and Administrative Services (DFAS) does not have adequate internal controls and procedures related to adoption savings requirements. As a result, the amount of adoption savings reported in the federal fiscal year 2022 Annual Adoption Savings Calculation and Accounting Report was overstated by approximately \$1 million. If the error had not been identified during the audit, the DFAS would have had to demonstrate approximately \$1 million in additional expenditures for required services.</p>
<p>OA SLFRF Program Subrecipient Monitoring</p>	<p>The Office of Administration (OA) has not established policies and procedures regarding monitoring subrecipients of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. As a result, the OA did not comply with the Uniform Guidance requirements regarding identifying and monitoring subrecipients of the SLFRF program. The OA failed to fulfill its comprehensive subrecipient monitoring responsibilities which include performing risk assessments; monitoring for compliance with federal requirements and subaward terms and conditions, and ensuring subaward performance goals are achieved; and reviewing subrecipient single audit reports.</p>
<p>OA Statewide SEFA</p>	<p>OA - Division of Accounting (DOA) controls and procedures related to the preparation of the statewide Schedule of Expenditures of Federal Awards (SEFA) were not sufficient; and as a result, a complete and accurate SEFA was not prepared timely for the year ended June 30, 2023. The year ended June 30, 2023, SEFA was not prepared by the DOA until February 28, 2024, 8 months after fiscal year end and 1 month before the Single Audit reporting deadline. The delayed preparation of the SEFA negatively impacted the completion of various Single Audit tasks, and contributed to the delay in issuance of the fiscal year 2023 Single Audit. In addition, the SEFA and Notes to the SEFA included various errors and misstatements.</p>

DHSS CACFP Subrecipient Reimbursements	The Department of Health and Senior Services (DHSS) - Bureau of Community Food and Nutrition Assistance (BCFNA) does not have sufficient controls and procedures to ensure Child and Adult Care Food Program (CACFP) reimbursements to subrecipients are allowable and supported with sufficient documentation. As a result, significant unallowable and unsupported reimbursements are made without being prevented or detected on a timely basis. A randomly-selected sample of 60 BCFNA monitoring reviews conducted for 58 CACFP facilities/sponsors during the year ended June 30, 2023, noted BCFNA disallowances (overclaims/underclaims) in 41 of 58 (71 percent) reviews for which meal reimbursement claims were tested. Overclaims totaled \$50,954 (36 reviews) and underclaims totaled \$280 (5 reviews), with a net overclaim of \$50,674, or at least 11 percent of claims tested by the BCFNA. While the BCFNA adjusted subsequent claims to recoup or reimburse for the identified overclaims/underclaims, unallowable costs could be significant if similar errors were made on the remaining population of CACFP meal reimbursements totaling approximately \$74.6 million.
DHSS CACFP Subrecipient Monitoring	BCFNA subrecipient risk assessment and monitoring procedures are not sufficient to ensure CACFP subrecipient compliance with program requirements. Review and analysis of 60 sampled monitoring reviews noted the monitoring reviews identified significant errors, noncompliance, disallowances, and overclaims; and continued deficiencies and little improvement from prior reviews. The BCFNA needs to strengthen and improve subrecipient monitoring procedures to provide for verification of corrective action plan information and identification and recoupment of overclaims associated with all errors identified during monitoring reviews, as required by federal regulations; and expand testing when significant errors are identified.
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 are completed and retained for participants of the State Plan Personal Care (SPPC) program. Required documentation was not on file for 3 of 60 participants reviewed.
Medicaid Facility Survey Timeliness	As similarly noted in two previous audit reports, the Section for Long-Term Care Regulations within the DHSS did not perform facility survey procedures within required timeframes. During the year ended June 30, 2023, some Statements of Deficiencies and Plan of Corrections were sent 11 to 26 days after the survey exit instead of within 10 days, and some facility revisits were completed between 62 and 100 days after instead of within 60 days of the initial survey date.
DESE Child Care Payments	Department of Elementary and Secondary Education (DESE) controls over the Child Care Development Fund (Child Care) program's subsidy payments to child care providers are not sufficient to ensure correct rates are paid. As a result, the DESE overpaid providers for 2 of 60 payments sampled.
DESE FFATA Reporting	As similarly noted in two previous audits, the DESE needs to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting. During state fiscal year 2023, the DESE did not comply with FFATA reporting requirements for any of the 15 first-tier subawards, totaling approximately \$1.2 million, for the Child Care program.

FFATA reporting was 15 months past due for these subawards at the time of review.

Missouri National Guard
Cooperative Agreement
Extensions and Final
Accounting

The Missouri National Guard (MONG) does not have adequate controls and procedures to ensure a final accounting and/or a written request(s) for extension is timely filed for each National Guard Military O&M Projects program cooperative agreement (CA) appendix as required. A sample of 9 CA appendixes identified 6 CA appendixes for which the MONG did not complete some extension requests as required and/or did not complete some final accounting and/or extension requests within required timeframes.

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

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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
OMB	Office of Management and Budget
RSMo	Missouri Revised Statutes
SAM II	Statewide Advantage for Missouri
SEFA	Schedule of Expenditures of Federal Awards
UG	Uniform Guidance
USC	United States Code

State of Missouri - Single Audit

Introduction and Summary

Year Ended June 30, 2023

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 \$20.9 billion in federal awards during the state fiscal year ended June 30, 2023.



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, 2023.

We issued our audit report (Report No. 2024-023¹) of the state's Annual Comprehensive Financial Report (ACFR), as of and for the year ended June 30, 2023, in March 2024. In addition, we issued our Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2024-036²) in May 2024. In that report, we reported 5 findings related to internal control deficiencies at 3 state agencies and 1 office. The state agencies' and office's responses to the audit findings are included in that report. The agencies and office 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 and office 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 \$20.9 billion in federal funds in state fiscal year 2023. 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 16 major federal programs with expenditures totaling approximately \$15.3 billion, administered by 8 state agencies.

We issued a qualified opinion on 4 major federal programs and an unmodified opinion on 12 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 Health and Senior Services, the Department of Social Services, and the Office of Administration:

- Child and Adult Care Food Program, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring
- Children's Health Insurance Program, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Other

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

² See report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2024036>>.



State of Missouri - Single Audit
Introduction and Summary
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- Medicaid Cluster, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Other
- Coronavirus State and Local Fiscal Recovery Funds program, modified for Subrecipient Monitoring

In total, we reported 18 audit findings related to 8 major federal programs at 5 state agencies. We identified at least \$2,000 in known questioned costs related to federal awards. Of the 18 audit findings, 6 were repeated from prior Single Audits. These findings have been reported in the 1 to 4 prior years.

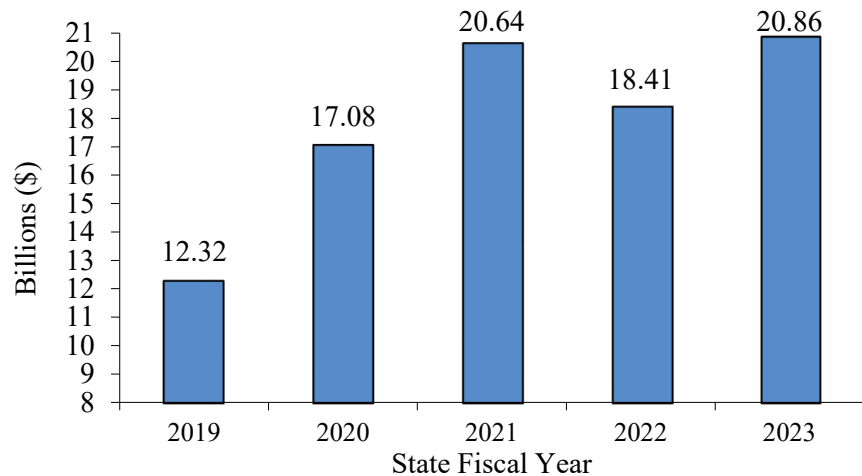
Of the 18 federal award audit findings, 16 related to internal control deficiencies. We consider 7 findings of internal control deficiencies to be material weaknesses and 9 to be significant deficiencies.

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 have increased significantly and have remained elevated since state fiscal year 2020 due to additional federal funding made available to state agencies to help with the state's emergency response to the Coronavirus Disease 2019 (COVID-19) and the Medicaid expansion effective in state fiscal year 2022.

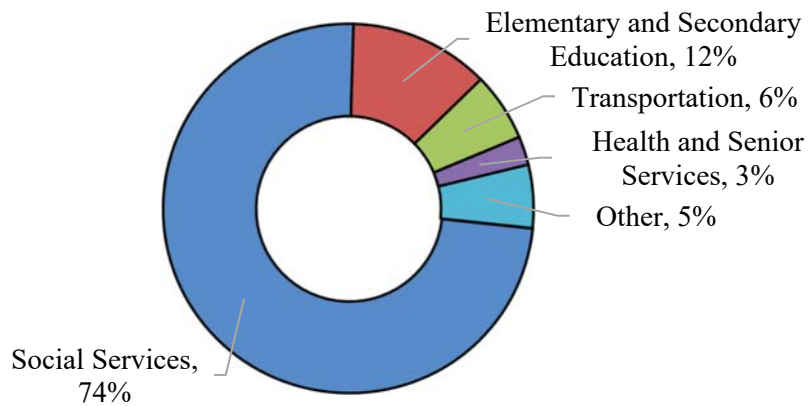
**Total Expenditures of Federal Awards
5 Year Comparison**





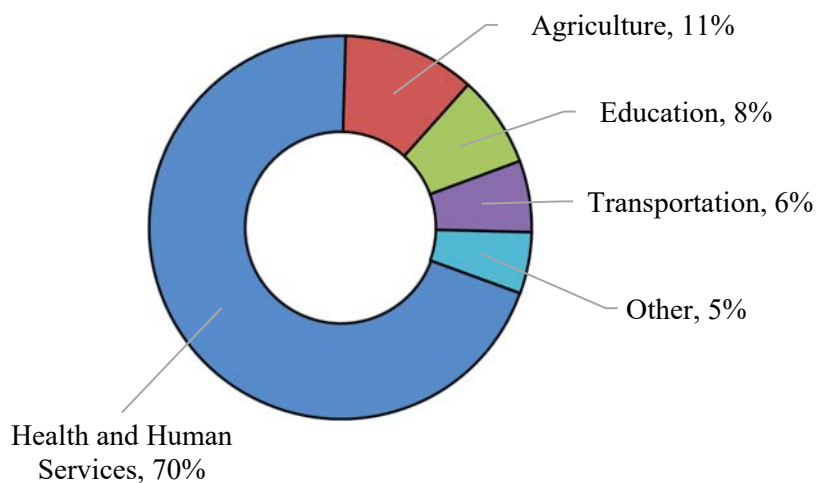
Of the 20 state agencies and offices that expended federal awards, 4 agencies spent the majority of the awards (95 percent) during state fiscal year 2023.

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 4 federal agencies.

Expenditures of Federal Awards by Federal Agency



Overall, the state expended federal awards in 310 programs. These programs are listed in the accompanying Schedule of Expenditures of Federal Awards.

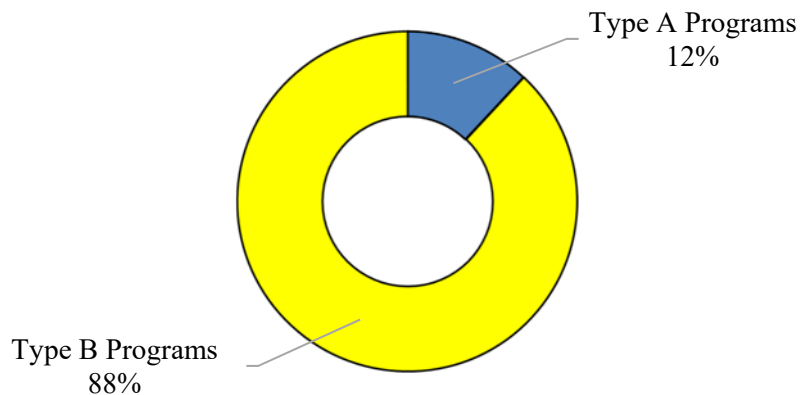


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The Uniform Guidance requires federal programs to be labeled Type A programs or Type B programs based on a dollar threshold. For the State of Missouri, the Uniform Guidance defines the dollar threshold as \$31.29 million (total expenditures of \$20,863,238,794 times 0.0015) since the federal award expenditures exceeded \$20 billion during state fiscal year 2023.

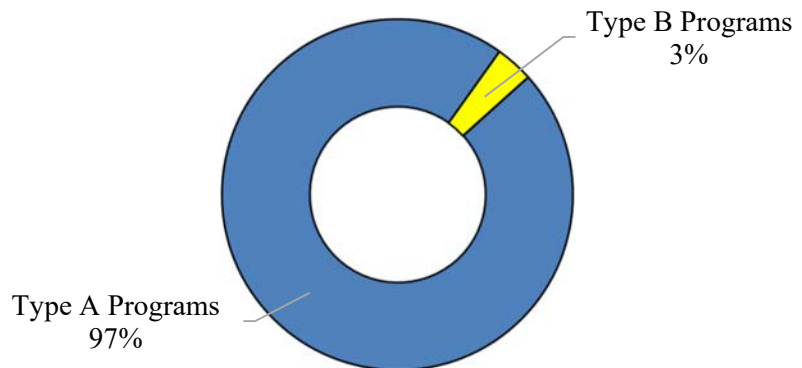
Programs with federal award expenditures over \$31.29 million are Type A programs and programs with federal award expenditures under \$31.29 million are Type B programs. Of the 310 federal award programs, 37, or 12 percent of the programs, were Type A programs and 273, or 88 percent of the programs, were Type B programs.

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



The 37 Type A programs had expenditures totaling approximately \$20.1 billion, or 97 percent of total expenditures. The 273 Type B programs had expenditures totaling approximately \$725 million, or 3 percent of total expenditures.

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





State of Missouri - Single Audit
 Introduction and Summary
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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 21 of the 37 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 16 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 \$7.8 million. Of the 273 Type B programs, 25 were larger Type B programs. We performed risk assessments on the 25 larger Type B programs and determined none of the programs were high risk. In accordance with the Uniform Guidance, no larger Type B programs were audited 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 73 percent of total state fiscal year 2023 federal expenditures based on the risk assessments on Type A and larger Type B programs.

Major and Non-major Federal Programs

Type of Programs	Number of Programs	Expenditures	Percentage of Expenditures
<u>Programs Audited</u>			
Type A major programs	16	\$ 15,319,181,242	
Type B major programs	<u>0</u>	<u>0</u>	
Total major programs	16	15,319,181,242	73%
<u>Programs not Audited</u>			
Type A non-major programs	21	4,819,029,922	
Type B non-major programs	<u>273</u>	<u>725,027,630</u>	
Total non-major programs	<u>294</u>	<u>5,544,057,552</u>	27%
Total programs	310	\$ 20,863,238,794	100%

State of Missouri
 Summary of Type A Programs
 Year Ended June 30, 2023

AL Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended (1)
10.542	COVID-19 - Pandemic EBT Food Benefits	Agriculture	\$ 111,320,878
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program	Agriculture	1,473,315,446
10.561	COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture	6,248,890
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture	64,138,594
	Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		<u>70,387,484</u>
	Total SNAP Cluster		<u>1,543,702,930</u>
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	95,993,779
10.555	COVID-19 - National School Lunch Program	Agriculture	24,870,540
10.555	National School Lunch Program	Agriculture	329,285,255
	Total National School Lunch Program		354,155,795
10.556	Special Milk Program for Children	Agriculture	159,172
10.559	Summer Food Service Program for Children	Agriculture	13,210,327
10.582	Fresh Fruit and Vegetable Program	Agriculture	3,246,535
	Total Child Nutrition Cluster		<u>466,765,608</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	76,202,202
10.558	Child and Adult Care Food Program	Agriculture	76,388,052
	Food Distribution Cluster:		
10.565	Commodity Supplemental Food Program	Agriculture	8,060,512
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)	Agriculture	1,009,369
10.568	Emergency Food Assistance Program (Administrative Costs)	Agriculture	1,499,402
	Total Emergency Food Assistance Program (Administrative Costs)		2,508,771
10.569	Emergency Food Assistance Program (Food Commodities)	Agriculture	21,122,253
	Total Food Distribution Cluster		<u>31,691,536</u>
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Defense	58,180,994
14.228	COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants Grants in Hawaii	Housing and Urban Development	4,465,650
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants Grants in Hawaii	Housing and Urban Development	32,586,231
	Total Community Development Block Grants/State's program and Non-Entitlement Grants Grants in Hawaii		37,051,881
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	Conservation	8,587,007
15.611	Wildlife Restoration and Basic Hunter Education	Conservation	28,658,584
	Total Fish and Wildlife Cluster		<u>37,245,591</u>
16.575	Crime Victim Assistance	Justice	48,246,317
17.225	COVID-19 - Unemployment Insurance	Labor	(4,277,473)
17.225	Unemployment Insurance	Labor	233,541,089
	Total Unemployment Insurance		229,263,616
	WIOA Cluster:		
17.258	WIOA Adult Program	Labor	11,234,620
17.259	WIOA Youth Activities	Labor	9,557,464
17.278	WIOA Dislocated Worker Formula Grants	Labor	13,287,970
	Total WIOA Cluster		<u>34,080,054</u>

State of Missouri
 Summary of Type A Programs
 Year Ended June 30, 2023

AL Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended (1)
20.106	COVID-19 Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	Transportation	863,185
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	Transportation	30,632,281
	Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs		31,495,466
20.205	Highway Planning and Construction	Transportation	1,140,677,826
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Treasury	173,781,807
64.015	COVID-19 - Veterans State Nursing Home Care	Veterans Affairs	4,255,629
64.015	Veterans State Nursing Home Care	Veterans Affairs	55,236,095
	Total Veterans State Nursing Home Care		59,491,724
84.010	Title I Grants to Local Educational Agencies	Education	278,596,953
	Special Education Cluster (IDEA):		
84.027	COVID-19 - Special Education Grants to States	Education	25,679,310
84.027	Special Education Grants to States	Education	236,871,895
	Total Special Education Grants to States		262,551,205
84.173	COVID-19 - Special Education Preschool Grants	Education	1,698,582
84.173	Special Education Preschool Grants	Education	5,735,741
	Total Special Education Preschool Grants		7,434,323
	Total Special Education Cluster (IDEA)		269,985,528
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Education	72,141,560
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Education	37,529,282
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	Education	10,760,838
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	Education	194,423,763
84.425R	COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021- Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	Education	12,586,505
84.425U	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	Education	604,001,128
84.425V	COVID-19 - American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS) program	Education	13,877,010
84.425W	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief -Homeless Children and Youth	Education	1,703,918
	Total Education Stabilization Fund		837,353,162
	Aging Cluster:		
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Health and Human Services	3,825,494
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Health and Human Services	8,828,307
	Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		12,653,801
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	Health and Human Services	6,934,602
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Health and Human Services	13,717,056
	Total Special Programs for the Aging, Title III, Part C, Nutrition Services		20,651,658
93.053	Nutrition Services Incentive Program	Health and Human Services	4,170,965
	Total Aging Cluster		37,476,424
93.268	COVID-19 - Immunization Cooperative Agreements	Health and Human Services	11,254,169
93.268	Immunization Cooperative Agreements	Health and Human Services	78,420,861
	Total Immunization Cooperative Agreements		89,675,030

State of Missouri
 Summary of Type A Programs
 Year Ended June 30, 2023

AL Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended (1)
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Human Services	85,863,466
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Human Services	<u>1,447,474</u>
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		87,310,940
93.558	Temporary Assistance for Needy Families	Health and Human Services	207,840,022
93.563	Child Support Enforcement	Health and Human Services	31,361,280
93.568	COVID-19 - Low-Income Home Energy Assistance	Health and Human Services	88,710,569
93.568	Low-Income Home Energy Assistance	Health and Human Services	<u>111,487,407</u>
	Total Low-Income Home Energy Assistance		200,197,976
	CCDF Cluster:		
93.575	COVID-19 - Child Care and Development Block Grant	Health and Human Services	303,002,361
93.575	Child Care and Development Block Grant	Health and Human Services	<u>79,053,398</u>
	Total Child Care and Development Block Grant		382,055,759
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	<u>76,020,532</u>
	Total CCDF Cluster		<u>458,076,291</u>
93.658	Foster Care Title IV-E	Health and Human Services	87,855,257
93.659	Adoption Assistance	Health and Human Services	70,439,781
93.667	Social Services Block Grant	Health and Human Services	51,581,456
93.767	Children's Health Insurance Program	Health and Human Services	352,789,153
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,763,386
93.777	COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services	34,784
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services	<u>21,340,858</u>
	Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		21,375,642
93.778	COVID-19 - Medical Assistance Program	Health and Human Services	734,024,845
93.778	Medical Assistance Program	Health and Human Services	<u>11,815,929,594</u>
	Total Medical Assistance Program		<u>12,549,954,439</u>
	Total Medicaid Cluster		<u>12,573,093,467</u>
93.958	COVID-19 - Block Grants for Community Mental Health Services	Health and Human Services	19,679,628
93.958	Block Grants for Community Mental Health Services	Health and Human Services	<u>16,234,225</u>
	Total Block Grants for Community Mental Health Services		35,913,853
93.959	COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	18,710,804
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	<u>33,008,185</u>
	Total Block Grants for Prevention and Treatment of Substance Abuse		51,718,989
	Disability Insurance/SSI Cluster:		
96.001	Social Security - Disability Insurance	Social Security Administration	48,741,805
	Total Disability Insurance/SSI Cluster		<u>48,741,805</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security	102,946,473
	Total Type A Programs (expenditures greater than \$31,294,858)	\$	<u>20,138,211,164</u>

(1) The first column under Federal Awards Expended shows the expenditures for programs partially funded with COVID-19 funds, as reported on the Schedule of Expenditures of Federal Awards.



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON 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

Qualified and Unmodified Opinions

We have audited the State of Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State of Missouri's major federal programs for the year ended June 30, 2023. The State of Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on the Child and Adult Care Food Program, the Coronavirus State and Local Fiscal Recovery Funds program, the Children's Health Insurance Program, and the Medicaid Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child and Adult Care Food Program, the Coronavirus State and Local Fiscal Recovery Funds program, the Children's Health Insurance Program, and the Medicaid Cluster for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Missouri complied, in all material respects, with the 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, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State of Missouri and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State of Missouri's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Child and Adult Care Food Program, the Coronavirus State and Local Fiscal Recovery Funds program, the Children's Health Insurance Program, and the Medicaid Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Missouri did not comply with requirements regarding the following:

Finding Number	AL Number(s)	Program (or Cluster) Name	Compliance Requirement(s)
2023-001	93.767 93.775 93.777 93.778	Children's Health Insurance Program and Medicaid Cluster	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
2023-002	93.767 93.775 93.777 93.778	Children's Health Insurance Program and Medicaid Cluster	Other
2023-010	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2023-012	10.558	Child and Adult Care Food Program	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring
2023-013	10.558	Child and Adult Care Food Program	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for the State of Missouri to comply with the requirements applicable to those programs.

Other Matter - Federal Expenditures Not Included in the Compliance Audit

The State of Missouri'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 of Missouri's Schedule of Expenditures of Federal Awards for the year ended June 30, 2023. Our compliance audit, described in the Qualified and Unmodified Opinions section of our report, does not include the operations of these component units because they engaged other auditors to perform an audit of compliance, if required.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State of Missouri's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State of Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State of Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State of Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the State of Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the State of Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2023-003 through 2023-006, 2023-008, 2023-009, 2023-011, 2023-014, 2023-016 through 2023-018. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State of Missouri's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The State of Missouri's response to each noncompliance finding consists of both the response and the corrective action plan. The state of Missouri's responses and corrective action plans were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, 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 a 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 2023-001 through 2023-004, 2023-010, 2023-012, and 2023-013 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 2023-005, 2023-006, 2023-008, 2023-009, 2023-011, 2023-014, and 2023-016 through 2023-018 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State of Missouri's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The State of Missouri's response to each internal control over compliance finding consists of both the response and the corrective action plan. The State of Missouri's responses and corrective action plans were not subjected to the other 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 Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Missouri, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the State of Missouri's basic financial statements. We issued our report thereon dated March 18, 2024, which contained qualified opinions on the

governmental activities and the General Fund, a major fund, and unmodified opinions on all remaining opinion units.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Missouri's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive, flowing style.

Scott Fitzpatrick
State Auditor

August 16, 2024, except for our report
on Schedule of Expenditures of
Federal Awards, for which the date is
March 18, 2024

State of Missouri
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

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	\$ 1,000,197	\$ 119,238
10.028	Wildlife Services	25,000	-
10.069	Conservation Reserve Program	378,712	-
10.093	Voluntary Public Access and Habitat Incentive Program	526,758	-
10.125	Hazardous Waste Management	32,238	-
10.153	Market News	46,897	-
10.163	Market Protection and Promotion	82,350	-
10.170	Specialty Crop Block Grant Program - Farm Bill	432,919	432,919
10.171	Organic Certification Cost Share Programs	7,664	-
10.182	Food Bank Network	181,533	181,533
10.187	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds		43,227
	State Mediation Grants	59,457	5,714
10.435	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,615,075	-
10.479	Food Safety Cooperative Agreements	251,942	-
10.525	Farm and Ranch Stress Assistance Network Competitive Grants Program	244,245	174,676
10.535	SNAP Fraud Framework Implementation Grant	230,373	-
10.541	Child Nutrition-Technology Innovation Grant	22,196	-
10.542	COVID-19 - Pandemic EBT Food Benefits	111,320,878	-
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program	1,473,315,446	-
10.561	COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	6,248,890	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	64,138,594	13,167,183
	Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	70,387,484	13,167,183
	Total SNAP Cluster	1,543,702,930	13,167,183
	Child Nutrition Cluster:		
10.553	School Breakfast Program	95,993,779	95,993,779
10.555	COVID-19 - National School Lunch Program	24,870,540	24,870,540
10.555	National School Lunch Program	329,285,255	329,285,255
	Total National School Lunch Program	354,155,795	354,155,795
10.556	Special Milk Program for Children	159,172	159,172
10.559	Summer Food Service Program for Children	13,210,327	12,483,883
10.582	Fresh Fruit and Vegetable Program	3,246,535	3,246,535
	Total Child Nutrition Cluster	466,765,608	466,039,164
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	76,202,202	27,448,135
10.558	Child and Adult Care Food Program	76,388,052	75,098,474
10.560	State Administrative Expenses for Child Nutrition	6,611,944	3,041,058
	Food Distribution Cluster:		
10.565	Commodity Supplemental Food Program	8,060,512	1,546,572
10.568	COVID-19 - Emergency Food Assistance Program (Administrative Costs)	1,009,369	1,009,369
10.568	Emergency Food Assistance Program (Administrative Costs)	1,499,402	1,418,512
	Total Emergency Food Assistance Program (Administrative Costs)	2,508,771	2,427,881
10.569	Emergency Food Assistance Program (Food Commodities)	21,122,253	89,536
	Total Food Distribution Cluster	31,691,536	4,063,989
10.572	WIC Farmers' Market Nutrition Program (FMNP)	205,928	-
10.576	Senior Farmers Market Nutrition Program	186,847	-
10.578	WIC Grants To States (WGS)	3,261,881	-
10.579	COVID-19 - Child Nutrition Discretionary Grants Limited Availability	74,000	74,000
10.579	Child Nutrition Discretionary Grants Limited Availability	475,092	475,092
	Total Child Nutrition Discretionary Grants Limited Availability	549,092	549,092
10.605	Quality Samples Program	32,986	-
10.649	COVID-19 - Pandemic EBT Administrative Costs	1,153,444	-
10.664	Cooperative Forestry Assistance	1,969,834	673,260
	Forest Service Schools and Roads Cluster:		
10.665	Schools and Roads - Grants to States	2,678,719	2,678,719
	Total Forest Service Schools and Roads Cluster	2,678,719	2,678,719
10.674	Wood Utilization Assistance		
10.676	Forest Legacy Program	4,005,940	-
10.680	Forest Health Protection	21,571	-
10.902	Soil and Water Conservation	550,070	-
10.934	Feral Swine Eradication and Control Pilot Program	1,275,662	853,825
	Total Department of Agriculture	2,333,755,907	594,570,206

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Commerce			
11.031	Broadband Infrastructure Program	10,399,757	10,399,757
11.032	State Digital Equity Planning Grants	218,838	295
11.035	Broadband Equity, Access, and Deployment Program	233,875	-
Economic Development Cluster:			
11.307	COVID-19 - Economic Adjustment Assistance	2,151,527	2,124,639
11.307	Economic Adjustment Assistance	24,153	-
	Total Economic Adjustment Assistance	2,175,680	2,124,639
	Total Economic Development Cluster	2,175,680	2,124,639
	Total Department of Commerce	13,028,150	12,524,691
Department of Defense			
12.U01	Excess Property Program	426,619	-
12.112	Payments to States in Lieu of Real Estate Taxes	1,497,441	1,497,441
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	742,335	-
12.401	National Guard Military Operations and Maintenance (O&M) Projects	58,180,994	-
12.620	Troops to Teachers Grant Program	37,786	-
	Total Department of Defense	60,885,175	1,497,441
Department of Housing and Urban Development			
14.228	COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	4,465,650	4,451,660
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	32,586,231	30,413,410
	Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	37,051,881	34,865,070
14.231	COVID-19 - Emergency Solutions Grant Program	3,191,634	3,191,634
14.231	Emergency Solutions Grant Program	1,542,983	1,542,983
	Total Emergency Solutions Grant Program	4,734,617	4,734,617
14.241	COVID-19 - Housing Opportunities for Persons with AIDS	26,317	26,317
14.241	Housing Opportunities for Persons with AIDS	59,487	59,487
	Total Housing Opportunities for Persons with AIDS	85,804	85,804
14.267	Continuum of Care Program	13,020,785	5,186,299
14.268	Rural Housing Stability Assistance Program	116,555	116,555
	Total Department of Housing and Urban Development	55,009,642	44,988,345
Department of the Interior			
15.073	Earth Mapping Resources Initiative	561	-
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	178,670	-
15.252	Abandoned Mine Land Reclamation (AMLR)	2,580,244	1,658,400
15.438	National Forest Acquired Lands	2,163,446	2,163,446
Fish and Wildlife Cluster:			
15.605	Sport Fish Restoration	8,587,007	281,654
15.611	Wildlife Restoration and Basic Hunter Education	28,658,584	-
	Total Fish and Wildlife Cluster	37,245,591	281,654
15.608	Fish and Wildlife Management Assistance	507,467	195,000
15.615	Cooperative Endangered Species Conservation Fund	106,287	99,018
15.634	State Wildlife Grants	1,118,577	19,392
15.684	White-nose Syndrome National Response Implementation	58,818	-
15.808	U.S. Geological Survey Research and Data Collection	89,338	-
15.810	National Cooperative Geologic Mapping	412,926	-
15.814	National Geological and Geophysical Data Preservation	71,712	-
15.904	Historic Preservation Fund Grants-In-Aid	400,100	90,421
15.916	Outdoor Recreation Acquisition, Development and Planning	2,041,948	964,747
15.978	Upper Mississippi River Restoration Long Term Resource Monitoring	489,083	-
15.980	National Ground-Water Monitoring Network	4,822	-
	Total Department of the Interior	47,469,590	5,472,078
Department of Justice			
16.U01	FBI Joint Terrorism Task Force	23,325	-
16.017	Sexual Assault Services Formula Program	689,507	671,503
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program	4,090,705	2,340,308
16.540	Juvenile Justice and Delinquency Prevention	772,896	532,116
16.554	National Criminal History Improvement Program (NCHIP)	1,135,503	715,999

State of Missouri
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
16.575	Crime Victim Assistance	48,246,317	47,121,880
16.576	Crime Victim Compensation	5,137,536	5,137,536
16.582	Crime Victim Assistance/Discretionary Grants	260,746	-
16.585	Drug Court Discretionary Grant Program	651,346	-
16.588	Violence Against Women Formula Grants	3,154,528	2,917,039
16.593	Residential Substance Abuse Treatment for State Prisoners	833,210	67,150
16.606	State Criminal Alien Assistance Program	65,896	-
16.609	Project Safe Neighborhoods	79,447	54,799
16.710	Public Safety Partnership and Community Policing Grants	675,713	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	3,804,244	3,283,710
16.741	DNA Backlog Reduction Program	958,565	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	336,445	132,571
16.750	Support for Adam Walsh Act Implementation Grant Program	295,619	-
16.812	Second Chance Act Reentry Initiative	182,652	179,972
16.813	NICS Act Record Improvement Program	709,474	629,170
16.833	National Sexual Assault Kit Initiative	895,812	-
16.839	STOP School Violence	250,648	239,972
16.922	Equitable Sharing Program	137,652	-
	Total Department of Justice	<u>73,387,786</u>	<u>64,023,725</u>
Department of Labor			
17.002	Labor Force Statistics	1,064,656	-
17.005	Compensation and Working Conditions	314,529	-
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	13,691,036	241,638
17.801	Jobs for Veterans State Grants	1,722,871	-
	Total Employment Service Cluster	<u>15,413,907</u>	<u>241,638</u>
17.225	COVID-19 - Unemployment Insurance	(4,277,473)	-
17.225	Unemployment Insurance	233,541,089	-
	Total Unemployment Insurance	<u>229,263,616</u>	<u>-</u>
17.235	Senior Community Service Employment Program	1,846,425	1,833,047
17.245	Trade Adjustment Assistance	665,850	-
	WIOA Cluster:		
17.258	WIOA Adult Program	11,234,620	8,207,688
17.259	WIOA Youth Activities	9,557,464	9,374,625
17.278	WIOA Dislocated Worker Formula Grants	13,287,970	9,628,879
	Total WIOA Cluster	<u>34,080,054</u>	<u>27,211,192</u>
17.261	WIOA Pilots, Demonstrations, and Research Projects		
17.270	Reentry Employment Opportunities	90,650	-
17.271	Work Opportunity Tax Credit Program (WOTC)	231,894	-
17.273	Temporary Labor Certification for Foreign Workers	107,226	-
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	320,031	308,232
17.285	Apprenticeship USA Grants	442,342	115,055
17.504	Consultation Agreements	1,552,609	-
17.600	Mine Health and Safety Grants	540,990	-
	Total Department of Labor	<u>285,934,779</u>	<u>29,709,164</u>
Department of Transportation			
20.106	COVID-19 - Airport Improvement Program and COVID-19 Airports Programs	863,185	863,185
20.106	Airport Improvement Program and COVID-19 Airports Programs	30,632,281	30,632,281
	Total Airport Improvement Program and COVID-19 Airports Programs	<u>31,495,466</u>	<u>31,495,466</u>
20.200	Highway Research and Development Program	1,494,797	779,223
20.205	Highway Planning and Construction	1,140,677,826	83,819,739
20.215	Highway Training and Education	73,910	-
	FMCSA Cluster:		
20.218	Motor Carrier Safety Assistance	12,839,195	8,434,462
	Total FMCSA Cluster	<u>12,839,195</u>	<u>8,434,462</u>
20.219	Recreational Trails Program	536,242	200,489
20.224	Federal Lands Access Program	1,201,295	851,699
20.232	Commercial Driver's License Program Implementation Grant	80,363	-
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	45,743	-
20.301	Railroad Safety	5,300	-

State of Missouri
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Federal Transit Cluster:			
20.500	Federal Transit Capital Investment Grants	31,639	31,639
20.507	Federal Transit Formula Grants	15,297	-
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	1,182,312	1,182,312
	Total Federal Transit Cluster	1,229,248	1,213,951
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	378,252	256,750
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	17,238,191	17,238,191
20.509	Formula Grants for Rural Areas and Tribal Transit Program	13,624,020	12,345,580
	Total Formula Grant for Rural Areas and Tribal Transit Program	30,862,211	29,583,771
Transit Services Programs Cluster:			
20.513	COVID-19 - Enhanced Mobility of Seniors and Individuals with Disabilities	340,041	340,041
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	547,739	381,169
	Total Enhanced Mobility of Seniors and Individuals with Disabilities	887,780	721,210
	Total Transit Services Programs Cluster	887,780	721,210
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant	420,866	297,460
Highway Safety Cluster:			
20.600	State and Community Highway Safety	7,844,222	6,487,791
20.616	National Priority Safety Programs	7,235,672	4,925,085
	Total Highway Safety Cluster	15,079,894	11,412,876
20.607	Alcohol Open Container Requirements	5,057,179	4,503,949
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	167,795	-
20.700	Pipeline Safety Program State Base Grant	534,525	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	362,558	316,281
20.720	State Damage Prevention Program Grants	38,320	-
20.721	PHMSA Pipeline Safety Program One Call Grant	7,795	-
20.933	National Infrastructure Investments	12,810,755	11,007,420
	Total Department of Transportation	1,256,287,315	184,894,746
Department of the Treasury			
21.016	Equitable Sharing	70,000	-
21.023	COVID-19 - Emergency Rental Assistance Program	9,514,168	9,514,168
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	173,781,807	85,564,181
	Total Department of the Treasury	183,365,975	95,078,349
Equal Employment Opportunity Commission			
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	489,079	-
	Total Equal Employment Opportunity Commission	489,079	-
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	1,589,208	1,045,651
	Total General Services Administration	1,589,208	1,045,651
National Endowment for the Arts			
45.310	Grants to States	3,253,383	2,490,551
	Total National Endowments for the Arts	3,253,383	2,490,551
Small Business Administration			
59.061	State Trade Expansion	116,260	92,023
	Total Small Business Administration	116,260	92,023
Department of Veterans Affairs			
64.005	COVID-19 - Grants to States for Construction of State Home Facilities	582,373	-
64.005	Grants to States for Construction of State Home Facilities	1,919,966	-
	Total Grants to States for Construction of State Home Facilities	2,502,339	-
64.015	COVID-19 - Veterans State Nursing Home Care	4,255,629	-
64.015	Veterans State Nursing Home Care	55,236,095	-
	Total Veterans State Nursing Home Care	59,491,724	-
64.024	VA Homeless Providers Grant and Per Diem Program	868,464	-
64.053	Payments to States for Programs to Promote the Hiring and Retention of Nurses at State Veterans Homes	223,662	-
64.101	Burial Expenses Allowance for Veterans	1,111,729	-
64.115	Veterans Information and Assistance	559,065	-

State of Missouri
Schedule of Expenditures of Federal Awards
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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
64.203	Veterans Cemetery Grants Program	664,356	-
	Total Department of Veterans Affairs	65,421,339	-
Environmental Protection Agency			
66.032	State Indoor Radon Grants	110,145	-
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	433,960	-
66.040	Diesel Emissions Reduction Act (DERA) State Grants	322,906	297,506
66.419	COVID-19 - Water Pollution Control State, Interstate, and Tribal Program Support	172,415	38,950
66.433	State Underground Water Source Protection	122,959	-
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)	348,981	21,586
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	161,473	-
66.454	Water Quality Management Planning	652,968	237,785
Clean Water State Revolving Fund Cluster:			
66.458	Capitalization Grants for Clean Water State Revolving Funds	24,370,335	10,970,173
	Total Clean Water State Revolving Fund Cluster	24,370,335	10,970,173
66.460	Nonpoint Source Implementation Grants	1,446,877	601,637
66.461	Regional Wetland Program Development Grants	36	-
Drinking Water State Revolving Fund Cluster:			
66.468	Capitalization Grants for Drinking Water State Revolving Funds	12,184,617	4,387,527
	Total Drinking Water State Revolving Fund Cluster	12,184,617	4,387,527
66.485	Support for the Gulf Hypoxia Action Plan	141,051	-
66.605	Performance Partnership Grants	11,669,244	173,448
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	5,416	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,934,762	508,962
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	364,507	49,350
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,149,801	168,429
66.817	State and Tribal Response Program Grants	1,081,207	-
66.818	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	128,104	-
66.961	Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	35,861	-
	Total Environmental Protection Agency	56,837,625	17,455,353
Department of Energy			
81.041	State Energy Program	1,050,874	-
81.042	Weatherization Assistance for Low-Income Persons	10,723,891	9,616,272
81.136	Long-Term Surveillance and Maintenance	59,418	-
81.138	State Heating Oil and Propane Program	2,004	-
	Total Department of Energy	11,836,187	9,616,272
Department of Education			
84.002	Adult Education - Basic Grants to States	9,886,806	8,697,609
84.010	Title I Grants to Local Educational Agencies	278,596,953	274,844,952
84.011	Migrant Education State Grant Program	643,096	576,334
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	1,093,459	1,083,270
Special Education Cluster (IDEA):			
84.027	COVID-19 - Special Education Grants to States	25,679,310	25,679,310
84.027	Special Education Grants to States	236,871,895	208,730,864
	Total Special Education Grants to States	262,551,205	234,410,174
84.173	COVID-19 - Special Education Preschool Grants	1,698,582	1,698,582
84.173	Special Education Preschool Grants	5,735,741	5,735,741
	Total Special Education Preschool Grants	7,434,323	7,434,323
	Total Special Education Cluster (IDEA)	269,985,528	241,844,497
84.032	Federal Family Education Loans	13,284,526	-
84.048	Career and Technical Education -- Basic Grants to States	27,808,958	25,347,562
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	72,141,560	-
84.144	Migrant Education Coordination Program	25,122	-
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	408,089	-
84.181	COVID-19 - Special Education-Grants for Infants and Families	1,882,343	-
84.181	Special Education-Grants for Infants and Families	8,917,979	-
	Total Special Education-Grants for Infants and Families	10,800,322	-
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	345,336	-
84.196	Education for Homeless Children and Youth	1,281,619	1,280,440

State of Missouri
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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
84.224	Assistive Technology	465,073	465,073
84.287	Twenty-First Century Community Learning Centers	13,073,946	12,203,648
84.323	Special Education - State Personnel Development	1,635,751	-
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	294,931	-
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	242,347	-
84.358	Rural Education	3,238,940	3,086,196
84.365	English Language Acquisition State Grants	4,852,888	4,634,296
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	37,529,282	34,471,156
84.369	Grants for State Assessments and Related Activities	7,169,163	-
84.371	Comprehensive Literacy Development	4,136,407	-
84.423	Supporting Effective Educator Development Program	249,996	-
84.424	Student Support and Academic Enrichment Program	18,888,270	18,700,606
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	10,760,838	9,132,133
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	194,423,763	167,529,488
84.425R	COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021- Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	12,586,505	-
84.425U	COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	604,001,128	596,285,924
84.425V	COVID-19 - American Rescue Plan -Emergency Assistance to Non-Public Schools (ARP EANS) program	13,877,010	-
84.425W	COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth	1,703,918	1,703,918
	Total Education Stabilization Fund	837,353,162	774,651,463
84.426	Randolph-Sheppard - Financial Relief and Restoration Payments	4,524	-
84.902	National Assessment of Educational Progress	128,221	-
	Total Department of Education	1,615,564,275	1,401,887,102
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	2,750	-
	Total National Archives and Records Administration	2,750	-
Elections Assistance Commission			
90.404	2018 HAVA Election Security Grants	2,221,972	1,015,527
	Total Elections Assistance Commission	2,221,972	1,015,527
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	100,983	1,597
93.042	COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	105,043	3,000
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	346,682	100,834
	Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	451,725	103,834
93.043	COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	134,652	134,652
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	510,050	481,321
	Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	644,702	615,973
Aging Cluster:			
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	3,825,494	3,825,494
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	8,828,307	8,566,855
	Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	12,653,801	12,392,349
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	6,934,602	6,934,602
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	13,717,056	13,057,473
	Total Special Programs for the Aging, Title III, Part C, Nutrition Services	20,651,658	19,992,075
93.053	Nutrition Services Incentive Program	4,170,965	4,170,965
	Total Aging Cluster	37,476,424	36,555,389

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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	591,137	591,137
93.052	National Family Caregiver Support, Title III, Part E	4,183,656	3,964,206
	Total National Family Caregiver Support, Title III, Part E	4,774,793	4,555,343
93.069	Public Health Emergency Preparedness	10,284,101	5,010,392
93.070	Environmental Public Health and Emergency Response	1,250,345	506,932
93.071	Medicare Enrollment Assistance Program	734,995	272,465
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	125,185	100,483
93.090	Guardianship Assistance	16,553,210	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	851,519	574,829
93.103	Food and Drug Administration Research	1,877,970	-
93.110	Maternal and Child Health Federal Consolidated Programs	836,253	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	527,804	168,973
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	205,615	3,000
93.136	Injury Prevention and Control Research and State and Community Based Programs	5,798,750	2,415,526
93.150	Projects for Assistance in Transition from Homelessness (PATH)	865,195	-
93.155	COVID-19 - Rural Health Research Centers	4,529,786	4,529,786
93.165	Grants to States for Loan Repayment	580,407	572,432
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	438,889	-
93.234	COVID-19 - Traumatic Brain Injury State Demonstration Grant Program	34,437	24,482
93.234	Traumatic Brain Injury State Demonstration Grant Program	212,207	142,552
	Total Traumatic Brain Injury State Demonstration Grant Program	246,644	167,034
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	949,765	638,761
93.236	Grants to States to Support Oral Health Workforce Activities	151,417	-
93.240	State Capacity Building	417,268	-
93.241	State Rural Hospital Flexibility Program	629,077	401,540
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	6,366,611	118,046
93.251	Early Hearing Detection and Intervention	260,537	98,055
93.268	COVID-19 - Immunization Cooperative Agreements	11,254,169	8,855,636
93.268	Immunization Cooperative Agreements	78,420,861	184,885
	Total Immunization Cooperative Agreements	89,675,030	9,040,521
93.270	Viral Hepatitis Prevention and Control	250,669	-
93.301	Small Rural Hospital Improvement Grant Program	528,688	470,351
93.310	COVID-19 - Trans-NIH Research Support	770,924	19,883
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	156,131	-
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	85,863,466	42,093,037
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,447,474	11,407
	Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	87,310,940	42,104,444
93.324	State Health Insurance Assistance Program	1,110,319	-
93.336	COVID-19 - Behavioral Risk Factor Surveillance System	5,536	-
93.336	Behavioral Risk Factor Surveillance System	506,013	-
	Total Behavioral Risk Factor Surveillance System	511,549	-
93.345	Leading Edge Acceleration Projects (LEAP) in Health Information Technology	69,301	-
93.354	COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	6,147,135	5,042,453
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	288,276	89,434
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	469,637	-
93.369	ACL Independent Living State Grants	345,993	206,913
93.387	National and State Tobacco Control Program	1,326,099	644,375
93.391	COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	17,834,587	17,772,676
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	2,023,492	1,105,060
93.434	Every Student Succeeds Act/Preschool Development Grants	7,629,837	-
93.435	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke	1,370,062	1,234,410
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	625,051	200,025
93.439	State Physical Activity and Nutrition (SPAN)	981,491	404,096
93.464	ACL Assistive Technology	517,153	264,018

State of Missouri
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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	412,184	182,906
93.498	COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	6,875,969	-
93.499	COVID-19 - Low Income Household Water Assistance Program	5,793,911	1,247,495
93.499	Low Income Household Water Assistance Program	2,309	-
	Total Low Income Household Water Assistance Program	<u>5,796,220</u>	<u>1,247,495</u>
93.556	MaryLee Allen Promoting Safe and Stable Families Program	5,228,820	-
93.558	Temporary Assistance for Needy Families	207,840,022	24,080,086
93.563	Child Support Enforcement	31,361,280	2,186,496
93.564	Child Support Enforcement Research	533,217	-
93.568	COVID-19 - Low-Income Home Energy Assistance	88,710,569	76,459,077
93.568	Low-Income Home Energy Assistance	111,487,407	24,378,696
	Total Low-Income Home Energy Assistance	<u>200,197,976</u>	<u>100,837,773</u>
93.569	COVID-19 - Community Services Block Grant	7,781,163	7,770,899
93.569	Community Services Block Grant	19,642,178	18,567,110
	Total Community Services Block Grant	<u>27,423,341</u>	<u>26,338,009</u>
	CCDF Cluster:		
93.575	COVID-19 - Child Care and Development Block Grant	303,002,361	11,366,113
93.575	Child Care and Development Block Grant	79,053,398	8,191,980
	Total Child Care and Development Block Grant	<u>382,055,759</u>	<u>19,558,093</u>
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	76,020,532	978,542
	Total CCDF Cluster	<u>458,076,291</u>	<u>20,536,635</u>
93.586	State Court Improvement Program	486,440	-
93.590	COVID-19 - Community-Based Child Abuse Prevention Grants	189,035	108,469
93.590	Community-Based Child Abuse Prevention Grants	725,380	725,380
	Total Community-Based Child Abuse Prevention Grants	<u>914,415</u>	<u>833,849</u>
93.597	Grants to States for Access and Visitation Programs	134,081	-
93.599	COVID-19 - Chafee Education and Training Vouchers Program (ETV)	256,886	-
93.599	Chafee Education and Training Vouchers Program (ETV)	1,592,933	-
	Total Chafee Education and Training Vouchers Program (ETV)	<u>1,849,819</u>	<u>-</u>
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,626,372	-
93.639	COVID-19 - Section 9813: State Planning Grants for Qualifying Community - Based Mobile Crisis Intervention Services	470,076	470,076
93.643	Children's Justice Grants to States	420,603	-
93.645	Stephanie Tubbs Jones Child Welfare Services Program	5,613,653	-
93.658	Foster Care Title IV-E	87,855,257	16,663
93.659	Adoption Assistance	70,439,781	-
93.665	COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	1,103,250	-
93.667	Social Services Block Grant	51,581,456	12,502,247
93.669	COVID-19 - Child Abuse and Neglect State Grants	11,337	-
93.669	Child Abuse and Neglect State Grants	1,263,900	-
	Total Child Abuse and Neglect State Grants	<u>1,275,237</u>	<u>-</u>
93.671	COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	2,976,136	2,976,136
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	2,051,442	1,934,941
	Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	<u>5,027,578</u>	<u>4,911,077</u>
93.674	COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	3,414,538	-
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	3,045,869	-
	Total John H. Chafee Foster Care Program for Successful Transition to Adulthood	<u>6,460,407</u>	<u>-</u>
93.686	Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B	494,639	29,978
93.747	COVID-19 - Elder Abuse Prevention Interventions Program	1,922,412	1,088,485
93.767	Children's Health Insurance Program	352,789,153	-
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,763,386	-
93.777	COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	34,784	-
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	21,340,858	363,015
	Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	<u>21,375,642</u>	<u>363,015</u>
93.778	COVID-19 - Medical Assistance Program	734,024,845	-
93.778	Medical Assistance Program	11,815,929,594	2,763,123
	Total Medical Assistance Program	<u>12,549,954,439</u>	<u>2,763,123</u>
	Total Medicaid Cluster	<u>12,573,093,467</u>	<u>3,126,138</u>
93.788	Opioid STR	21,411,791	-

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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.791	COVID-19 - Money Follows the Person Rebalancing Demonstration	48,033	-
93.791	Money Follows the Person Rebalancing Demonstration	3,810,158	-
	Total Money Follows the Person Rebalancing Demonstration	3,858,191	-
93.870	COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	94,482	-
93.870	Maternal, Infant and Early Childhood Home Visiting Grant	3,226,150	-
	Total Maternal, Infant and Early Childhood Home Visiting Grant	3,320,632	-
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	175,104	-
93.889	COVID-19 - National Bioterrorism Hospital Preparedness Program	166,725	-
93.889	National Bioterrorism Hospital Preparedness Program	3,668,155	1,860,507
	Total National Bioterrorism Hospital Preparedness Program	3,834,880	1,860,507
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	3,574,774	2,245,748
93.913	Grants to States for Operation of State Offices of Rural Health	220,120	21,341
93.940	HIV Prevention Activities Health Department Based	7,597,732	3,880,964
93.945	Assistance Programs for Chronic Disease Prevention and Control	310,046	276,652
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	183,759	-
93.958	COVID-19 - Block Grants for Community Mental Health Services	19,679,628	-
93.958	Block Grants for Community Mental Health Services	16,234,225	-
	Total Block Grants for Community Mental Health Services	35,913,853	-
93.959	COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	18,710,804	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	33,008,185	-
	Total Grants for Prevention and Treatment of Substance Abuse	51,718,989	-
93.967	COVID-19 - Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	318,176	13,967
93.977	COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	492,911	202,516
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,850,866	276,347
	Total Sexually Transmitted Diseases (STD) Prevention and Control Grants	2,343,777	478,863
93.981	COVID-19 - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	117,032	13,729
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	460,809	420,128
	Total Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	577,841	433,857
93.982	COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health	528,384	-
93.982	Mental Health Disaster Assistance and Emergency Mental Health	2,793,722	-
	Total Mental Health Disaster Assistance and Emergency Mental Health	3,322,106	-
93.991	Preventive Health and Health Services Block Grant	4,053,102	765,618
93.994	Maternal and Child Health Services Block Grant to the States	12,663,656	7,093,640
	Total Department of Health and Human Services	14,580,574,279	351,468,119
Corporation for National and Community Service			
94.003	COVID-19 - State Commissions	316,980	316,980
94.003	State Commissions	2,071,364	1,637,936
	Total State Commissions	2,388,344	1,954,916
94.006	COVID-19 - AmeriCorps	214,671	214,671
94.006	AmeriCorps	953,578	867,538
	Total AmeriCorps	1,168,249	1,082,209
94.008	COVID-19 - Commission Investment Fund	1,884,707	1,884,707
94.008	Commission Investment Fund	1,546,403	1,346,557
	Total Commission Investment Fund	3,431,110	3,231,264
94.009	Training and Technical Assistance		
94.013	AmeriCorps Volunteers In Service to America	96,841	-
	Total Corporation for National and Community Service	7,084,544	6,268,389
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program	3,979,581	2,889,974
	Total Executive Office of the President	3,979,581	2,889,974
Social Security Administration			
Disability Insurance/SSI Cluster:			
96.001	Social Security Disability Insurance	48,741,805	-
	Total Disability Insurance/SSI Cluster	48,741,805	-
	Total Social Security Administration	48,741,805	-

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AL Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Homeland Security			
97.008	Non-Profit Security Program	567,029	567,029
97.012	Boating Safety Financial Assistance	2,720,945	-
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	342,072	-
97.032	Crisis Counseling	296,371	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	102,946,473	100,466,486
97.039	Hazard Mitigation Grant	26,275,175	25,632,920
97.041	National Dam Safety Program	100,823	-
97.042	Emergency Management Performance Grants	7,326,271	4,424,393
97.045	Cooperating Technical Partners	5,986,729	-
97.047	BRIC: Building Resilient Infrastructure and Communities	3,019,516	3,019,516
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	(639,140)	-
97.067	Homeland Security Grant Program	7,360,896	4,945,616
97.082	Earthquake Consortium	69,769	-
97.088	Disaster Assistance Projects	29,259	12,359
Total Department of Homeland Security		<u>156,402,188</u>	<u>139,068,319</u>
Total Expenditures of Federal Awards		<u>\$ 20,863,238,794</u>	<u>\$ 2,966,056,025</u>

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

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Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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) 2023 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 an Assistance Listing 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, 2023, 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, 2023. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, which defines federal awards as federal financial assistance and cost-reimbursement contracts that non-federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash assistance, property (including donated surplus property), cooperative agreements, interest



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Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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. Negative amounts shown represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

D. Indirect Cost Rate

For the fiscal year ending June 30, 2023, one agency, the Department of Agriculture, elected to use the 10-percent de minimis indirect cost rate allowed under 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, 2023, is as follows:

State Portion (Benefits Paid)	\$ 179,602,248
Federal Portion (Benefits Paid)	1,478,689
Federal Portion (Administrative Costs)	52,460,152
Federal Portion (Benefits Paid) - CARES Act Related	(7,059,661)
Federal Portion (Administrative Costs) - CARES and Families First Coronavirus Response Act Related	2,782,188
Total Program Expenditures	\$ 229,263,616



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

The State received cash rebates from an infant formula manufacturer totaling \$29,334,498 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 \$633,936,562 (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 \$33,977,043 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, \$28,769,706 reduced total program expenditures and these expenditures were not reported on the SEFA. The remaining rebates of \$5,207,337 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 original principal outstanding of all loans guaranteed by the DHEWD was \$578,392,690 as of June 30, 2022. The balance of defaulted loans (including principal and accrued



State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

interest) that the federal Department of Education imposes continuing compliance requirements of the DHEWD was \$172,054,733 as of June 30, 2022.

Per Dear Colleague Letter GEN-21-03, guarantors were directed to halt collection of defaulted student loans and set interest rates to 0% through at least September 30, 2021, due to the COVID-19 National Emergency. The change was retroactive to March 13, 2020, requiring refunds of all involuntary payments and accrued interest. The Biden Administration extended the collection pause and 0% interest rate several times, with the final pause ending June 30, 2023.

The Missouri Student Loan Program ended effective September 30, 2022. This was due primarily to the cessation of collections retroactive to March 13, 2020, per Dear Colleague Letter GEN-21-03. Without collections, the Federal Reserve Fund and Operating Fund have dwindled steadily. All Missouri Student Loans guaranteed by the DHEWD were transferred to Educational Credit Management Corporation (ECMC) October 1, 2022. As of September 30, 2022, the original principal outstanding of all loans transferred was \$524,732,720. The balance of defaulted loans (including principal and accrued interest) transferred to ECMC on the same date was \$178,847,367.

7. Non-cash Assistance

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

Supplemental Nutrition Assistance Program and Pandemic EBT Food Benefits Program expenditures totaling \$1,584,636,324 (\$1,473,315,446 for Assistance Listing No. 10.551 and \$111,320,878 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 \$41,126,666.

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),



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Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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 \$43,533 for the Summer Food Service Program for Children, and \$21,122,253 for the Emergency Food Assistance Program and Commodity Credit Corporation (CCC).

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 \$6,365,410.

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 \$1,827,847 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 \$426,619.

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 \$6,808,945 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 \$1,589,208.

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 \$73,755,080.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified

Unmodified for all opinion units except for the governmental activities and the General Fund, which were qualified.

Internal control over financial reporting:

- Material weaknesses identified? X yes ___ no
- Significant deficiencies identified? X yes ___ none reported

Noncompliance material to financial statements? ___ 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>
10.558	Child and Adult Care Food Program, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Subrecipient Monitoring
21.027	Coronavirus State and Local Fiscal Recovery Funds, modified for Subrecipient Monitoring
93.767	Children's Health Insurance Program, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Other
93.775, 93.777, 93.778	Medicaid Cluster, modified for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Other

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

X yes ___ no



State of Missouri - Single Audit
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
10.558	Child and Adult Care Food Program
10.565	
10.568	Food Distribution Cluster
10.569	
12.401	National Guard Military Operations and Maintenance (O&M) Projects
15.605	
15.611	Fish and Wildlife Cluster
17.225	Unemployment Insurance
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Educational Agencies
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
84.425C	
84.425D	
84.425R	Education Stabilization Fund
84.425U	
84.425V	
84.425W	
93.044	
93.045	Aging Cluster
93.053	
93.563	Child Support Enforcement
93.575	
93.596	Child Care and Development Fund (CCDF) Cluster
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.775	
93.777	Medicaid Cluster
93.778	
93.958	Block Grants for Community Mental Health Services

Dollar threshold used to distinguish
 between Type A and Type B programs: \$31,294,858

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 Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2024-036³). That report included the following findings:

- FS2023-001. Office of Administration Financial Reporting Controls - ACFR Preparation
- FS2023-002. Department of Revenue Financial Reporting Controls
- FS2023-003. Department of Social Services Financial Reporting Controls
- FS2023-004. Office of Secretary of State Financial Reporting Controls
- FS2023-005. Office of Administration SAM II Transaction Approvals

³ See report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2024036>>.



Section III - Federal Award Findings and Questioned Costs/

2023-001.

**Medicaid National Correct
Coding Initiative**

Federal Agency:	Department of Health and Human Services (DHHS)
Federal Program:	93.767 Children's Health Insurance Program 2022 - 2205MO5021 2023 - 2305MO3002 and 2305MO5021
	93.778 COVID-19 - Medical Assistance Program 93.778 Medical Assistance Program 2022 - 2205MO5MAP and 2205MO5ADM 2023 - 2305MO5MAP and 2305MO5ADM
State Agency:	Department of Social Services (DSS) - MO HealthNet Division (MHD)
Type of Finding:	Internal Control (Material Weakness) and Noncompliance

As noted in our 3 previous audits,⁴ the MHD did not fully implement the Medicaid National Correct Coding Initiative (NCCI) edit requirements. The MHD through the Medicaid Management Information System (MMIS) contractor, did not reprocess claims when edit files were implemented late. As a result, the claims processed during 103 of the days, or 28 percent, during the year ended June 30, 2023, were processed using outdated edits. During the year ended June 30, 2023, the MHD made Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) payments, subject to NCCI edits, totaling approximately \$11.4 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 Act⁵) 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 in implementing the NCCI methodologies.

⁴ See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2022-001, 2021-004 and 2020-002.

⁵ Title 42 USC 1396b(r).



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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 most quarters. Each 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. For example, the MHD was required to implement the edit files for the quarter ended June 30, 2022, by August 1, 2022. Since the edit files were implemented after August 1, the MHD was required to reprocess all claims processed during the period July 1, 2022, through the date the edit file was implemented.

The CMS issued edit files requiring implementation in 3 of the 4 quarters during the year ended June 30, 2023. The MHD through the MMIS contractor, implemented the edit files late for the quarters ended June 30, 2022, and December 31, 2022, and did not reprocess the claims as required. As a result, claims processed during the periods July 1, 2022, through August 26, 2022, and January 1, 2023, through February 17, 2023, were not reprocessed under the updated edits. In total, the claims processed during 103 of the days, or 28 percent, during the year ended June 30, 2023, were processed using outdated edits.

The DSS Summary Schedule of Prior Audit Findings for finding number 2022-001 states the MHD will reprocess claims if the edits are not implemented timely. However, as noted in this finding, no claims were reprocessed when required during the audit period.

In addition to noncompliance with Section 6507 of the Affordable Care Act, the failure to 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. Regulation 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 continue to strengthen controls over the NCCI requirements to ensure claims are reprocessed when NCCI edits are not implemented timely, as required.



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Auditee's Response

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

**2023-002.
Medicaid Management
Information System Access**

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2022 - 2205MO5021
2023 - 2305MO3002 and 2305MO5021
93.778 COVID-19 - Medical Assistance Program
93.778 Medical Assistance Program
2022 - 2205MO5MAP and 2205MO5ADM
2023 - 2305MO5MAP and 2305MO5ADM
State Agency: Department of Social Services (DSS) - MO
HealthNet Division (MHD)
Type of Finding: Internal Control (Material Weakness) and
Noncompliance

The MHD did not timely review Medicaid Management Information System (MMIS) access rights and remove user accounts for users no longer employed in positions needing access. Our sample of 40 MMIS users with access as of June 2023 identified 2 terminated users whose access had not been removed for 9 and 13 months. Approximately 1,600 various DSS employees and employees of DSS contractors have access to the MMIS.

The MMIS is the benefit claims processing and information retrieval system used by the MHD for the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). DSS supervisors are instructed to notify MMIS security officers of employee terminations so the MMIS access can be removed. The MHD Annual MMIS Security Review Procedures also require MMIS staff review user account access annually to ensure access is still appropriate.

As of audit fieldwork in November 2023, the MHD had not conducted the MMIS user annual review since July 2022. While MHD security officers had obtained a report of active user accounts as of June 13, 2023, they had not verified whether access was appropriate for each user. After our inquiries, in December 2023, the MMIS security officers commenced their review of users with access as of June 13, 2023. DSS officials could not provide a reasonable explanation why the annual review had not been initiated or completed at the time of our audit.

We randomly selected a sample of 40 active user accounts as of June 13, 2023, and identified 2 accounts (5 percent) for individuals who had terminated from the DSS or from a contractor. System access had not been removed although the individuals had been terminated for 9 and 13 months prior to our review. In the annual review that commenced upon our inquiries, MHD security officers identified and removed access for these 2 accounts.



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The Health Insurance Portability and Accountability Act (HIPAA) requires the state to follow 45 CFR Section 164.308(a)(3)(ii)(C), which requires implementation of procedures for terminating access to electronic protected health information when the employment of a workforce member ends. The failure to perform timely reviews of MMIS user access rights and remove all terminated employees' and contractors' access on a timely basis increases the risk of unauthorized access and may compromise the confidentiality and integrity of MMIS data. Furthermore, reviews of user access rights serve as an internal control over the administration of the Medicaid and the CHIP. Regulation 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 review user access to the MMIS annually and ensure inappropriate access, including that of terminated users, is removed in a timely manner.

Auditee's Response

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

**2023-003.
Medicaid and CHIP New
Provider Eligibility**

Federal Agency: Department of Health and Human Services (DHHS)
Federal Program: 93.767 Children's Health Insurance Program
2022 - 2205MO5021
2023 - 2305MO3002 and 2305MO5021
93.778 COVID-19 - Medical Assistance Program
93.778 Medical Assistance Program
2022 - 2205MO5MAP and 2205MO5ADM
2023 - 2305MO5MAP and 2305MO5ADM
State Agency: Department of Social Services (DSS) - MO
HealthNet Division (MHD) and Missouri Medicaid
Audit and Compliance (MMAC)
Type of Finding: Internal Control (Material Weakness) and
Noncompliance

The DSS needs to improve internal control to ensure new provider applications for participation in the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) are properly reviewed and screened as required by federal regulations and state procedures. MMAC Provider Enrollment Unit staff did not fully complete and/or retain new provider enrollment application checklists for 3 of 40 (8 percent) new providers sampled. There were approximately 10,000 new Medicaid and CHIP providers enrolled during the year ended June 30, 2023.



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To enroll in the Medicaid and CHIP programs, providers of medical services must be licensed in accordance with federal, state, and local laws and regulations. Regulations 42 CFR 455 Subpart E and 42 CFR Section 457.990⁶ require new provider enrollments be subjected to specific screening and enrollment requirements.

MMAC personnel are responsible for reviewing new provider enrollment applications to determine whether the provider meets eligibility requirements. MMAC procedures for enrolling new providers⁷ require MMAC Provider Enrollment Unit personnel to complete a new provider enrollment application checklist to ensure all the necessary screening steps were performed. The procedures include multiple steps, including verifying the legal business name with the Secretary of State, screening the DHHS - Office of Inspector General website and the sex offender registry, and ensuring the provider's professional license is active. Completed checklists serve as documentation the enrollment application was properly reviewed and required screening steps were performed before the application was approved and the provider enrolled. Most reviews are performed and checklists prepared by MMAC personnel without any supervisory review. Checklists prepared by new staff are reviewed by experienced staff or supervisors. Once a staff member has demonstrated the ability to process and approve applications with little or no errors, supervisory reviews are limited to random monthly reviews.

MMAC procedures for enrolling new providers were not sufficient to ensure new provider enrollment application checklists, documenting the review and screening of applications, were completed and retained for each new provider enrolled. To test compliance with eligibility requirements for new providers, we reviewed enrollment documentation for a randomly-selected sample of 40 newly enrolled providers during the year ended June 30, 2023. Complete checklists were not on file for 3 (8 percent) of the providers. A checklist was missing for one provider, and checklists prepared for two providers did not include initials of the preparer attesting the final steps of the checklist were complete.

Without complete new provider enrollment application checklists, the DSS lacks documentation that established internal controls to ensure reviews and screenings were performed for all new enrollments as required. The failure to ensure providers were properly screened as required prior to enrollment can result in Medicaid and CHIP payments being made to ineligible providers, which would be unallowable costs of the federal programs and could require

⁶ Regulation 42 CFR Section 457.990 requires the same enrollment requirements for CHIP providers as Medicaid providers, established at 42 CFR Part 455, Subpart E.

⁷ The procedures for both enrolling new providers and revalidating existing providers are included in the internal document titled "MMAC Revalidation Procedures."



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repayment by the state from state resources. Regulation 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 MMAC review, strengthen, and enforce internal controls to ensure complete new provider enrollment application checklists are prepared and retained documenting that new Medicaid and CHIP provider applications were reviewed and screened as required.

Auditee's Response

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

**2023-004.
Medicaid and CHIP
Receipt Controls**

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2022 - 2205MO5021
2023 - 2305MO3002 and 2305MO5021
93.778 COVID-19 - Medical Assistance Program
93.778 Medical Assistance Program
2022 - 2205MO5MAP and 2205MO5ADM
2023 - 2305MO5MAP and 2305MO5ADM
State Agency: Department of Social Services (DSS) - MO
HealthNet Division (MHD)
Type of Finding: Internal Control (Material Weakness)

The MHD does not have adequate controls in place to ensure the proper management of receipts. The MHD does not adequately restrict user access within the Medicaid Management Information System (MMIS) and does not account for all cash control numbers to ensure all checks and money orders received are properly deposited or returned to senders if the payment cannot be accepted.

Effective October 2022, processing of receipts for the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) was moved from the DSS - Division of Finance and Administrative Services (DFAS) to the MHD. During the year ended June 30, 2023, the DSS processed receipts totaling approximately \$1.2 billion. These receipts include checks and money orders received from participants, providers, and insurance companies for items such as premiums, reimbursements, and taxes.

MHD Financial Operations and Reporting Unit (FORU) staff receive checks and money orders, post the receipts to the receipts module in the MMIS, and prepare deposit transmittals. MHD program staff apply the receipts to the applicable accounts in the accounts receivable module in the MMIS. Of the



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approximately \$1.2 billion, less than \$25 million (2 percent) was received through a contracted bank lockbox, then posted to the Automated Health System, which accounts for payments received from participants, using a contractor created data file and deposited by contractor employees.

MMIS user access

The MHD does not adequately restrict user access within the receipts and accounts receivable modules in the MMIS. The FORU Senior Accountant and the Accountant can access checks and money orders, record receipts and change receipt records in the MMIS, update or close the related accounts receivable in the MMIS, apply the restrictive endorsement to checks, and prepare deposit transmittals. MHD officials indicated these two employees need full access to the MMIS in case of employee absences or turnover. However, there are no documented independent or supervisory reviews of the MMIS entries and changes made by these employees, which increases the risks of misappropriation and undetected errors.

Proper segregation of duties separates the duties of handling and recording receipts from the duties of modifying accounts receivable records. If proper segregation of duties cannot be achieved, it is essential to document independent or supervisory reviews of MMIS entries and changes made by employees whose duties are not segregated.

Cash control numbers

The MHD's reconciliations of receipts, deposits, and checks and money orders on hand are not sufficient to account for all cash control numbers to ensure all checks and money orders received are properly deposited or returned to senders.

The MMIS and the Automated Health System assign receipt numbers, also called cash control numbers, when receipts are scanned and posted in the systems. MHD staff reconcile receipts listed on deposit transmittals to system-generated deposit reports daily, and reconcile open transaction reports to checks and money orders in the MHD's safes weekly. However, neither of these reconciliations account for the sequence of all cash control numbers. MHD officials indicated there are instances when the systems skip a cash control number due to a system error when a receipt is being recorded; however, the procedure to monitor for or account for these skipped numbers was discontinued in the transition of receipting duties from the DFAS to the MHD.

During a count of undeposited items and a review of related receipt records on December 11, 2023, auditors noted numerous omitted cash control numbers. At our request, MHD officials reviewed the omitted cash control numbers and determined several were skipped by the system and the remaining numbers were included in deposits on various other days.



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Failure to properly account for cash control numbers increases the risk of misappropriation.

Conclusions

Strong internal controls are necessary to ensure Medicaid and CHIP receipts are accounted for properly. Regulation 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." Paragraphs 10.03 and 10.12 of the *Standards for Internal Control in the Federal Government*, also known as the Green Book, provide that management should establish physical controls to periodically compare vulnerable assets to control records; secure and safeguard vulnerable assets; and consider segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, design alternative control activities to address the risk.

Recommendation

The DSS through the MHD review, strengthen, and enforce internal controls over Medicaid and CHIP receipts. The MHD should restrict user access within the MMIS for FORU accounting personnel and adequately segregate asset custody and receipt recording duties from accounts receivable duties, or perform documented supervisory reviews of MMIS entries and changes made by employees whose duties are not segregated. In addition, the MHD should establish procedures to account for all cash control numbers to ensure all receipts are deposited or returned to senders.

Auditee's Response

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

**2023-005.
 Medicaid and CHIP
 MAGI-Based Participant
 Eligibility
 Redeterminations**

Federal Agency: Department of Health and Human Services (DHHS)
 Federal Program: 93.767 Children's Health Insurance Program
 2022 - 2205MO5021
 2023 - 2305MO3002 and 2305MO5021
 93.778 COVID-19 - Medical Assistance Program
 93.778 Medical Assistance Program
 2022 - 2205MO5MAP and 2205MO5ADM
 2023 - 2305MO5MAP and 2305MO5ADM
 State Agency: Department of Social Services (DSS) - MO
 HealthNet Division (MHD) and Family Support
 Division (FSD)



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Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

As similarly noted in our 4 previous audits,⁸ the DSS does 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 certain participants whose eligibility is based on the Modified Adjusted Gross Income (MAGI). The DSS did not correct manual system overrides for approximately 11,500 (1 percent) MAGI-based participants, preventing their cases from being closed when necessary, and did not perform redeterminations for those participants requiring redeterminations once previously-suspended requirements resumed.

To ensure MAGI-based participants continue to be eligible for benefits, 42 CFR Section 435.916 requires a redetermination of eligibility once every 12 months, or when circumstances affecting a participant's eligibility change. The regulation requires termination of benefits when a participant no longer meets eligibility requirements. During the period March 19, 2020, to March 31, 2023, the eligibility redetermination and most termination requirements were temporarily suspended in response to the COVID-19 Public Health Emergency (PHE). During that period, all validly enrolled participants on March 19, 2020, were to remain continuously enrolled, except for participants who requested removal, moved out of state, or died. Effective April 1, 2023, the DSS was required to initiate redeterminations within 12 months, and complete redeterminations within 14 months, for all participants. Of the approximately 1.5 million Medicaid and CHIP participants as of June 30, 2023, approximately 1.1 million were MAGI-based participants.

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 eligibility benefit technicians. Eligibility information is transferred from MEDES into the Medicaid Management Information 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, out of state move, or voluntary closure. For some exceptions, the MEDES automatically closed the case. For other exceptions, an FSD eligibility benefit technician manually recorded the reason for closure and initiated closure of the participant's case in the MEDES. The COVID-19/Annual Renewals Unwinding User Acceptance

⁸ See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2022-002, 2021-005, 2020-003, and 2019-005.



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Test Plan (unwinding plan), submitted to the DHHS - Centers for Medicare and Medicaid Services (CMS), provided that redeterminations would resume on April 1, 2023, and be completed over a 14-month period. Per the unwinding plan, for the year ended June 30, 2023, redeterminations were to be initiated for all participants with April, May, and June due dates and completed for participants with April due dates.

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 the previously established manual overrides, which prevented the system from taking automatic actions such as identifying cases needing redetermination and closing cases. Additional overrides have also been made subsequent to the June 2017 corrections.

In the response to recommendations in the prior 4 audits, and in the unwinding plan, DSS officials indicated they developed a report and process to identify MEDES participants with overdue redeterminations due to system problems; and effective April 1, 2023, they planned to begin removing the manual overrides and performing redeterminations for these participants. However, as of June 30, 2023, the DSS had not developed a usable report, reviewed these participants to ensure they remained eligible and did not meet one of the exceptions requiring termination during the PHE, or initiated or completed redeterminations for all participants with April due dates. As a result, cases for participants with manual overrides that did not meet eligibility requirements prior to, during, or after the PHE ended, may not have been closed. After our inquiries, the DSS developed a usable report in August 2023, identifying approximately 11,500 individuals with active overrides, or 1 percent of the MAGI-based participant population.

The DSS Corrective Action Plan (CAP) and Summary Schedule of Prior Audit Findings for prior audit finding number 2022-002 state 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. However, these processes have not been applied to all participant cases with manual system overrides needing closure. Although our random sample of 60 (of over 1 million) MAGI-based participants that were continuously enrolled during the year ended June 30, 2023, did not identify any participants with previously-established overrides, the condition remained that participants with manual overrides applied to their case had not been identified or reviewed to ascertain whether they continue to meet eligibility requirements.



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The failure to implement adequate internal controls to ensure ineligible participant cases are closed and redeterminations are performed as required can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which would be unallowable costs of the federal programs. Regulation 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 and correct cases for participants with manual overrides in the MEDES, ensure redeterminations are completed for these participants as required, and close the cases of any ineligible participants. In addition, the DSS should ensure system controls are functioning as designed for these participants.

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 no participants with manual overrides were identified in the audit sample. Once the DSS finally identified these participants in August 2023 (despite recommendations in the prior 4 audits), the DSS confirmed there were approximately 11,500 participants with active overrides, or 1 percent of the MAGI-based participant population. The significant internal control weaknesses associated with these participants, which have existed for many years, remain regardless of whether any of these participants were selected in the audit sample. The CAP states the DSS had processes in place to terminate eligibility for individuals who were deceased, voluntarily requested closure, or reported they moved out of state. However, as noted in the finding, these processes were not applied to all participant cases with manual system overrides, and instead of proactively reviewing cases as recommended, the DSS merely reacted when information was provided to them. Until the manual overrides are corrected and/or applicable participants reviewed, there will be continued circumvention of established internal controls and risk of improper payments on these cases. Therefore, this finding is valid.

**2023-006.
Medicaid and CHIP
Participant Eligibility
Terminations**

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
2022 - 2205MO5021
2023 - 2305MO3002 and 2305MO5021
93.778 COVID-19 - Medical Assistance Program
93.778 Medical Assistance Program
2022 - 2205MO5MAP and 2205MO5ADM
2023 - 2305MO5MAP and 2305MO5ADM



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State Agency:	Department of Social Services (DSS) - MO HealthNet Division (MHD) and Family Support Division (FSD)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance
Questioned Costs:	\$1,555

The DSS does not have sufficient controls to ensure benefits are terminated for participants no longer eligible for the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). Our review found a death match was not operating in the Medicaid Eligibility Determination and Enrollment System (MEDES) during the year ended June 30, 2023. Additionally, for 2 of 60 participant cases sampled, the DSS received information requiring participant case termination, but did not manually terminate the participants' eligibility in the applicable eligibility system. There were approximately 1.5 million Medicaid and CHIP participants as of June 30, 2023.

To ensure participants continue to be eligible for benefits, 42 CFR Sections 435.916(d) and 435.952(a) require the agency to redetermine eligibility whenever it receives information about a change in a participant's circumstances that may affect eligibility. The regulation requires termination of benefits when a participant no longer meets eligibility requirements. During the period March 19, 2020, to March 31, 2023, the eligibility redetermination and most termination requirements were temporarily suspended in response to the COVID-19 Public Health Emergency (PHE), except for participants who requested removal, moved out of state, or died.

Termination of benefits originate from various sources including periodic matches against external records, or information voluntarily provided by the participant and/or their relatives. Certain match results automatically update participant eligibility in the eligibility systems.⁹ When other information is received, such as voluntarily-provided information or certain external match reports, a manual entry in the applicable eligibility system is generally required to initiate the termination and close the case.

To test compliance with eligibility requirements, we reviewed eligibility documentation for a randomly-selected sample of 60 Medicaid and CHIP participants enrolled prior to the audit period and continuously enrolled during the year ended June 30, 2023. Of the 60 participants, 3 qualified for one of the PHE exceptions requiring termination during the PHE; however, 2

⁹ The MEDES is used for participants whose eligibility is based on their Modified Adjusted Gross Income, and the Family Assistance Management Information System (FAMIS) is used for Aged, Blind and Disabled program participants.



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of the 3 participant cases were not terminated in the applicable eligibility system upon their death or request for voluntary closure.

Vital records death match Our investigation of the participant not terminated after his death noted the DSS monthly death match against Department of Health and Senior Services (DHSS) vital records information was not operating during the audit period. DSS officials indicated the death match, which automatically terminates eligibility for participants upon their death, was eliminated from the MEDES due to system problems sometime before the beginning of the audit period and had not resumed as of our inquiry in March 2024. Because the death match was not operating, coupled with the failure to make a manual entry (see subsequent explanation), the participant was not terminated in the MEDES.

When operating, the monthly DHSS vital records death match serves as a key internal control to identify and terminate participants.

Information received For both participants, information requiring participant case termination was received by the DSS; however, DSS personnel did not manually terminate the participants' eligibility in the applicable eligibility system.

- For the participant not terminated after his January 2023 death, DSS personnel indicated when the DSS received a monthly Social Security Administration report listing the participant as deceased, the date of death was updated in the FAMIS for a previously-closed case, but was not updated in the MEDES for the current case. The date of death was also updated in the Medicaid Management Information System (MMIS), the claims payment system, but the participant's case was not terminated in the MEDES.

When we brought this issue to management's attention in October 2023, DSS officials closed the case. There were no benefit payments made after the participant's death, so there are no questioned costs associated with this error.

- For the participant not terminated upon request, DSS personnel did not close the case when the contracted call center received a call in July 2021 from the participant's mother requesting voluntary closure of the case. Call center personnel documented the request in the MEDES case notes; however, DSS officials indicated case closure was not finalized by DSS personnel because the phone call transfer from the call center to the DSS failed. DSS officials indicated they do not have procedures to ensure cases are terminated in these situations.

After we identified this error, DSS officials closed the case in November 2023. Medicaid payments made on behalf of the participant after the request for voluntary closure totaled \$2,358 during the year ended June 30, 2023. We question the federal share, or \$1,555 (65.94 percent).



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Medicaid payments made during the period from the date of the request for voluntary closure to the date of case closure, totaled \$5,317 (\$3,540 federal share and \$1,777 in state funding).

Conclusions

The failure to implement and enforce adequate internal controls to ensure ineligible participant cases are closed as required can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which would be unallowable costs of the federal programs and result in payments from state funds that should not have occurred. Regulation 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, strengthen, and enforce internal controls to ensure ineligible participant cases are closed when necessary and resume the DHSS vital records death match in the MEDES.

Auditee's Response

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

Auditor's Comment

The DSS Corrective Action Plan states the DSS partially agrees with the finding because the FAMIS eligibility system death match with state records is functional and the annual review process in MEDES includes a death match with federal records. However, not all MEDES participants are subject to the death match in the FAMIS. If the participant does not receive other benefits from the DSS, they are not in the FAMIS where the death match process occurs. Additionally, the MEDES annual review process was not fully functional during the PHE. Therefore the finding is valid.

**2023-007.
 Medicaid and CHIP
 Eligibility Determination
 Timeliness**

Federal Agency: Department of Health and Human Services
 Federal Program: 93.767 Children's Health Insurance Program
 2022 - 2205MO5021
 2023 - 2305MO3002 and 2305MO5021
 93.778 COVID-19 Medical Assistance Program
 93.778 Medical Assistance Program
 2022 - 2205MO5MAP and 2205MO5ADM
 2023 - 2305MO5MAP and 2305MO5ADM
 State Agency: Department of Social Services (DSS) - MO
 HealthNet Division (MHD) and Family Support
 Division (FSD)
 Type of Finding: Noncompliance



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As noted in our previous audit,¹⁰ the DSS did not perform eligibility determinations within required timeframes for participants of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). In our test of compliance with eligibility requirements for the year ended June 30, 2023, we noted 7 of 120 eligibility determinations were made 2 to 27 days after the required timeframes, and averaged 15 days late.

The FSD is responsible for determining the eligibility of Medicaid and CHIP participants. FSD eligibility benefit technicians perform the majority of eligibility determinations using participants' Modified Adjusted Gross Income (MAGI). For the remaining non-MAGI participants, including participants in the MO HealthNet Aged, Blind, and Disabled programs, eligibility is not based on their MAGI. As of June 30, 2023, there were approximately 1.1 million MAGI-based participants and approximately 387,000 non-MAGI-based participants.

To ensure applicants are able to receive necessary medical care timely, 42 CFR Section 435.912(c)(3) requires new Medicaid eligibility determinations be made within 45 days of application and within 90 days of application for applicants who apply for benefits on the basis of disability. Regulation 42 CFR Section 435.912(e) allows exceptions to these timeframes in certain unusual circumstances, such as a doctor's delay. Regulation 42 CFR Section 457.340(d) requires the same timeliness standards for CHIP participants.

To test compliance with eligibility requirements, we reviewed randomly-selected samples of 60 MAGI-based participants, and 60 non-MAGI-based participants, all of which were new enrollments, subject to the timeliness requirements. The DSS did not meet timeliness requirements for 2 of the 60 MAGI-based eligibility determinations (3 percent) and 5 of the 60 non-MAGI-based determinations (8 percent). The 7 late determinations were made 2 to 27 days after the required 45-day or 90-day requirement, and averaged 15 days late.

DSS officials indicated the FSD was not able to process applications in a timely manner because of increased workloads associated with a backlog created by the expansion of Medicaid in 2021, continued increases in annual federal Health Insurance Marketplace open enrollment applications, and staffing shortages.

In addition to noncompliance with federal requirements, the failure to ensure determinations are performed timely can result in potentially eligible participants not receiving necessary medical care.

¹⁰ See single audit report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2023030>>, finding number 2022-003.



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Recommendation

The DSS through the MHD and the FSD ensure participant eligibility is determined within the required timeframes.

Auditee's Response

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

2023-008.
Department of Social
Services Cost Allocation

Federal Agency:	Department of Health and Human Services (DHHS)
Federal Program:	93.090 Guardianship Assistance 2022 - 2201MOGARD 2023 - 2301MOGARD
	93.558 Temporary Assistance for Needy Families 2022 - 2201MOTANF 2023 - 2301MOTANF
	93.658 Foster Care Title IV-E 2022 - 2201MOFOST 2023 - 2301MOFOST
	93.659 Adoption Assistance 2022 - 2201MOADPT 2023 - 2301MOADPT
	93.667 Social Services Block Grant 2022 - 2201MOSOSR 2023 - 2301MOSOSR
	93.778 COVID-19 - Medical Assistance Program
	93.778 Medical Assistance Program 2022 - 2205MO5ADM 2023 - 2305MO5ADM
State Agency:	Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Children's Division (CD)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance

As similarly noted in our previous audit,¹¹ DSS controls and procedures were not sufficient to ensure some administrative costs were allocated to federal programs in an equitable and consistent manner. Random moment time studies (RMTS) containing over 200 invalid staff surveys were used to allocate administrative costs. For the year ended June 30, 2023, costs totaling approximately \$1.08 million were incorrectly allocated to 6 programs. As a result, approximately \$546,000 (federal share) was allocated to state funding, that could have been allocated to federal funding for 4 programs.

¹¹ See single audit report at <<https://auditor.mo.gov/AuditReport/ViewReport?report=2023030>>, finding number 2022-004.



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The DFAS uses the AlloCAP system to identify, measure, and allocate costs to state and federal programs in accordance with its Public Assistance Cost Allocation Plan (PACAP). The PACAP, which is governed by Regulation 45 CFR Section 95 Subpart E, is updated by the DFAS quarterly and periodically reviewed and approved by the DHHS - Division of Cost Allocation Services and various federal grantor agencies. Each quarter, DFAS personnel import expenditure data from the state's accounting system into the AlloCAP system, which allocates costs to programs through allocation methodologies outlined in the department's PACAP.

The DSS uses the RMTS allocation method (as outlined in the PACAP) to allocate various administrative costs including salaries, benefits, and other operational costs. The CD is responsible for the RMTS process, in which randomly-selected CD staff are contacted by email at random moments and asked to record what program/activity they are engaged in at that moment. These surveyed time results are used to approximate the proportion of the costs that apply to the various programs. DFAS enters the RMTS process results into the AlloCAP system, where the RMTS allocation method applies the results to a cost pool of federal program administrative costs. During the year ended June 30, 2023, administrative costs totaling approximately \$152.4 million were allocated using over 8,000 RMTS process surveys, to 6 programs through the AlloCAP system: Social Services Block Grant (SSBG), Temporary Assistance for Needy Families (TANF), Guardianship Assistance, Foster Care, Adoption Assistance, and the Medical Assistance Program.

During the year ended June 30, 2023, the RMTS process included 26 invalid CD staff, who completed 229 invalid surveys. These invalid staff were state program staff paid from a different, non-federal cost pool. The invalid surveys led to inaccurate RMTS process results; and as a result, the RMTS allocation over-allocated costs to the SSBG and TANF programs and under-allocated costs to the other programs during the year ended June 30, 2023, as shown in the following table.

Program Name	Over-allocation	Under-allocation	Under-allocation (Federal Share)
Social Services Block Grant	\$ 496,878	0	0
Temporary Assistance for Needy Families	583,558	0	0
Adoption Assistance	0	197,056	98,528
Foster Care	0	791,547	395,136
Guardianship Assistance	0	61,997	30,999
Medical Assistance Program	0	29,836	21,201
Total	\$ 1,080,436	1,080,436	545,864

DFAS and CD officials indicated when developing the AlloCAP system and updating the PACAP and the RMTS process, the invalid subset of CD staff were inadvertently included in the sample universe. This error was not



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detected during the DSS's original development effort (2017 and prior), nor through the CD's ongoing internal controls and procedures over the RMTS process. After we notified the DSS of the errors, the CD updated the RMTS process to properly exclude invalid staff from the sample universe, and the DFAS indicated it would similarly revise its PACAP. The DFAS and the CD then used the updated RMTS process results to revise previous quarters' RMTS allocations and AlloCAP system results. Finally, the DFAS indicated it would resolve the 4 programs with under-allocations (federal share) by requesting increasing adjustments in each program's June 30, 2024, quarterly expenditure report. The DFAS indicated increasing adjustments totaling approximately \$108,000 (federal share) will also be made in the June 30, 2024, quarterly reports, for similar errors during the quarter ended September 30, 2023.

DSS personnel indicated it was unnecessary to revise the federal reports for the SSBG and TANF programs because allocations for those grants were already fully expended. Because significant portions of those programs are state-funded, the allocation errors could be applied to state funding portions. We do not question any federal costs associated with the errors identified in this finding because the resulting over-allocations were not attributable to federal funding. If this cost allocation issue had not been identified during the audit, the DSS could have continued to spend allowable costs from state taxpayer funds instead of claiming to federal funding sources.

Regulation 45 CFR Section 75.405(a) states, "[a] cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received." In addition, without adequate internal controls and procedures over the allocation of administrative costs, there is increased risk that costs will not be allocated in an equitable and consistent manner. Regulation 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 continue to strengthen internal controls and procedures over the PACAP, the AlloCAP system, the RMTS process, and the RMTS allocation to ensure costs are properly allocated to federal programs. In addition, the DSS should revise the PACAP to reflect updates to the RMTS process.

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.



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Auditor's Comment

The DSS Corrective Action Plan (CAP) states the DSS partially agrees with the recommendation because it does not agree PACAP and AlloCAP system internal controls need to be strengthened, since the errors occurred in the RMTS process. However, because the RMTS process is a component of the PACAP and the AlloCAP system, and the errors identified in the finding impacted both the RMTS allocation and AlloCAP results, and varied from PACAP intentions, the recommendation that the DSS strengthen controls over all applicable cost allocation processes is valid.

If this cost allocation issue had not been identified during the audit, based on the errors during the 5 quarters ended September 30, 2023, we estimate at least \$100,000 could have continued to be spent each quarter from state taxpayer funds instead of claimed to federal funding sources.

**2023-009.
Adoption Savings**

Federal Agency: Department of Health and Human Services (DHHS)
Federal Program: 93.659 Adoption Assistance
2022 - 2201MOADPT
2023 - 2301MOADPT
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 does not have adequate internal controls and procedures related to adoption savings requirements. As a result, the amount of adoption savings reported in the federal fiscal year (FFY) 2022 Annual Adoption Savings Calculation and Accounting Report was overstated by approximately \$1 million. If the error had not been identified during the audit, the DFAS would have had to demonstrate approximately \$1 million in additional expenditures for required services.

Since October 1, 2009, the Title IV-E Adoption Assistance program expanded eligibility provisions for any child who meets "applicable child" criteria as defined in 42 USC 673(e). Use of the applicable child eligibility provisions tends to result in more eligible children than under previous provisions and provides additional federal Adoption Assistance program funding, allowing states to reduce the level of nonfederal funds for these services. The resulting reduction in nonfederal (state) spending is referred to as "adoption savings," and is calculated based on the claims made on behalf of those children who, absent the applicable child eligibility criteria, would not have been eligible for federal Adoption Assistance program benefits. States are required to spend, from nonfederal funds, an amount equal to any calculated adoption savings they achieve, for other child welfare service activities permitted under Titles IV-B or IV-E, of which at least 30 percent must be for certain services.



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The DFAS reports adoption savings and adoption savings expenditures in the Annual Adoption Savings Calculation and Accounting Report to the federal DHHS. During the year ended June 30, 2023, the DFAS submitted the Annual Adoption Savings Calculation and Accounting Report for FFY 2022. Our review of the FFY 2022 Adoption Savings Calculation and Accounting Report noted DFAS personnel entered 2 inaccurate values (in Line 3, Column A and Line 5, Column A), which led to errors in multiple lines and columns in the report, as summarized in the table below. These errors include an overstatement of adoption savings by approximately \$1 million, and an overstatement of the cumulative unexpended adoption savings balance by approximately \$1 million.

Reporting Line Title - FFY 2022	Reported	Actual	Over/(Under)
Section A: Adoption Savings Calculation			
Line 4, Column A			
Adoption Assistance Payment Savings (federal share)	\$ 10,035,687	9,008,340	1,027,347
Line 6, Column A			
Adoption Administration Savings (federal share)	518,812	552,649	(33,837)
Line 7, Column A			
Total Adoption Savings (federal share)	\$ 10,554,499	9,560,989	993,510
Section C: Unexpended Adoption Savings			
Line 17, Column A			
Reporting Period Unexpended Balance of Adoption Savings	\$ 7,125,982	6,132,472	993,510
Line 17, Column C			
Cumulative ¹ Unexpended Balance of Adoption Savings	\$ 14,085,156	13,091,646	993,510

¹ FFYs 2022 and prior

These errors were not detected during DFAS supervisory review procedures. After we notified the DFAS of the errors, the DFAS corrected and re-submitted the FFY 2022 report. Once corrected, the DSS remained in compliance with spending requirements.

Titles 42 USC 673(a)(8)(B)(ii) and 42 USC 673(a)(8)(B)(iii) require states to report annually to the DHHS their adoption savings and adoption savings expenditures. Title 42 USC 673(a)(8)(A) requires states to calculate the adoption savings resulting from using applicable child eligibility provisions during the fiscal year. Title 42 USC 673(a)(8)(D)(i) requires states to spend an amount equal to the calculated adoption savings on any service provided to children of families under Titles IV-B or IV-E, at least 30 percent of which must be spent on post-adoption services, post-guardianship services, and services to support and sustain positive permanent outcomes for children at risk of entering foster care.

Effective internal controls and procedures are needed to ensure Annual Adoption Savings Calculation and Accounting Reports are prepared accurately, and the DSS is compliant with the adoption savings requirements.



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Regulation 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 DFAS strengthen internal controls and procedures to ensure Annual Adoption Savings Calculation and Accounting Reports are accurately prepared and submitted to ensure compliance with federal adoption savings requirements.

Auditee's Response

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

**2023-010.
SLFRF Program
Subrecipient Monitoring**

Federal Agency: Department of the Treasury (Treasury)
Federal Program: 21.027 COVID-19 - Coronavirus State and Local
Fiscal Recovery Funds
SLFRP4542
State Agency: Office of Administration (OA)
Type of Finding: A - Internal Control (Material Weakness) and
Noncompliance
B - Internal Control (Material Weakness) and
Noncompliance

The OA has not established policies and procedures regarding monitoring subrecipients of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. As a result, the OA did not comply with the Uniform Guidance (UG) requirements regarding identifying and monitoring subrecipients of the SLFRF program.

The OA is the lead agency responsible for administering the SLFRF program. The purpose of the SLFRF program is to provide funding to respond to the COVID-19 public health emergency (PHE) or its negative impacts; respond to workers performing essential work during the PHE; provide government services, to the extent of the reduction in revenue due to the PHE (revenue replacement); and make necessary investments in water, sewer, or broadband infrastructure. The OA and various state agencies designed projects within the allowable SLFRF program categories, and are responsible for administering the projects. The OA developed the American Rescue Plan Act Grant Portal (portal) to serve as the official repository of information and documentation supporting each SLFRF program project. The state agencies upload supporting documentation to the portal, including contracts, payment requests, and other supporting documentation. Most payments are made on a reimbursement basis. The OA reviews each payment request and processes the payments.



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Some SLFRF program projects are administered through subawards. The OA establishes contracts with each subrecipient that outline various SLFRF program requirements, terms, and conditions. In the Schedule of Expenditures of Federal Awards (SEFA), the OA reported approximately \$86 million was passed through to subrecipients of the SLFRF program during the year ended June 30, 2023. This amount represents approximately 50 percent of the SLFRF program expenditures. These awards were administered through the OA and 7 other state agencies. However, as noted in finding A., the amount is not accurate due to subrecipient determination errors.

Of the 8 state agencies that administered subawards reported in the SEFA during the year ended June 30, 2023, 3 administered the majority of the subawards, with payments totaling approximately \$72.7 million, or 85 percent of the total subrecipient payments reported in the SEFA. Our review and testing of subrecipient monitoring procedures focused on the OA and the 3 state agencies. For the 3 state agencies, a total of 55 recipients were identified as subrecipients in the SEFA. However, as noted in finding A., some of these recipients were not truly subrecipients.

To understand the OA and agency procedures, and to test compliance with subrecipient monitoring requirements, we randomly selected a sample of payments to 9 subrecipients for the 3 state agencies.¹² The 9 subrecipients were awarded nearly \$166 million in SLFRF program funding and were paid a total of approximately \$36.5 million during the year ended June 30, 2023. We reviewed records in the portal supporting the subaward and 1 payment for each of the 9 subrecipients. We reviewed payments totaling approximately \$8 million.

A. Subrecipient Determination

The OA has not established policies and procedures to determine whether recipients¹³ of SLFRF program funds are subrecipients or contractors. As a result, some recipients were incorrectly classified as subrecipients, and the OA lacks a complete and accurate listing of subrecipients.

Subrecipient monitoring requirements are outlined in the UG. Regulation 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 subrecipient¹⁴ is dependent on whether the entity is responsible for making eligibility

¹² Of the 9 subrecipients selected, 2, 3, or 4 were selected from each state agency.

¹³ SLFRF program recipients can also be classified as "beneficiaries" when they receive funding as end users.

¹⁴ As defined by 2 CFR Section 200.331(a).



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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.

The OA did not evaluate each SLFRF program recipient for the UG criteria, and make a determination whether the entity was a subrecipient or contractor. OA officials assigned responsibility for making these determinations and identifying subrecipients to the applicable state agencies, but did not provide clear guidance to the state agencies or ensure the state agencies properly performed and documented the determinations. Two of the 3 state agencies had not documented their determination for any of their sampled subrecipients and the other state agency had not documented their determinations for 1 of 3 sampled subrecipients.

Our analysis and review of the population of 55 subrecipients identified in the SEFA for the 3 state agencies revealed 2 of the state agencies had incorrectly recorded several recipients as subrecipients. For example, 1 agency incorrectly reported 8 revenue replacement project subawards, with payments totaling approximately \$18.1 million and another agency incorrectly reported a revenue replacement project subaward, with payments totaling approximately \$89,000, as subrecipients, during the year ended June 30, 2023. The Treasury SLFRF FAQ 13.14 says recipients of revenue replacement funds are not subrecipients. One of the agencies also incorrectly reported a software contractor, with payments totaling approximately \$295,000, as a subrecipient.

Without adequate procedures over subrecipient or contractor determinations, the OA lacks assurance that its subrecipients have been identified for subrecipient monitoring purposes.

B. Subrecipient Monitoring

The OA did not implement an effective subrecipient monitoring program to monitor the SLFRF program subrecipients. As a result, some subrecipient monitoring procedures were not performed as required by the UG.

Regulation 2 CFR Section 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. Risk assessments may consider factors such as the subrecipient's prior experience with the same or similar subawards, the results of previous audits, whether the subrecipient has new personnel or new or substantially-changed systems, and the extent and results of federal awarding agency monitoring. Regulation 2 CFR Section 200.332(d) requires pass-through entities to monitor the activities of the subrecipient as necessary to ensure that the subrecipient is in compliance with



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federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity; (2) following up and ensuring 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, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address single audit findings related to the particular subaward; and (3) issuing a management decision for applicable findings pertaining only to the federal award provided to the subrecipient from the pass-through entity. Regulation 2 CFR Section 200.332(f) requires pass-through entities to verify that every subrecipient had a single audit when it is expected that the subrecipient spent \$750,000 or more during the subrecipient's fiscal year.

To monitor subrecipients of the SLFRF program, the OA relies on its pre-payment monitoring process and does not perform any post-payment monitoring procedures. The OA did not establish policies and procedures over the pre-payment review process and these reviews were not always clearly documented. In addition, the OA did not formally communicate with the state agencies regarding subrecipient monitoring responsibilities or ensure the state agencies performed monitoring reviews. The information communicated to the state agencies in memos and emails and during periodic meetings with state agency officials were not formalized in a policy and did not cover all relevant compliance requirements. In addition, the OA did not perform risk assessments or ensure subrecipients received single audits as required by the UG.

Risk assessments

The OA did not perform required risk assessments for subrecipients of the SLFRF program to determine the nature, timing, and extent of monitoring procedures necessary. None of the 3 state agencies performed risk assessments for the sampled subrecipients.

OA officials indicated they did not believe risk assessment procedures were necessary because extensive pre-payment monitoring procedures are performed for all payments. In addition to complying with federal requirements, risk assessments are necessary to ensure monitoring reviews are conducted with adequate frequency to help ensure subrecipient compliance with program requirements.

OA pre-payment monitoring procedures

The OA has not developed policies and procedures outlining its pre-payment monitoring procedures and did not always clearly document monitoring performed prior to making payments.

In their review and approval of each SLFRF subrecipient payment request, OA officials stated they thoroughly review supporting documentation



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uploaded to the portal by the state agencies, including contracts, bid documentation, invoices, and other supporting documentation. OA officials further stated they review for compliance with certain types of SLFRF program compliance requirements, including allowable activities and allowable costs, procurement, and period of performance. However, the OA does not clearly document review procedures performed. For each of the 9 subrecipients sampled, the portal included documentation pertaining to some, but not all of the applicable compliance requirements. For example, for all 9 subrecipient payments reviewed, the portal lacked any documentation the subrecipient used a competitive procurement process to obtain the applicable items or services. Also, for 3 of the 9 payments reviewed, the portal included summary invoices, but did not include sufficiently detailed documentation showing compliance with the allowable activities and allowable costs and period of performance compliance requirements.

Without documented policies and procedures and documentation of pre-payment monitoring procedures performed, the OA cannot demonstrate subrecipient monitoring procedures were performed.

Additional monitoring
procedures

The OA does not monitor subrecipients beyond the pre-payment monitoring process previously described. In addition, the OA did not formally communicate with the state agencies regarding subrecipient monitoring responsibilities or ensure the state agencies performed monitoring reviews.

Subrecipient contracts outline various federal requirements and terms and conditions that subrecipients must comply with both before and after receiving payments. For example, the purpose of a contract with a subrecipient is "Preparing and Credentialing Employees for Tomorrow." In addition to complying with various requirements prior to requesting reimbursement, the subrecipient is also required to comply with various requirements, terms, and conditions post-payment, such as ensuring performance goals are achieved.

OA officials indicated post-payment monitoring procedures are not necessary because extensive pre-payment monitoring procedures are performed for all payments. However, the pre-payment procedures alone are not sufficient to fully comply with the OA's subrecipient monitoring responsibilities to evaluate whether subrecipients complied with federal requirements and subaward terms and conditions, and subaward performance goals are achieved.

Additionally, the OA did not formally communicate subrecipient monitoring responsibilities to the state agencies or ensure the state agencies performed monitoring reviews. Our review of subrecipient monitoring procedures at the 3 state agencies noted none of the agencies had developed written policies or procedures regarding subrecipient monitoring, and review procedures did not



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cover all significant compliance requirements or were not always documented. While officials of 2 state agencies indicated they perform detailed pre-payment reviews for compliance with allowable activities and allowable costs, period of performance, and local match requirements, officials of the other agency explained they and the OA review only summary invoices from the subrecipients prior to payment. Officials of the other state agency stated they review the supporting documentation during their annual monitoring process; however, such reviews had not been performed for the sampled items. While officials of 1 state agency indicated they review compliance with procurement requirements, officials of 2 agencies indicated they do not review compliance with procurement requirements. Additionally, while officials of 2 state agencies described various post-payment review procedures including reviews for compliance with certain requirements, reviews of documentation supporting expenditures of funds advanced to the subrecipient, billing reviews of documentation supporting summary invoices, and reviews of the final work product; officials of the other agency indicated post-payment reviews are not performed.

In addition to noncompliance with subrecipient monitoring requirements, the failure to ensure sufficient monitoring procedures were performed and documented increases the risk that subrecipient noncompliance will not be prevented or detected timely.

Subrecipient audits

The OA did not conduct the required review of single audit reports for applicable SLFRF program subrecipients.

The OA does not have procedures to verify every subrecipient had a single audit when required. Our review of subrecipient monitoring procedures at the 3 state agencies noted 1 agency had not established a process to monitor and follow up on single audit reports. Officials from the OA and the agency stated they were not aware of the requirement to verify that single audits were obtained.

Each subrecipient that spent in excess of \$750,000 in federal awards during its fiscal year must obtain a single audit in accordance with the UG within 9 months after the end of the fiscal year. In addition to noncompliance with subrecipient monitoring requirements, the failure to ensure subrecipients received required audits and to review and follow up on the related audit reports, increases the risk that subrecipient noncompliance will not be identified and addressed.

Conclusions

OA officials stated they believe their pre-payment review procedures satisfy most of their subrecipient monitoring requirements. However, as noted throughout the finding, these procedures alone do not substitute for, or remove, the OA's comprehensive subrecipient monitoring responsibilities which include performing risk assessments; monitoring for compliance with federal requirements and subaward terms and conditions, and ensuring



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subaward performance goals are achieved; and reviewing subrecipient single audit reports. OA officials further indicated the state agencies were responsible for some of the subrecipient monitoring requirements. However, without clear communication and monitoring of these responsibilities, the OA lacks assurance of compliance with all subrecipient monitoring requirements.

Without an established subrecipient monitoring program, the OA cannot provide assurance subrecipients are complying with SLFRF program requirements and there is increased risk that noncompliance with program requirements or subaward terms and conditions will go undetected, or that subaward performance goals will not be achieved. In addition, a subrecipient monitoring program is necessary to demonstrate adequate internal controls over compliance with subrecipient monitoring requirements. Regulation 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." Paragraph 3.10 of the *Standards for Internal Control in the Federal Government*, also known as the Green Book, states "[e]ffective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors." Paragraph 12.01 states "[m]anagement should implement control activities through policies."

Recommendations

The OA:

- A. Develop policies and procedures to determine whether recipients of SLFRF program funds are subrecipients or contractors. Work with the state agencies to ensure accurate and documented determinations are prepared for all recipients, and modify subrecipient records as needed.
- B. Develop a subrecipient monitoring program in accordance with the Uniform Guidance, that includes performing risk assessments for each subrecipient for the purposes of determining the appropriate subrecipient monitoring procedures; monitoring for compliance with federal requirements and subaward terms and conditions, and ensuring subaward performance goals are achieved; and reviewing subrecipient single audit reports. Ensure tasks delegated to state agencies are adequately



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communicated and establish procedures to ensure those tasks are appropriately completed.

Auditee's Response

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

Auditor's Comment

Finding A.

The OA Corrective Action Plan (CAP) states the OA disagrees with the recommendation to develop policies and procedures since the requirements are already stated in the Uniform Guidance and SLFRF program regulations. The CAP states the OA believes improved communication with the state agencies and ensuring compliance with federal regulations can be performed in lieu of developing policies and procedures. Because effective internal controls include documented policies and procedures that clearly communicate responsibilities and prevent misunderstandings, this finding is valid.

**2023-011.
 OA Statewide SEFA**

Federal Agency:	Department of Housing and Urban Development Department of the Treasury Department of Labor Department of Health and Human Services
Federal Program:	14.231 Emergency Solutions Grant Program 21.023 COVID-19 - Emergency Rental Assistance Program 17.225 Unemployment Insurance 93.575 COVID-19 - Child Care and Development Block Grant 93.575 Child Care and Development Block Grant
State Agency:	Office of Administration (OA) - Division of Accounting (DOA)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance

DOA controls and procedures related to the preparation of the statewide Schedule of Expenditures of Federal Awards (SEFA) were not sufficient; and as a result, a complete and accurate SEFA was not prepared timely for the year ended June 30, 2023. The statewide SEFA reported the state expended



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approximately \$20.9 billion¹⁵ in federal funds in the year ended June 30, 2023.

Each state agency and office prepares and submits a SEFA survey to the DOA and the DOA compiles the statewide SEFA. The SEFA reports total expenditures and amounts passed through to subrecipients for each federal program, and is supported by the Notes to the SEFA (Notes). The SEFA is a key component of the annual Single Audit, which is required to be completed no later than 9 months after fiscal year-end (March 31, 2024, for the year ended June 30, 2023). In addition to providing an opinion on the SEFA, the State Auditor's Office uses the SEFA for many critical Single Audit tasks including determining and identifying Type A and large Type B thresholds and programs, determining major federal programs, and ensuring required audit procedures are performed.

Untimely SEFA

The year ended June 30, 2023, SEFA was not prepared by the DOA until February 28, 2024, 8 months after fiscal year end and 1 month before the Single Audit reporting deadline. Because the DOA prepares the SEFA after the State of Missouri Annual Comprehensive Financial Report (ACFR) draft has been prepared, and the fiscal year 2023 ACFR draft was prepared over 7 months after fiscal year end, the fiscal year 2023 preparation of the SEFA was delayed. The delayed preparation of the SEFA negatively impacted the completion of various Single Audit tasks, and contributed to the delay in issuance of the fiscal year 2023 Single Audit. The DOA has indicated that staff turnover and increased workload in other areas contributed to the delayed SEFA.

Regulation 2 CFR 200.512 requires the state to submit its Single Audit report to the Federal Audit Clearinghouse no later than 9 months after the fiscal year-end.

SEFA errors

The fiscal year ended June 30, 2023, SEFA and Notes included various errors and misstatements including:

- The Emergency Solutions Grant Program (Assistance Listing No. 14.231) and the COVID-19 - Emergency Rental Assistance Program (Assistance Listing No. 21.023) were not included in the SEFA. Expenditures for these programs totaled \$1,542,983 and \$9,514,168, respectively. After we notified the DOA of these errors, the DOA revised the statewide SEFA.

¹⁵ The statewide SEFA does not include federal award expenditures of the public universities and other component units.



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- The Unemployment Insurance program (Assistance Listing No. 17.225) expenditures reported in the SEFA were \$7,059,661 more than the amount reported in Note 2 - Unemployment Insurance Expenditures. In addition, the Notes did not include the correct program name. After we notified the DOA of these errors, the DOA revised the statewide SEFA and the Notes.
- Amounts shown in the "Amount Provided to Subrecipients" column for some programs were overstated because the DOA lacks procedures to ensure amounts transferred from one state agency to another state agency are not reported in this column. For example, the amount reported for the Child Care and Development Block Grant (Assistance Listing No. 93.575) was overstated by \$19,486,185, which represents transfers from the Department of Social Services to the Department of Elementary and Secondary Education.

Part 3-M-1 of the Compliance Supplement states, "Transfers of federal awards to another component of the same auditee under 2 CFR Part 200, Subpart F, do not constitute a subrecipient or contractor relationship." Since this error did not result in a material misstatement to the SEFA, no correction was made by the DOA.

The errors occurred without detection due to (1) staff turnover, (2) inadequate documented procedures for preparing the SEFA, and (3) inadequate review procedures.

Conclusions

Strong internal control is necessary to ensure the SEFA is prepared timely, accurately, and in compliance with federal requirements. Regulation 2 CFR Section 200.510(b) requires the recipient of federal awards to prepare a SEFA including federal awards expended for each federal program. Regulation 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 OA through the DOA strengthen controls and procedures to prepare a timely and accurate statewide SEFA. Such procedures should provide for proper reporting of subrecipient amounts.

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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2023-012.
CACFP Subrecipient
Reimbursements

Federal Agency: United States Department of Agriculture (USDA)
Federal Program: 10.558 Child and Adult Care Food Program
(CACFP)
2021, 2022, 2023 - CACFP
2021, 2022, 2023 - CACFP-CIL
2022 and 2023 - CACFP-SPON
State Agency: Department of Health and Senior Services (DHSS) -
Bureau of Community Food and Nutrition Assistance
(BCFNA)
Type of Finding: Internal Control (Material Weakness) and
Noncompliance
Questioned Costs: \$0

The BCFNA does not have sufficient controls and procedures to ensure CACFP reimbursements to subrecipients are allowable and supported with sufficient documentation. As a result, significant unallowable and unsupported reimbursements are made without being prevented or detected on a timely basis.

The BCFNA administers the CACFP through contracts with child and adult care centers and sponsors of centers (subrecipients) that provide meals to eligible children and adults under their care. The facilities/sponsors determine eligibility of each participant for free or reduced price meals, and are reimbursed at fixed rates for the number and type of meals served. During the year ended June 30, 2023, the BCFNA paid over 750 facilities/sponsors approximately \$75 million for meal services. Disbursements to facilities/sponsors represented approximately 98 percent of the program's expenditures.

To receive reimbursement for meals provided to eligible participants, CACFP facilities/sponsors submit monthly claims through the CNPWeb (CNP) claim system. The CNP system has edit checks to prevent and detect certain claim errors, such as meal claims that exceed facility/sponsor total enrollment and/or license capacity, or claims for types of meals the facility/sponsor was not approved to serve. Claims that pass the edit checks are reviewed by a BCFNA Public Health Program Associate, while claims that do not pass the edit checks are returned to the facility/sponsor for revision. Facilities/sponsors are not required to provide supporting documentation with their claim. Facilities/sponsors are required to maintain and retain detailed records, including meal count, attendance, enrollment and eligibility determination records, receipts, menus, and other documentation to support meals claimed. BCFNA nutritionists perform periodic monitoring reviews of the facilities/sponsors and disallow costs associated with claim errors identified. These reviews have identified significant issues and claim errors, including some potentially fraudulent activity, and led to over 15 contract terminations in recent years.



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Since meal reimbursements are made without any supporting documentation, the BCFNA relies on system edit checks and subrecipient monitoring procedures to prevent and detect meal reimbursement claim errors. However, these edits and procedures alone are not sufficient to prevent and detect unallowable and unsupported meal reimbursement claims on a timely basis. The BCFNA has not implemented procedures to review supporting documentation, at least on a test basis, except for testing performed during routine monitoring reviews generally conducted once every 1 to 3 years for each facility/sponsor, and technical assistance reviews performed at the request of the facility/sponsor. Additionally, as noted in finding number 2023-013, weaknesses in the BCFNA monitoring procedures were identified.

Our review of documentation supporting a randomly-selected sample of 60 BCFNA monitoring reviews conducted for 58 CACFP facilities/sponsors¹⁶ during the year ended June 30, 2023, noted BCFNA disallowances (overclaims/underclaims) in 41 of 58 (71 percent) reviews for which meal reimbursement claims were tested.¹⁷ Overclaims totaled \$50,954 (36 reviews) and underclaims totaled \$280 (5 reviews), with a net overclaim of \$50,674, or at least 11 percent of claims tested by the BCFNA.¹⁸ Disallowances resulted from various errors including incorrect or unsupported eligibility determinations, meal counts, attendance records, or noncompliance associated with menus and food purchases. The BCFNA adjusted subsequent claims to recoup or reimburse for the identified overclaims/underclaims.^{19, 20} Erroneous and unsupported reimbursements represent at least 11 percent of meal reimbursements tested. If similar errors were made on the remaining population of CACFP meal reimbursements totaling approximately \$74.6 million, unallowable costs could be significant.

Without sufficient controls to ensure the accuracy of facility/sponsor meal reimbursement claims, the BCFNA cannot demonstrate adequate internal controls to ensure CACFP costs are allowable and supported, and the risk of paying unsupported and unallowable claims will continue. Regulation 7 CFR

¹⁶ Our sample included 2 facilities/sponsors that each had 2 monitoring reviews selected in the sample.

¹⁷ The BCFNA did not quantify overclaim amounts for 2 reviews that resulted in termination. See finding number 2023-013.

¹⁸ For each facility/sponsor reviewed, the BCFNA tested claims within a test month, and claims totaled \$482,654 during the test months.

¹⁹ For overclaims, the BCFNA recoups amounts in excess of a \$100 threshold, established in accordance with 7 CFR Section 226.8(f) which states in conducting management evaluations, reviews, or audits, the state agency or the USDA may disregard an overpayment if the overpayment does not exceed \$600. A state agency may establish an alternate disregard threshold that does not exceed \$600. No overpayment is to be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.

²⁰ If overpayments of \$100 or less are excluded, the error rate is at least 10 percent. If overpayments of \$600 or less are excluded, the error rate is at least 9 percent.



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Section 226.7(k) requires the BCFNA to establish procedures for institutions to properly submit claims for reimbursement. Such procedures must include edit checks, including but not limited to, ensuring payments are made only for approved meal types and that the number of meals for which reimbursement is provided does not exceed the product of the total enrollment times operating days times approved meal types. Regulation 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. Furthermore, 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. 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."

Finding classification

This finding is classified as a material weakness in internal control and material noncompliance with the federal activities allowed, allowable costs, and subrecipient monitoring requirements.

The noncompliance identified in the finding is material based on the results of our audit sample, which identified at least 11 percent of subrecipient meal reimbursements tested by the BCFNA were not in compliance with federal requirements. The 11 percent error rate exceeds our audit materiality threshold of 4 percent. While the errors identified in the finding were corrected, similar material noncompliance in the remainder of the payments not tested is likely.

Our decisions regarding the classification of the internal control deficiencies were made in accordance with AU-C Section 935, Compliance Audits, and the *AICPA Audit Guide: Government Auditing Standards and Single Audits* (Audit Guide). The Audit Guide provides the following definitions regarding internal control 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 a 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." "A reasonable possibility exists when the likelihood of the event is either *reasonably possible* or *probable* ..." *Reasonably possible* is "[t]he chance of



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the future event or events occurring is more than remote but less than likely." *Probable* means "[t]he future event or events are likely to occur."

The failure to design and implement adequate controls and procedures to ensure CACFP reimbursements to subrecipients are allowable and supported led to material noncompliance with the applicable requirements. The BCFNA's controls failed to prevent the material noncompliance identified. While the BCFNA's controls detected and corrected the payment errors identified, the detection and correction was not timely, occurring up to 3 years after the payments were made. Also, the detection and correction was limited to only 1 test month per subrecipient without any attempt to identify and correct noncompliance that occurred beyond the test month because, as noted at finding number 2023-013, the BCFNA's controls do not provide for expanded testing when significant errors are identified. Therefore, similar, material noncompliance in the remainder of the payments not tested is likely. Further, because the internal control deficiencies have not been corrected, similar, material noncompliance in future payments is likely. For these reasons, the deficiencies are considered a material weakness.

Recommendation

The DHSS through the BCFNA strengthen internal controls over meal reimbursements to CACFP facilities/sponsors to ensure costs are allowable 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 (CAP) states the DHSS disagrees with the State Auditor's Office (SAO) finding; and believes BCFNA controls over meal reimbursements are strong, the BCFNA is in full compliance with all requirements, and no corrective action is needed. However, in making these statements, the DHSS has failed to recognize and acknowledge existing subrecipient reimbursement and monitoring procedures have allowed serious and material subrecipient noncompliance.

Regulation 7 CFR Section 226.7(k) requires the BCFNA to establish procedures for subrecipients to properly submit claims for reimbursement. Given the level of material subrecipient noncompliance that has and continues to occur, BCFNA procedures are clearly not sufficient to prevent future noncompliance. The BCFNA has focused on individual components of its systems, but has not holistically evaluated whether the procedures, collectively and in their entirety, comply with the federal requirements intended to ensure subrecipient reimbursements are allowable and supported. The BCFNA continues to strictly follow existing procedures without making adequate adjustments to address and mitigate the serious subrecipient reimbursement problems. Recognizing problems and reacting to those



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problems are critical components of an effective internal control structure designed to ensure compliance with the federal requirements.

The DHSS CAP argues the 11 percent error rate, based on the sample of monitoring reviews performed during the year ended June 30, 2023, is inflated because the reviews are proportionally more likely to include a higher number of claims with discrepancies. However, this error rate is just one indicator of the serious ongoing subrecipient problems.

The DHSS CAP includes various misrepresentations of the contents of the finding and the recommendation. These statements, which attempt to negate or reduce the significance of the noncompliance noted in the finding, are listed below (in quotes):

1) "The SAO has not noted any specific noncompliance with federal requirements regarding subrecipient monitoring." This statement is incorrect. The finding states the BCFNA has not complied with 7 CFR Section 226.7(k) requirements (and related Uniform Guidance requirements) regarding procedures for ensuring claims are properly submitted. Furthermore, finding number 2023-013 states the BCFNA did not comply with overall federal subrecipient monitoring requirements as well as specific components of those requirements, including properly following up and ensuring subrecipients take timely and appropriate action on all deficiencies identified and disallowing and recovering improper payments.

2) "Reviewing supporting documentation with every individual reimbursement claim at the time of submission as suggested in the finding..." This statement is incorrect. The finding does not suggest or recommend that the BCFNA require or review documentation for every claim prior to payment. Instead, the finding recommends the BCFNA strengthen internal controls over meal reimbursements to ensure costs are allowable and supported.

3) "Out of the SAO's test sample of 60 monitoring reviews, only 9 of the overclaims were over the \$600 threshold of acceptable risk set by the USDA." This statement is incorrect. Of the 36 sampled monitoring reviews with overclaims totaling \$50,954, 13 reviews with overclaims totaling \$46,724, were in excess of \$600. As noted in the finding, if the remaining 23 overpayments of \$600 or less, totaling \$4,230 are excluded, the error rate is at least 9 percent.

Subrecipient data clearly shows significant subrecipient noncompliance is occurring within the CACFP program. These problems cannot be denied and should not be ignored. Until the DHSS recognizes these problems, acknowledges there are weaknesses in its existing procedures, and takes



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action to strengthen its procedures, significant improper payments to subrecipients will likely continue.

2023-013.
CACFP Subrecipient
Monitoring

Federal Agency: United States Department of Agriculture (USDA)
Federal Program: 10.558 Child and Adult Care Food Program
(CACFP)
2021, 2022, 2023 - CACFP
2021, 2022, 2023 - CACFP-CIL
2022 and 2023 - CACFP-SPON
State Agency: Department of Health and Senior Services (DHSS) -
Bureau of Community Food and Nutrition Assistance
(BCFNA)
Type of Finding: A - Internal Control (Significant Deficiency) and
Noncompliance
B - Internal Control (Material Weakness) and
Noncompliance
Questioned Costs: Unknown

BCFNA subrecipient risk assessment and monitoring procedures are not sufficient to ensure CACFP subrecipient compliance with program requirements. During the year ended June 30, 2023, the BCFNA disbursed approximately \$75 million to over 750 CACFP subrecipients, which consist of child and adult care centers and sponsors of centers. Disbursements to subrecipients represented approximately 98 percent of the program's expenditures.

As part of its pass-through responsibilities, 7 CFR Section 226.6(a)(5), the BCFNA is required to ensure subrecipients effectively operate the program. Regulation 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. Regulation 2 CFR Section 200.332(d) requires pass-through entities to monitor the activities of the subrecipient as necessary to ensure the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

The BCFNA's subrecipient monitoring process, outlined in the Internal Nutritionist Manual, provides the requirements for monitoring the CACFP facilities/sponsors. The manual provides the planned frequency and type of monitoring activities, monitoring methods, and corrective action requirements. The manual requires the preparation of a risk assessment at the end of each monitoring review that assigns a grade of A, B, B-, or C to the facility/sponsor based on the number and severity of deficiencies and findings. Facilities/sponsors that receive a C grade are determined to be "Seriously Deficient." The assigned grade determines the required timing of future monitoring reviews of the facility/sponsor. Facilities/sponsors with an



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A grade will be next monitored in 3 years, a B grade within 2 years, a B-grade within 6 months to 1 year, and a C grade within 90 days.

During each monitoring review, BCFNA personnel review documentation supporting a sample of claims during a test month. Any identified errors and associated overclaims/underclaims exceeding established thresholds²¹ are recouped/reimbursed in the facility's/sponsor's future claims. When reviews identify noncompliance, facilities/sponsors are required to prepare and submit a Corrective Action Plan (CAP) to the BCFNA. In addition, as noted at finding number 2023-012, the BCFNA relies on these subrecipient monitoring procedures to prevent and detect meal reimbursement claim errors. Monitoring reviews have identified significant issues and claim errors, including some potentially fraudulent activity, and led to over 15 contract terminations in recent years.

To test compliance with subrecipient monitoring requirements, and to evaluate the effectiveness of BCFNA monitoring procedures, we reviewed and analyzed a randomly-selected sample of 60 BCFNA monitoring reviews conducted for 58 CACFP facilities/sponsors²² during the year ended June 30, 2023. While our review found the sample monitoring reviews were performed in accordance with the policies and procedures outlined in the Internal Nutritionist Manual, we identified areas where these policies and procedures could be strengthened and improved to ensure facilities/sponsors comply with program requirements and submit proper claims.

Our review and analysis of the 60 sampled monitoring reviews noted the monitoring reviews identified significant errors, noncompliance, disallowances, and overclaims. Our comparison of the sampled reviews to prior reviews noted deficient facilities/sponsors generally had continued deficiencies and little improvement from prior reviews, as shown below:

- 30 facilities/sponsors received an A grade, while 28 received grades of B, B-, or C
- Of the 26 facilities/sponsors that received grades of B, B-, or C, and had a prior review, 19 (73 percent)²³ received the same or lower grade than the prior review

²¹ For overclaims, the BCFNA recoups amounts in excess of a \$100 threshold, established in accordance with 7 CFR Section 226.8(f) which states in conducting management evaluations, reviews, or audits, the state agency or the USDA may disregard an overpayment if the overpayment does not exceed \$600. A state agency may establish an alternate disregard threshold that does not exceed \$600. No overpayment is to be disregarded where there is substantial evidence of violations of criminal law or civil fraud statutes.

²² Our sample included 2 facilities/sponsors that each had 2 monitoring reviews selected in the sample.

²³ 7 (27 percent) received a higher grade than the prior review, 6 (23 percent) received the same grade, and 13 (50 percent) received a lower grade.



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- Of the 5 facilities/sponsors that received a C grade and had a prior review, 2 (40 percent) received the same grade as the prior review, and 3 (60 percent) received a lower grade than the prior review
- 2 of the 5 facilities/sponsors that received a C grade were terminated as a result of the review or a subsequent 90-day follow-up review
- For 41 of 58 (71 percent) monitoring reviews for which the BCFNA tested claims²⁴ (with claims totaling \$482,654 during the test months), the BCFNA identified net overclaims totaling \$50,674, or at least 11 percent of the reimbursements tested.²⁵

A. Risk Assessments

The BCFNA prepares and uses risk assessments to determine the extent of monitoring necessary for each facility/sponsor. However, these risk assessments consider only the previous monitoring review grade (conducted up to 3 years previously), and do not consider other pertinent risk factors outlined in federal regulations. Regulation 2 CFR Section 200.332(b) suggests risk assessments should consider the subrecipient's prior experience with the same or similar subawards, the results of previous audits, whether the subrecipient has new personnel or new or substantially-changed systems, and the extent and results of federal awarding agency monitoring. Upon our inquiries about these risk factors, BCFNA officials indicated they are not required to consider these other factors in the risk assessments.

While federal regulations provide the BCFNA discretion in selecting risk factors to consider, limiting risk assessments to only one risk factor and ignoring other relevant factors hinders the BCFNA's ability to identify red flags and fraud risk factors and properly assess facility/sponsor risk of noncompliance. Sufficient risk assessments are necessary to ensure monitoring reviews are conducted with adequate frequency to help ensure subrecipient compliance with program requirements.

Finding classification

This finding is classified as a significant deficiency in internal control and nonmaterial noncompliance with the federal subrecipient monitoring requirements regarding risk assessments.

As noted in the finding, BCFNA risk assessments do not meet the spirit of the federal regulation which suggests the extent and level of monitoring for each subrecipient be based on various risk factors. As a result, there is a risk that monitoring reviews will not be performed as frequently and thoroughly as needed to identify and address subrecipient noncompliance. Because the

²⁴ The BCFNA did not quantify overclaim amounts for 2 reviews that resulted in termination, as subsequently discussed in this finding.

²⁵ If overpayments of \$100 or less are excluded, the error rate is at least 10 percent. If overpayments of \$600 or less are excluded, the error rate is at least 9 percent.



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BCFNA does perform risk assessments for each subrecipient and does monitor the subrecipients with lower grades with more frequency, the finding did not rise to a level of material noncompliance, and was therefore considered nonmaterial noncompliance.

Our decisions regarding the classification of the internal control deficiencies were made in accordance with AU-C Section 935, Compliance Audits and the *AICPA Audit Guide: Government Auditing Standards and Single Audits* (Audit Guide). In addition to the definitions outlined in part B of this finding, the Audit Guide states "[a] *significant deficiency in internal control over compliance* is a deficiency, or a 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." Our evaluation of the deficiencies for the possibility and magnitude of potential noncompliance determined the deficiencies are considered a significant deficiency.

B. Subrecipient Monitoring Procedures

Our review of BCFNA subrecipient monitoring procedures noted areas that should be strengthened and improved.

Corrective action plans

BCFNA CAP review procedures are not adequate to ensure facilities/sponsors have made or planned sufficient corrective actions to address noncompliance, as required by federal regulations.

The Internal Nutritionist Manual requires nutritionists to review subrecipient CAPs outlining corrective actions taken or planned for completeness and to ensure the required action items are adequately addressed. However, this review is generally performed without verifying the accuracy of the CAP information through review of supporting documentation, testing, or other methods. The BCFNA does not require submission of supporting documentation of corrective actions taken or planned. BCFNA officials indicated they may request supporting documentation on occasion depending on the complexity of the finding; and indicated they verify the CAP during 90-day follow-up reviews of Seriously Deficient facilities/sponsors.

Of the 60 monitoring reviews in our sample, 51 required a CAP. The monitoring review documentation indicated the CAP was verified during the five 90-day follow-up reviews and one technical assistance review, but there was no documentation that the nutritionist verified the CAP information for any of the remaining 45 reviews (88 percent of the 51 reviews that required a CAP). Furthermore, our review of monitoring review documentation noted numerous instances where the prior year CAP indicated a specific deficiency was addressed, but the same deficiency was again noted in the subsequent review.



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Regulation 2 CFR Section 200.332(d) provides that monitoring must include following up and ensuring the subrecipient takes timely and appropriate action on all deficiencies identified. The USDA CACFP handbook, *Monitoring Handbook for State Agencies* (USDA Monitoring Handbook), provides that follow-up reviews (on-site or desk reviews of paperwork) may be conducted any time corrective action is required to ensure the facility/sponsor has completely corrected the review findings, according to their approved corrective action response. Example CAP forms included in the USDA Monitoring Handbook require facilities/sponsors to submit supporting documentation along with the CAP to verify corrections were made or will be implemented. The USDA CACFP handbook, *Serious Deficiency, Suspension, & Appeals for State Agencies & Sponsoring Organizations*, provides that facilities/sponsors deemed Seriously Deficient must submit additional supporting documentation with the CAP to document that corrective actions have occurred; this might include copies of income eligibility forms, enrollment rosters, staff training documentation, site monitoring reports, menus, child nutrition labels or manufacturers' product analysis sheets or recipes, attendance records, meal count forms, and itemized food receipts.

BCFNA officials stated they believe their practices comply with federal regulations. They also stated they believe federal regulations do not require physical verification or review of supporting documentation to verify the CAPs immediately at the time of submission, and following up during the next scheduled review is allowed. Without verifying information in CAPs submitted, the BCFNA cannot demonstrate compliance with federal regulations and lacks assurance the facilities/sponsors took timely and appropriate action on all deficiencies identified during monitoring reviews. In addition, there is increased risk that deficiencies will not be corrected and will continue without detection.

Claims testing

The Internal Nutritionist Manual and monitoring practices provide for testing of a sample of claims within only 1 test month during each monitoring review, and do not provide for expanded testing when significant errors are identified.

BCFNA personnel indicated monitoring reviews are limited to only 1 test month since the USDA Monitoring Handbook does not require expanded testing of records beyond 1 month. While the BCFNA performs additional testing during 90-day follow-up reviews for facilities/sponsors deemed Seriously Deficient, additional testing is not performed in any other situation. For example, one facility had a 43% overpayment rate and received a B grade and another facility had a 29% overpayment rate and received a B- grade; however, additional testing was not performed for either facility and subsequent monitoring was not yet scheduled for 2 years and 1 year, respectively.



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The USDA Monitoring Handbook suggests testing activities during 1 test month, and also suggests the state agency may determine additional review is warranted and review records beyond the test month to determine the extent of the noncompliance. When significant errors are identified, additional testing would help BCFNA nutritionists determine the extent that instances of noncompliance are isolated versus pervasive. Such information would be valuable to the overall conclusions and grade assigned to the review, and in decisions regarding subsequent monitoring.

Overclaim recoupment

BCFNA subrecipient monitoring procedures do not provide for identification and pursuit of recoupment of all overpayments associated with errors identified during monitoring reviews.

When overclaims due to noncompliance with eligibility requirements are identified during monitoring reviews, the BCFNA only identifies and seeks recoupment for the overclaims made during the test month. Overclaims associated with eligibility errors begin at the time the eligibility determination was made and continue until the error is discovered. Although the BCFNA is aware noncompliance occurred during the month(s) before the test month, the BCFNA does not attempt to identify those overclaims.

In addition, when a facility/sponsor is terminated, the BCFNA does not always identify or seek recoupment of overclaim amounts. In our sample of 60 monitoring reviews, contracts for 2 sponsors were terminated as a result of a 90-day follow-up review. For these 2 sponsors, in the reviews prior to the 90-day follow-up reviews, the BCFNA identified and recouped significant overclaims (\$21,998, or 99 percent of total claims tested for one sponsor; and \$3,501, or 64 percent, for the other sponsor). In the subsequent 90-day follow-up reviews for these 2 sponsors, significant claim errors were identified in the test month claims, which totaled \$12,445; however, the test month claims were not fully tested, and overclaims were not identified or recouped. Any overclaims not identified and recouped from these 2 terminated sponsors would be considered questioned costs; however, those questioned costs are unknown.

BCFNA officials indicated they do not pursue recoupment of overclaims beyond the test month because this practice is allowed by the USDA. They indicated they pursue recoupment of overclaims for facilities/sponsors with terminated contracts on a case-by-case basis, considering various factors. However, 7 CFR Section 226.14 provides that state agencies shall disallow and recover any portion of a claim for reimbursement not properly payable, including claims not made in accordance with recordkeeping requirements. Pursuing full recoupment would hold facilities/sponsors accountable for all overclaims and would serve as a deterrent to future errors, noncompliance, and overclaims. Furthermore, without procedures to identify and recoup all



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overclaims, there is a risk that significant overclaims will go undetected and unrecovered, and questioned costs could be significant.

Conclusions

In addition to complying with federal requirements, strong subrecipient monitoring procedures are necessary to ensure facilities/sponsors comply with program requirements, submit proper claims, and address deficiencies identified. Without strong internal controls, there is increased risk of noncompliance, errors, fraud, waste, and abuse of federal funds. Strong monitoring procedures would ensure facilities/sponsors are held accountable for and correct errors and noncompliance identified. The BCFNA should enhance procedures to provide for verification of CAPs and identification and recoupment of overclaims associated with all errors identified during monitoring reviews, as required by federal regulations; and expand testing when significant errors are identified.

Regulation 2 CFR Section 200.332(g) requires pass-through entities to consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records. Furthermore, 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. 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."

Finding classification

This finding is classified as a material weakness in internal control and material noncompliance with the federal subrecipient monitoring requirements.

Our audit of the BCFNA's compliance with federal subrecipient monitoring requirements concluded the BCFNA did not materially comply with federal requirements to ensure subrecipients effectively operate the CACFP and to monitor the activities of the subrecipient as necessary to ensure the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. This conclusion is based on the facts, deficiencies, and noncompliance stated in the finding, including the following: 1) Disbursements to subrecipients represented approximately 98 percent of the CACFP expenditures. 2) BCFNA subrecipient monitoring reviews identified significant errors, noncompliance, disallowances, and overclaims; and deficiencies identified often continued for years with little improvement from review to review. The 11 percent subrecipient payment error rate identified by the BCFNA, which exceeds our audit materiality threshold of 4 percent, along with the high rate of continued noncompliance,



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serve as indicators of the effectiveness or ineffectiveness of the BCFNA monitoring process. 3) The BCFNA did not comply with specific components of federal subrecipient monitoring requirements, including properly following up and ensuring subrecipients take timely and appropriate action on all deficiencies identified and disallowing and recovering improper payments. 4) Multiple deficiencies in monitoring procedures were identified, including the previously-listed deficiencies and inadequate payment testing.

In conducting a single audit in accordance with 2 CFR Part 200 (Uniform Guidance), auditors are required by 2 CFR Section 200.514(d)(1)(2), to determine whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs, as outlined in the OMB *Compliance Supplement*. While compliance with the USDA CACFP handbooks was considered in the our audit, our conclusion on compliance is based on the BCFNA's compliance with the federal statutes and regulations, as required.

Our decisions regarding the classification of the internal control deficiencies were made in accordance with AU-C Section 935, Compliance Audits and the Audit Guide. The Audit Guide provides the following definitions regarding internal control 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 a 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." "A reasonable possibility exists when the likelihood of the event is either *reasonably possible* or *probable*..." *Reasonably possible* is "[t]he chance of the future event or events occurring is more than remote but less than likely." *Probable* means "[t]he future event or events are likely to occur."

The failure to design and implement adequate controls and procedures over subrecipient monitoring led to material noncompliance with the subrecipient monitoring requirements. The BCFNA's controls failed to develop an effective subrecipient monitoring process that ensures subrecipients use subawards for authorized purposes, comply with the terms and conditions of the subawards, and achieve performance goals. Because the internal control deficiencies have not been corrected, it is probable that the material noncompliance will continue. For these reasons, the deficiencies are considered a material weakness.



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Recommendations

The DHSS through the BCFNA:

- A. Implement a CACFP subrecipient risk assessment process that is consistent with federal regulations.
- B. Review, strengthen, and enforce subrecipient monitoring procedures to ensure CACFP facilities/sponsors comply with program requirements, submit proper claims, and address deficiencies identified. The BCFNA should enhance procedures to provide for verification of CAP information and identification and recoupment of overclaims associated with all errors identified during monitoring reviews, as required by federal regulations; and expand testing when significant errors are identified. The DHSS should identify and recoup the overclaims for the 2 terminated sponsors noted in this finding.

Auditee's Response

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

Auditor's Comment

Finding A.

The DHSS Corrective Action Plan (CAP) states the DHSS disagrees with the State Auditor's Office (SAO) recommendation because they believe the BCFNA risk assessment process considers relevant information and complies with the substance and spirit of the federal regulations. During the audit, BCFNA officials stated their risk assessments consider only one risk factor because they are not required to consider all suggested risk factors outlined in 2 CFR Section 200.332(b). However, in their CAP, the DHSS claims the BCFNA formal risk assessment process considers all suggested risk factors.

During our audit, the documented risk assessments completed by DHSS for the 58 sampled subrecipients showed the BCFNA only considered one risk factor, and did not consider other pertinent risk factors outlined in 2 CFR Section 200.332(b), which contradicts the DHSS position presented in their CAP.

Additionally, the CAP indicates considerations for new personnel or systems are made during onsite monitoring visits; however, 2 CFR Section 200.332(b) requires these considerations to be evaluated prior to the monitoring visit as part of the risk assessment process.

Finding B.

The DHSS CAP states the DHSS disagrees with the SAO's recommendation that monitoring procedures should be strengthened. The CAP states the DHSS believes the BCFNA has a strong system of internal controls over



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subrecipient monitoring documented in the Internal Nutritionist Manual and believes these controls are in compliance with federal regulations. However, in making these statements, the DHSS has failed to recognize and acknowledge existing subrecipient monitoring procedures have allowed serious and material subrecipient noncompliance.

As part of its pass-through responsibilities outlined in the federal regulations, the BCFNA is required to ensure subrecipients comply with federal regulations and terms and conditions of the subaward, and effectively operate the program. Given the level of material subrecipient noncompliance that has occurred and continues to occur, BCFNA subrecipient monitoring procedures are clearly not sufficient to prevent future noncompliance. The BCFNA has focused on individual components of its systems, but has not holistically evaluated whether the procedures, collectively and in their entirety, comply with the federal subrecipient monitoring requirements. The BCFNA continues to strictly follow existing procedures without making adequate adjustments to address and mitigate the serious subrecipient problems. Recognizing problems and reacting to those problems are critical components of an effective internal control system designed to ensure compliance with the federal requirements.

The finding addresses three specific aspects of the BCFNA subrecipient monitoring program that could be strengthened to help bring the BCFNA into overall compliance with federal subrecipient monitoring requirements. Some individual processes are not in compliance with federal regulations and some could be improved by doing more than what is minimally required. The DHSS CAP argues they are in full compliance with each of these aspects and no improvements are needed.

Corrective action plans

The DHSS CAP claims the BCFNA process to verify subrecipient CAPs during the next scheduled review is in compliance with federal regulations which require the BCFNA to ensure subrecipients take timely and appropriate action. While verifications performed during 90-day follow up reviews would be considered timely, for verifications conducted 6 months to 3 years after receipt of the subrecipient CAP, it is impossible for the BCFNA to ensure corrective action was taken within timeframes indicated in the subrecipient CAP or to demonstrate compliance with this monitoring requirement. The DHSS CAP claims this process is in accordance with USDA regulations; however, as noted in the finding, USDA guidance suggests the BCFNA perform follow up reviews to ensure the subrecipient has completely corrected the review findings. When follow up reviews are not performed timely, the BCFNA has no assurance that subrecipients are in compliance with their CAPs.



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Claims testing

The DHSS CAP claims BCFNA procedures are adequate since they comply with the minimum USDA guidance for testing claims. The CAP further claims the Internal Nutritionist Manual allows for, and the BCFNA conducts, expanded testing beyond the test month when warranted. However, the manual does not mention testing beyond the test month, and no expanded testing was performed for any of the 60 sampled monitoring reviews. The finding notes instances where subrecipients had significant overpayment rates (43% and 29%), yet no additional testing was performed and subsequent monitoring was not scheduled for 1 or 2 years. This indicates the DHSS claims testing could be improved to ensure compliance with subrecipient monitoring responsibilities.

Overclaim recoupment

The DHSS CAP claims the BCFNA practice to pursue recoupment of overclaims for only the test month is adequate since this minimum practice is allowed by the USDA. This practice could be viewed as an incentive for subrecipients to intentionally overclaim meals, knowing that only 1 month of overclaims (out of a period up to 3 years since the last monitoring review) would be subject to repayment.

The CAP also claims recoupment of overclaims is pursued for subrecipients with terminated contracts on a case-by-case basis; however, such recoupment was not pursued for the 2 applicable sampled reviews with significant claims errors identified in the test month. Without pursuing recoupment of overclaims, the BCFNA is not in compliance with 7 CFR Section 226.14 and lacks strong policies for deterring future noncompliance and overclaims.

The DHSS CAP argues the 11 percent error rate, based on the sample of monitoring reviews performed during the year ended June 30, 2023, is inflated because the reviews are proportionally more likely to include a higher number of claims with discrepancies. However, this error rate is just one indicator of the serious ongoing subrecipient problems.

The DHSS CAP includes various misrepresentations of the contents of the finding. These statements, which attempt to negate or reduce the significance of the noncompliance noted in the finding, are listed below (in quotes):

1) "The SAO has not noted any specific noncompliance with federal requirements regarding subrecipient monitoring." This statement is incorrect. The finding states the BCFNA did not comply with overall subrecipient monitoring requirements as well as specific components of those requirements, including properly following up and ensuring subrecipients take timely and appropriate action on all deficiencies identified and disallowing and recovering improper payments.



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2) "Out of the SAO's test sample of 60 monitoring reviews, only 9 of the overclaims were over the \$600 threshold of acceptable risk set by the USDA." This statement is incorrect. Of the 36 sampled monitoring reviews with overclaims totaling \$50,954, 13 reviews with overclaims totaling \$46,724, were in excess of \$600. As noted in the finding, if the remaining 23 overpayments of \$600 or less, totaling \$4,230 are excluded, the error rate is at least 9 percent.

Subrecipient data clearly shows significant subrecipient noncompliance is occurring within the CACFP program. These problems cannot be denied and should not be ignored. Until the DHSS recognizes these problems, acknowledges there are weaknesses in its existing procedures, and takes action to strengthen its procedures, significant subrecipient noncompliance will likely continue.

2023-014.
Medicaid SPPC Participant
Choice Agreements

Federal Agency: Department of Health and Human Services (DHHS)
Federal Program: 93.778 COVID-19 - Medical Assistance Program
93.778 Medical Assistance Program
2022 - 2205MO5MAP and 2205MO5ADM
2023 - 2305MO5MAP and 2305MO5ADM
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 are completed and retained for participants of the State Plan Personal Care (SPPC) program. Required documentation was not on file for 3 of 60 participants reviewed.

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, 2023, the DHSS made payments totaling approximately \$1 billion on behalf of approximately 71,600 participants of the SPPC.

As part of the initial assessment and annual reassessment process, 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 uses Participant Choice Agreements to comply with 42 CFR Section 441.725 that requires participants be provided information and given choices regarding their care and that written consent be obtained from the individual. Due to the COVID-19 Public Health Emergency (PHE), the DHSS - Centers for Medicare and Medicaid Services (CMS) approved various requested temporary flexibilities to Medicaid



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requirements, effective March 2020 to May 11, 2023 (most of the audit period), including waiver of the written consent requirement and permitting documented verbal consent as an alternative.

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 required to ensure a signed Participant Choice Agreement was uploaded or (prior to May 11, 2023) verbal consent was documented. Once the Participant Choice Agreement is uploaded to the CyberAccess web tool by the assessor, the original agreement is not retained to prevent Health Insurance Portability and Accountability Act (HIPAA) breaches. Recently the DSDS identified a weakness in the upload process that has prevented successful upload of some Participant Choice Agreements, and because the original agreements are not retained, there is no record of those agreements.

To test compliance with federal requirements, we reviewed CyberAccess web tool records for 60 randomly-selected participants enrolled in the SPPC program during the year ended June 30, 2023. Of the 60 participants, 51 had assessments/reassessments prior to May 11, 2023 (when documented verbal consent was permitted in lieu of the Participant Choice Agreement), and 9 had assessments/reassessments on or after that date. For the 9 participants with reassessments completed on or after May 11, 2023, a Participant Choice Agreement was not retained in the CyberAccess web tool records for 3. One reassessment was completed by DSDS personnel and 2 were completed by providers. The DSDS quality assurance reviews did not identify the missing agreements. DHSS officials indicated the Participant Choice Agreements were completed but not uploaded to the CyberAccess web tool due to the system upload problem. However, without any documentation, we could not determine whether the Participant Choice Agreements were completed.

Without ensuring Participant Choice Agreements are completed and retained, the DSDS cannot demonstrate the participants were provided the proper choices in care services as required. Regulation 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 completed and retained for all participants of the State Plan Personal Care program. The DSDS should resolve the CyberAccess web tool upload weakness and identify and replace all missing Participant Choice Agreements with newly completed agreements.



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Auditee's Response

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

**2023-015.
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
2021, 2022, and 2023 - TITLXVIII
2021, 2022, and 2023 - TITLXIXSS
2022 and 2023 - CLIA
2022 and 2023 - TITLE18CRS
2022 and 2023 - XVIIIIMPAC
State Agency: Department of Health and Senior Services (DHSS) - Section for Long Term Care Regulations (SLCR)
Type of Finding: Noncompliance

As similarly noted in our 2 prior audit reports,²⁶ the SLCR did not perform facility survey procedures within required timeframes. In our test of compliance with facility survey requirements for 61 surveys performed during the year ended June 30, 2023, we noted some Statements of Deficiencies and Plan of Corrections were sent 11 to 26 days after the survey exit instead of within 10 days, and some facility revisits were completed between 62 and 100 days after instead of within 60 days of the initial survey date.

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. During the year ended June 30, 2023, the DHSS through the SLCR surveyed 548 providers, including 506 long-term care nursing facilities, 11 intermediate care facilities for individuals with intellectual disabilities, and 31 non-deemed hospitals.²⁷

²⁶ See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2022-007 and 2021-013.

²⁷ Non-deemed hospitals are approved for participation in the Medicaid program by the DHSS. Deemed hospitals are approved by the DHHS-CMS.



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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 exit. In addition, SOM Chapter 7, Section 7317.2, requires onsite revisits for long term care nursing facilities 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.

To test compliance with survey and certification requirements, we randomly selected 47 long-term care nursing facility surveys, 6 intermediate care facility for individuals with intellectual disabilities surveys, and 8 non-deemed hospital surveys, performed between July 1, 2022, and June 30, 2023. Of the 59 surveys that required a Statement of Deficiencies and Plan of Correction, 19 statements (32 percent) were sent to facilities between 11 and 26 working days after the survey exit instead of within 10 working days as required. In addition, of the 42 long-term care nursing facilities that required a revisit, the revisits to 9 facilities (21 percent) were completed between 62 and 100 days after the initial survey date instead of within 60 days as required.

DHSS officials indicated there were multiple contributing factors for these delays including DHSS staffing shortages, industry labor shortages, insufficient federal funding and increased workloads due to increased volume and severity of complaints received and violations identified, and the backlog of surveys due. DHSS officials further stated they have hired part-time retired surveyors, contracted with outside survey companies, and requested additional staff and increased salaries to help with the increased workload and backlog.

Conducting survey procedures within required timeframes helps to ensure providers are timely notified of deficiencies requiring correction so that timely follow up on those deficiencies can occur to provide assurance facilities are providing services to their clients that are in compliance with health and safety standards and conditions of participation.

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.

**2023-016.
Child Care Payments**

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 COVID-19 - Child Care and Development Block Grant



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	2021 - 2101MOCDC6
	2022 - 2102MOCCSC6
93.575	Child Care and Development Block Grant
	2021 - 2102MOCCC5
	2022 - 2202MOCCDD
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
	2022 - 2202MOCCDF
	2023 - 2302MOCCDF
State Agency:	Department of Elementary and Secondary Education (DESE)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance
Questioned Costs:	\$439

DESE controls over the Child Care Development Fund (Child Care) program's subsidy payments to child care providers are not sufficient to ensure correct rates are paid. As a result, the DESE overpaid providers for 2 of 60 payments sampled. The Child Care program transferred from the Department of Social Services (DSS) to the DESE, and the DESE became the lead agency responsible for all Child Care program policies and procedures effective August 28, 2021. Through June 2024,²⁸ the DSS continued to perform certain agreed-upon responsibilities of the program.

The DESE provides subsidy funds to child care providers who serve eligible clients (parents/caregivers). During the year ended June 30, 2023, clients applied to the DSS for participation in the Child Care subsidy program. The DSS maintains client and child eligibility records in the Families and Children Electronic System (FACES) for protective services children (e.g., receiving foster care or adoption assistance benefits); and the Family Assistance Management Information System (FAMIS) for all other children (income maintenance children²⁹). The DESE's electronic time and attendance reporting system, the Child Care Business Information Solution (CCBIS), interfaces with the FACES and the FAMIS to process payments to child care providers. During the year ended June 30, 2023, the DESE paid about \$181 million to over 2,400 providers that served approximately 42,200 children of eligible clients. Approximately 25 percent of the children served were protective services children, and approximately 75 percent were income maintenance children.

²⁸ In July 2024, eligibility and authorization responsibilities for the Child Care program transitioned to the DESE.

²⁹ Children in households receiving financial assistance for the purpose of maintaining a certain income level.



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Child care providers receive monthly payments based on authorized services and attendance information they submit in the CCBIS. Providers are paid daily rates referenced in the state plan for each child based on the child's age, type of facility, location of facility, daytime versus evening or weekend care, full-time versus half-time care, and protective services/income maintenance status. Except for children in the adoption assistance program for which the income maintenance rate is paid, the rates for children in protective services are higher than the rates for income maintenance children. For example, during the year ended June 30, 2023, the full-time daytime rate for an infant served by a Licensed Center located in Franklin County was \$55.00 for protective services children and \$33.90 for income maintenance and adoption assistance program children.

To test compliance with program requirements, we randomly selected a sample of 60 monthly payments totaling \$35,721 to providers for child care. Of these 60, 15 payments totaling \$15,151 were for protective services children and 45 payments totaling \$20,570 were for income maintenance children. The DESE overpaid child care providers on behalf of 2 protective services children (13 percent) for the month reviewed. The overpayments occurred because the DESE continued to pay the protective services rate after the children were adopted, instead of the lower income maintenance rate. Overpayments for these 2 children for the month reviewed totaled \$605. We question the federal share, or \$439 (72.56 percent). The overpayments represent 4 percent of the payments on behalf of protective services children sampled and 2 percent of the total sampled payments. Sampled payments totaled \$35,721 of the approximately \$181 million in total child care subsidy payments for the fiscal year ended June 30, 2023.

The system allowed these overpayments because the DESE does not have sufficient procedures to ensure rates are timely updated in the FACES when protective services children are adopted. For 1 child, who was adopted in December 2019, the DESE continued to pay the higher protective services rate until child care services for the child stopped in February 2023. For the other child, the DESE incorrectly paid the higher rate from the adoption date of June 2022, to the date DESE personnel updated to the correct rate in August 2022.³⁰ DESE personnel indicated the rates were not updated when required due to miscommunication between the DSS and the DESE regarding adoptions, staffing shortages at both departments, and DESE personnel's limited access to the FACES and the FAMIS.

Without adequate internal controls to ensure subsidy rates are timely updated when changes occur, there is increased risk of overpayments to child care providers that would be unallowable costs of the Child Care program.

³⁰ Questioned costs associated with months outside the review month were not determined.



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Regulation 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." Regulation 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.

Recommendation

The DESE review, strengthen, and enforce internal controls to ensure the correct Child Care subsidy rates are paid for protective services children who are adopted. The DESE should review payments on behalf of protective services children who were adopted and correct any overpayments identified.

Auditee's Response

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

2023-017. DESE FFATA Reporting

Federal Agency	Department of Health and Human Services (DHHS)
Federal Program:	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2022 - 2202MOCCDF
State Agency:	Department of Elementary and Secondary Education (DESE)
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance

As similarly noted in our 2 previous audits,³¹ the DESE needs to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting. During state fiscal year 2023, the DESE did not comply with FFATA reporting requirements for any of the 15 first-tier subawards,³² totaling approximately \$1.2 million, for the Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Child Care) program. FFATA reporting was 15 months past due for these subawards at the time of our review. First-tier subaward payments accounted for less than 1 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. Regulation 2 CFR Part 170, Appendix A, requires the DESE to report first-tier subawards of \$30,000 or more to the FFATA Subaward Reporting System

³¹ See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2022-009 and 2021-016.

³² First-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 DHHS.



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(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

The DESE did not ensure supervisory reviews of FFATA reporting were performed.

The DESE's FFATA Reporting policies and procedures require the Chief Operating Officer (COO) to verify information is accurately uploaded to the FSRS. However, the COO delegated these duties for some programs to various program liaisons. For example, for the year ended June 30, 2023, the Child Care program FFATA reporting responsibilities were delegated to the Child Care Fiscal Liaison. However, as subsequently noted, the required FFATA reporting was not performed for the Child Care program during the year ended June 30, 2023. Neither individual responsible ensured this information was prepared and uploaded to the FSRS.

Adherence to policies and procedures is necessary to ensure FFATA reporting is completed accurately and timely. Regulation 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."

FFATA reporting

The DESE did not comply with FFATA reporting requirements for the Child Care program. DESE personnel did not report any of the 15 subawards, totaling approximately \$1.2 million, requiring FFATA reporting during state fiscal year 2023, in the FSRS. FFATA reporting was 15 months past due for these subawards, at the time of our review. After we brought this to their attention, DESE personnel prepared and uploaded information for these subawards in the FSRS.

DESE personnel indicated the FFATA reporting errors occurred due to an oversight. 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 incomplete information.

Recommendation

The DESE ensure supervisory reviews of FFATA reporting are performed to verify that information is accurately uploaded to the FSRS. In addition, the DESE should complete FFATA reporting in accordance with the applicable requirements for the Child Care program.

Auditee's Response

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



State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
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2023-018.
Missouri National Guard
Cooperative Agreement
Extensions and Final
Accounting

Federal Agency: Department of Defense (DOD)
Federal Program: 12.401 National Guard Military Operations and Maintenance (O&M) Projects
2018 - W912NS-16-2-1001
2021 - W912NS-16-2-1002
2021 - W912NS-16-2-1011
2021 - W912NS-16-2-1023L
2021 - W912NS-16-2-1024
2022 - W912NS-16-2-1021S
State Agency: Missouri National Guard (MONG)
Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

The MONG does not have adequate controls and procedures to ensure a final accounting and/or a written request(s) for extension is timely filed for each National Guard Military O&M Projects program cooperative agreement (CA) appendix as required. A sample of 9 CA appendixes identified 6 CA appendixes for which the MONG did not complete some extension requests as required and/or did not complete some final accounting and/or extension requests within required timeframes. The MONG expended approximately \$58.2 million in National Guard Military O&M Project program funds during the state fiscal year ended June 30, 2023. Available MONG records showed approximately 23 open CA appendixes as of June 30, 2023.

The MONG entered into a Master Cooperative Agreement (MCA) with the DOD - National Guard Bureau (NGB) to provide support to the Army and Air National Guard in minor construction, maintenance, repair or operation of facilities, and mission operational support to be performed by the state. The MCA consists of the agreement and an appendix for each functional area. CA appendixes are funded with 1-year appropriations, corresponding with the federal fiscal year. Only state costs obligated during the period of the federal fiscal year or period of performance identified in the CA appendixes are reimbursable.

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



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The MONG is responsible for ensuring final accounting and extension requests are filed; however, the MONG has not established adequate procedures to monitor and ensure these documents are filed within required timeframes. The MONG does not maintain a complete and accurate listing of each final accounting and extension request completed for all CA appendixes. To test compliance with period of performance requirements, we reviewed 9 of an estimated 34 CA appendixes³³, including 5 randomly-selected and 4 judgmentally-selected CA appendixes, that required final accounting and/or extension requests during the state fiscal year ended June 30, 2023. We identified concerns for 6 of the 9 CA appendixes, or 67 percent.

For these 6 CA appendixes, the MONG did not complete some extension requests as required and/or did not complete some final accounting and/or extension requests within required timeframes. For example, for one CA appendix, after the federal fiscal year ended on September 30, 2022, the MONG did not complete the final accounting until July 14, 2023 (over 6 months after the December 31, 2022 deadline), and did not complete any extension requests. For another CA appendix, the MONG completed extension requests for the period ended May 31, 2022, and for the period beginning August 31, 2022, but did not complete an extension request covering the 3-month period in between. The MONG completed an extension request for another CA appendix, for the period April 1, 2022, through March 31, 2023, on October 4, 2022, approximately 6 months after the extension period began.

To ensure compliance with National Guard regulations, the MONG should establish internal controls over final accounting and extension requests. The failure to timely submit final accounting and extension requests as required could result in ineligible reimbursements, and/or federal agency sanctions or disallowances which would cause the state to use its resources to fund these federal projects. Regulation 2 CFR Section 200.303(a) requires the nonfederal 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 MONG 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.

³³ Because a complete and accurate listing of each final accounting and extension request completed for all CA appendixes was not maintained, alternative procedures were necessary to identify the CA appendixes requiring final accounting and/or extension requests during the audit period.



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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 June 2023 to June 2024 and the following reports relate to federal programs.

Report Number Report Name

2024-035 Statewide Security Awareness Training

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

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Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

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, 2023

Michael L. Parson
Governor

Kenneth J. Zellers
Commissioner



Stacy Neal
Director
Division of Accounting

State of Missouri
Office of Administration
Division of Accounting
Post Office Box 809
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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, 2023, and includes all findings from the audit for the Fiscal Year ended June 30, 2022, and certain findings from the audits for the Fiscal Years ended June 30, 2021, 2020, and 2019.

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
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2022 -001. Medicaid National Correct Coding Initiative

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insure Program
 93.778 COVID-19 - Medical Assistance Program
 93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)
Similar Findings: 2021-004 and 2020-002

The MHD had not fully implemented the Medicaid National Correct Coding Initiative (NCCI) edits in the Medicaid Management Information System (MMIS) as required by Section 6507 of the Affordable Care Act (Section 1903(r) of the Social Security Act¹). Rather than quarterly implementation, the MHD through the MMIS contractor implemented the Procedure-to-Procedure edit files annually; and the MHD did not reprocess claims upon implementation of the edits. In addition, the MHD had not implemented any of the Medically Unlikely Edits files received.

Recommendation:

The DSS through the MHD continue to 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.

Status of Findings:

MO HealthNet has fully implemented the NCCI edits in the Medicaid Management Information System (MMIS) as of July 1, 2022. The NCCI edits are updated quarterly. Claims will be reprocessed if the edits are not implemented timely.

Contact Person: Kim Johnson
Phone Number: 573-751-7988

¹ Title 42 USC 1396b(r)



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2022-002. 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 COVID-19 - Medical Assistance Program
 93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD) and
 Family Support Division (FSD)
Similar Findings: 2021-005, 2020-003, and 2019-005

The DSS did 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 manual system overrides in the Medicaid Eligibility Determination and Enrollment System (MEDES) for some MAGI-based participants, preventing their cases from being closed when necessary.

Recommendation:

The DSS through the MHD and the FSD review and correct cases for participants with manual overrides in the MEDES, ensure redeterminations are completed for these participants as required, and close the cases of any ineligible participants. In addition, the DSS should ensure system controls are functioning as designed for these participants.

Status of Findings:

The DSS did not agree with the finding. Therefore, there was no corrective action necessary. From the 60 participants selected, the State Auditor Office (SAO) did not identify any participants with previously-established overrides and no incorrect payments were cited.

Section 6008 of the Families First Coronavirus Response Act (FFCRA) required states to provide continuous coverage, through the end of the month in which the Public Health Emergency (PHE) period ended, to all Medicaid beneficiaries. This requirement applied to all participants 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 had processes in place to terminate eligibility for individuals who are deceased, voluntarily request closure, or report they have moved out of state when a current change is reported.

The Consolidated Appropriations Act, 2023, signed on December 29, 2022, amended section 6008 of the FFCRA such that the continuous enrollment condition ended on March 31, 2023.

CMS issued the Management Decision Letter to the Department of Social Services (DSS) on September 5, 2023. CMS concurred with the recommendation made by the SAO.

During the PHE, the DSS did not conduct reviews of cases that did not report current changes. In accordance with CMS guidance, effective April 1, 2023, Missouri is unwinding from the PHE by completing annual reviews for all MO HealthNet cases over twelve months, including cases with manual overrides. At the time of the review of each case, the DSS will appropriately end MO HealthNet eligibility for all individuals determined to no longer be eligible. Upon completion of reviews for all individuals, including those with manual overrides, DSS will ensure that system controls are functioning as designed.



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

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



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

2022-003. Medicaid and CHIP Eligibility Determination Timeliness

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
 93.778 COVID-19 - Medical Assistance Program
 93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD) and
 Family Support Division (FSD)

The DSS did not perform eligibility determinations within required timeframes for participants of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP).

Recommendation:

The DSS through the MHD and the FSD ensure participant eligibility is determined within required timeframes.

Status of Finding:

During SFY 2022, DSS experienced significant delays in completing determinations of eligibility at application, resulting in sizable backlogs and applications pending beyond the timeframes permitted in regulation. Due to this, Missouri collaborated with CMS to mitigate the backlog. As of September 30, 2022, DSS completed processing of all overdue applications.

CMS issued the Management Decision Letter to the Department of Social Services on September 5, 2023. CMS concurred with the recommendation made by the SAO.

As of the end of September 2023, DSS has approximately 21,831 pending MO HealthNet applications. Of these 21,831 pending applications, approximately 3,310 have not had an eligibility determination completed within the established timeframes as outlined in 42 CFR 435.912(c)(3) and 42 CFR 457.340(d). However, after analysis, approximately 826 of the 3,310 applications are individuals under the age of 65 that have been approved for MAGI while pending a disability determination. The DSS continues to work on all pending eligibility determinations and is working to meet processing deadlines as outlined in 42 CFR 435.912(c)(3) and 42 CFR 457.340(d).

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



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

2022-004. Department of Social Services Cost Allocation

Federal Agency: Department of Health and Human Services
Federal Program: 93.090 Guardianship Assistance
 93.558 Temporary Assistance for Needy Families
 93.658 Foster Care Title IV-E
 93.659 Adoption Assistance
 93.667 Social Services Block Grant
 93.778 Medical Assistance Program

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

DFAS controls and procedures over the Public Assistance Cost Allocation Plan (PACAP) and the AlloCAP system used to allocate some administrative costs to federal programs were not sufficient to prevent and/or detect errors. For the year ended June 30, 2022, costs totaling approximately \$38.5 million were incorrectly allocated to 6 programs. As a result, approximately \$10.2 million (federal share) was allocated to state funding, that could have been allocated to federal funding for 4 programs.

Recommendation:

The DSS through the DFAS continue to strengthen internal controls and procedures over the PACAP and the AlloCAP system to ensure costs are properly allocated to federal programs.

Status of Finding:

The DSS partially agreed with this finding.

The DSS agreed a calculation error was made; however, it was the result of an isolated error that occurred during design and development of the new cost allocation system. It is for this reason the DSS partially agreed with the finding as the error was an isolated exception and not indicative of the strength of current internal controls.

The DSS previously implemented the SAO's recommendations to further strengthen internal controls and continues to adhere to these processes. As the DSS previously implemented the change to the statistical methodology used for the CD RMTS and revised and resubmitted the impacted federal financial reports, no further corrective action was required and the status remains unchanged.

Contact Person: Sheena Frazer
Phone Number: (573) 751-7302



State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

2022-005 Pandemic Electronic Benefit Transfer Food Benefits

Federal Agency: United States Department of Agriculture
Federal Program: 10.542 COVID-19 - Pandemic Electronic Benefit Transfer Food Benefits (P-EBT)
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: \$1,010

DSS controls over the Pandemic Electronic Benefit Transfer Food Benefits (P-EBT) program were insufficient to prevent improper benefit issuances on behalf of school children. The DSS issued benefits on behalf of one ineligible child and made overpayments on behalf of another child.

Recommendation:

The DSS through the FSD strengthen internal controls to ensure P-EBT program benefit issuances are in accordance with the state plan, and review and correct the overpayments for the children identified in this finding.

Status of Finding:

Recognizing the complexity for families seeking to appropriately access the benefit, the process by which school children are determined eligible and issued P-EBT benefits was modified in the state plan submitted by the State of Missouri to the Food and Nutrition Service (FNS) for the 2021-2022 school year. The P-EBT state plan for the 2021-2022 school year was approved by FNS on June 6, 2022.

Eligibility for P-EBT is now determined at the individual child level based on COVID-related absences and qualification for federal free and reduced lunch benefits. For the 2021-2022 school year, local education authorities (LEA's) submit lists of students determined eligible to the Missouri Department of Elementary and Secondary Education (DESE). DESE then submits the approved eligibility file to DSS with the name of each eligible child and the amount of benefit to be issued on a P-EBT card. DSS then issues the benefit.

At this time, the Food and Nutrition Service (FNS) has not issued a Management Decision Letter regarding this finding or recommendation.

DSS agrees with the finding that the two children identified were erroneously issued P-EBT benefits. DSS has reviewed the overpayments and referred the children identified in this finding to the Missouri Program Integrity Unit (PIU) for claims processing. After review of federal SNAP regulation 7 CFR 273.18, DSS has determined that the funds cannot be recovered because the benefits were issued to the child and there is not an adult on the cases to recover the funds from. Therefore, the claims will be compromised.

Contact Person: Elizabeth Roberts-Smith
Phone Number: 417-455-5146



State of Missouri - Single Audit
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Year Ended June 30, 2023

2022-006 DSS FFATA Reporting

Federal Agency: Department of Health and Human Services
Federal Program: 93.667 Social Services Block Grant (SSBG)
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)
Similar Finding: 2021-008

The DFAS needed to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting. The DFAS did not require supervisors maintain documentation of reviews of information uploaded to the FFATA Subaward Reporting System (FSRS). During state fiscal year 2022, the DFAS did not comply with FFATA reporting requirements for any of the subawards reviewed for the SSBG program.

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. In addition, the DFAS should timely complete FFATA reporting in accordance with the applicable requirements.

Status of Findings:

The DSS partially agreed with this finding.

The DSS did not agree that documentation of supervisory reviews correlates to strong internal controls. The DSS adhered to formalized procedures for FFATA reporting which included managerial oversight. Documented reviews may be preferred but are not required by regulation.

The FFATA does not impose a deadline on federal awarding agencies to report federal award information in FSRS and thus does not impose a deadline on direct recipients to report the subaward of secondary federal awards issued beyond the month following the original obligation date. Therefore, the timeliness of DSS' FFATA reports is dependent on the date the federal awarding agency makes the federal award information available in FSRS. These circumstances allowed for the exceptions identified.

The DSS has incorporated documented reviews into the process and continues to maintain strong internal controls to ensure FFATA reporting compliance based on available guidance.

Contact Person: Sheena Frazer
Phone Number: (573) 751-7302



State of Missouri - Single Audit
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2022-007. Medicaid Facility Survey Timeliness

Federal Agency: Department of Health and Human Services
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
State Agency: Department of Health and Senior Services (DHSS) - Section for Long-Term Care Regulation (SLCR)
Similar Finding: 2021-013

The SLCR did not perform facility survey procedures within required timeframes.

Recommendation:

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

Status of Findings:

Surveys were not conducted during the National Public State of Emergency per instructions from 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. In addition, the number of complaints received has increased from `9,000 to `12,000, with significant increases in Immediate Jeopardy complaints (585 to 1,630) requiring onsite investigation within 24 hours. 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 (SOM). The reasons detailed above, coupled with staffing shortages, particularly in the Registered Nurse job classification (currently an approximate 30% vacancy rate), have contributed to the inability to complete these tasks consistently within the prescribed time frames.

In order to assist with meeting these time frames, SLCR has adopted a more aggressive recruiting approach to registered nurse recruiting. SLCR has also submitted two new budget requests – one to increase the salaries of surveyors to be more competitive with the job market and two, to add an additional 25 Registered Nurse positions. This includes requesting increased funding from both federal and state sources. We have also hired seasoned, retired surveyors to work on a part-time basis. As a short-term solution, DHSS has contracted with three entities to conduct recertification surveys. To date, contractors completed 34 recertification surveys. These contracts will continue through FY24.

These approaches will provide a base upon which DHSS can work towards the goal of rebuilding its survey team as fully staffed and adequately compensated.

Contact Person: Tracy Niekamp

Phone Number: 573-526-0706



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2022-008 **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)
State Agency: Department of Health and Senior Services (DHSS) - Division of Community and Public Health (DCPH)
Similar Finding: 2021-010

The DCPH did not adequately monitor ELC program subrecipient contracts. Due to the delayed implementation of the ELC program monitoring plan, the DCPH did not perform all required financial monitoring reviews during the year ended June 30, 2022.

Recommendation:

The DHSS through the DCPH continue to implement and perform financial monitoring reviews in accordance with the ELC program monitoring plan.

Status of Findings:

DHSS through DCPH continues to perform monitoring reviews in accordance with the ELC program monitoring plan.

Contact Person: Laura Kliethermes

Phone Number: 573.751.5264



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2022-009. DESE FFATA Reporting

Federal Agency: Department of Education
Federal Program: 84.425C COVID-19 - Governor's Emergency Education Relief (GEER) Fund
 84.425D COVID-19 - Emergency Assistance for Non-Public Schools (EANS)
State Agency: Department of Education and Secondary Education (DESE)
Similar Finding: 2021-016

The DESE needed to strengthen internal controls related to Federal Funding Accountability and Transparency Act (FFATA) reporting for the Education Stabilization Fund. The DESE did not require supervisors maintain documentation of reviews of information uploaded to the FFATA Subaward Reporting System (FSRS). During state fiscal year 2022, the DESE did not comply with FFATA reporting requirements for any of the subawards reviewed for the GEER Fund or the EANS program. In addition, the DESE had not made corrections and resubmitted state fiscal year 2021 FFATA reports for the GEER Fund grants.

Recommendation:

The DESE strengthen internal controls related to FFATA reporting by having supervisors maintain documentation of reviews performed of the information reported in the FSRS for the Education Stabilization Fund. In addition, the DESE should complete FFATA reporting for the Education Stabilization Fund programs in accordance with the applicable requirements and continue to work toward resubmitting corrected reports for state fiscal years 2021 and 2022.

Status of Findings:

DESE has strengthened internal controls related to FFATA reporting as recommended by the Missouri State Auditor's Office.

The GEER grant was awarded to the MO Governor's Office. The Governor designated DESE as the fiscal agency for this grant award. DESE first reported DESE and the Department of Higher Education and Workforce Development (DHEWD) as the subrecipients of this grant in FFATA on 5/20/20 since it was initially awarded to the Governor, who then designed the funds to both agencies. After receiving further guidance from the US Department of Education that indicated agencies acting as fiscal agents must report the subgrantees awarded funds by each agency, DESE has diligently worked with the FFATA Subaward Reporting System (FSRS) team for the past year to get the initial incorrect data deleted so new files could be uploaded. As of 7/20/23, the FFATA submission for GEER has been corrected.

The EANS grant was also awarded to the MO Governor's Office. The Governor designated DESE the fiscal agency for this grant award. DESE first reported DESE as the subrecipient of this grant in FFATA on 3/01/21 since it was initially awarded to the Governor. After receiving further guidance from the US Department of Education that indicated agencies acting as fiscal agents must report the subgrantees awarded funds by each agency, DESE has diligently worked with the FFATA Subaward Reporting System (FSRS) team for the past year to get the incorrect data deleted. Per guidance issued on 9/17/21, DESE determined the procurement and assistance provided to nonpublic schools did not meet the subaward definition, and therefore a new submission was not required. However, as of 11/1/23, the FFATA Subaward Reporting System (FSRS) team has not deleted the incorrect data. DESE will continue to work with the team until the data is deleted.

Contact Person: Shelley Woods
Phone Number: 573-751-8292



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FS2022-001. 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 sales and use 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 Annual Comprehensive Financial Report* for the year ended June 30, 2022, were misstated.

Recommendation:

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

Status of Finding:

Corrective actions were taken as stated in the State Auditor's Office Report 2023-22 titled State of Missouri Comprehensive Annual Financial Report on Internal Control, Compliance, and Other Matters Year Ended June 30, 2022.

Contact Person: Amanda Bolin

Phone Number: (573) 751-5236



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FS2022-002. Department of Social Services Financial Reporting Controls - Medicaid Payments

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

The MHD did not have adequate controls and procedures over financial reporting of Medicaid payment data. As a result, Medicaid payment data submitted to the Office of Administration - Division of Accounting (DOA) and used to estimate Medicaid accounts receivable and payable for inclusion in the State of Missouri Annual Comprehensive Financial Report for the year ended June 30, 2022, was misstated.

Recommendation:

The DSS through the MHD and the DFAS strengthen controls and procedures to prepare and submit accurate Medicaid payment reports to the DOA.

Status of Finding:

MO HealthNet and Research and Evaluation staff have worked together to update coding on the reports used in the creation of the Annual Comprehensive Financial Report to include the Medicaid Expansion group. The DSS considers this resolved.

Contact Person: Becky McCarthy
Phone Number: 573-751-6923



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FS2022-003. Department of Social Services Financial Reporting Controls - Medicaid Accounts Receivable

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

The MHD did not have adequate controls and procedures over financial reporting of Medicaid drug rebate accounts receivable. As a result, data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the State of Missouri Annual Comprehensive Financial Report for the year ended June 30, 2022, was misstated.

Recommendation:

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

Status of Finding:

MO HealthNet staff have examined the methodology used in the creation of the Medicaid accounts receivable report and are ensuring forms are completed and reviewed. MO HealthNet and DFAS staff continue to ensure reviews are completed. The DSS considers this resolved.

Contact Person: Becky McCarthy
Phone Number: 573-751-6923



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FS2022-004. Department of Social Services Financial Reporting Controls - Accounts Payable

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

The 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 State of Missouri Annual Comprehensive Financial Report for the year ended June 30, 2022, was misstated.

Recommendation:

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

Status of Finding:

In the DSS' Corrective Action Plan to this finding, DSS stated that the Accounts Payable staff would include the services dates and/or the received dates of goods in the Line Description field of the payment. As of January 2023, this plan has been followed for the Accounts Payable Unit. This procedure change has assisted with the completion of the SFY 2023 ACFR.

Contact Person: Angela Wallace
Phone Number: 573-751-7263



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FS2022-005. Department of Natural Resources Financial Reporting Controls

State Agency: Department of Natural Resources (DNR)

The DNR did not have adequate controls and procedures over financial reporting of loans receivable. As a result, the loans receivable balance submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the State of Missouri Annual Comprehensive Financial Report for the year ended June 30, 2022, was misstated.

Recommendation:

The DNR ensure established and newly implemented controls and procedures over loans receivable financial reporting are operating as designed.

Status of Finding:

Corrective action was taken. We are ensuring duplicate entries are not included in the information compiled from the State Revolving Fund System Reports and that the totals are comparable to the prior fiscal year response before submission of the loans receivable annual comprehensive financial report survey to the Office of Administration.

Contact Person: Janet Laughlin

Phone Number: 573-526-5432



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FS2022-006. Office of Secretary of State Financial Reporting Controls

State Agency: Office of Secretary of State (SOS)

The SOS did not have adequate controls and procedures over financial reporting of accounts receivable. As a result, civil penalty accounts receivable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the State of Missouri Annual Comprehensive Financial Report for the year ended June 30, 2022, was misstated.

Recommendation:

The SOS implement controls and procedures to prepare and submit accurate accounts receivable reports to the DOA.

Status of Finding: The SOS has established a methodology regarding the 616 financial reporting of accounts receivable of outstanding civil penalties.

Contact Person: Trish Vincent, Executive Deputy Secretary of State/Chief of Staff

Phone Number: 573/751-8731



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FS2022-007. Department of Labor and Industrial Relations Financial Reporting Controls

State Agency: Department of Labor and Industrial Relations (DOLIR)

The DOLIR did not have adequate controls and procedures over financial reporting of Unemployment Compensation Fund (UCF) financial activities. As a result, some balances submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the State of Missouri Annual Comprehensive Financial Report for the year ended June 30, 2022 were misstated. In addition, the financial reports were not submitted timely to the DOA.

Recommendation:

The DOLIR strengthen controls and procedures to prepare and submit accurate and timely UCF financial reports to the DOA.

Status of Finding:

DOLIR submitted corrective action plan and has generated financial data queries for monthly and yearly reviews, which allows DOLIR to correct discrepancies sooner in the year. No additional action has been required.

Contact Person: Julie Coon
Phone Number: 573-751-3136



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FS2022-008. Office of Administration Financial Reporting Controls - Fund Balance Classifications

State Agency: Office of Administration - Division of Accounting (DOA)

The DOA did not have adequate controls and procedures over classification of ending fund balances. If a fund balance classification error had not been corrected, the Government Wide - Governmental Activities and General Fund restricted fund balance would have been overstated, and the unassigned fund balance would have been understated, by approximately \$1.4 billion in the State of Missouri Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022.

Recommendation:

The DOA strengthen controls and procedures to ensure proper classification of ending fund balances in the ACFR.

Status of Finding:

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

While the Division of Accounting agrees there was an error in the draft document, the Division of Accounting was not provided the opportunity to complete the managerial review and internal control procedures already in place before the finding was decided based on a draft document.

Contact Person: Libbie Farrell

Phone Number: 573-751-4761



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FS2022-009. Office of Administration SAM II Transaction Approvals

State Agency: Office of Administration (OA)

As noted in the Statewide Accounting System Internal Controls audit,¹ OA management had not fully corrected a weakness in the Statewide Advantage for Missouri (SAM II) Financial system security settings that allowed users to create a transaction and then apply approval to the same transaction without review or additional approval from another party.

Recommendation:

The OA continue to eliminate the risk of users approving transactions they create and establish policies to ensure future users are not granted this ability.

Status of Finding:

Periodic reviews will be performed and OA will continue to provide oversight of user accounts. We are currently implementing MOVERS to replace the existing ERP system, which will reduce if not eliminate conflicts with security access.

Contact Person: Libbie Farrell
Phone Number: 573-751-4761

¹ See Management Advisory Report finding number 1.2 in Report No. 2023-001, *Statewide Accounting System Internal Controls*, issued in February 2023.

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Corrective Action Plans

Year Ended June 30, 2023

The Uniform Guidance requires the auditee to prepare a Corrective Action Plan (CAP) for each finding reported in the Schedule of Findings and Questioned Costs. The CAPs were prepared by the management of the applicable state agencies.



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Michael L. Parson
Governor

Kenneth J. Zellers
Commissioner



Stacy Neal
Director
Division of Accounting

State of Missouri
Office of Administration
Division of Accounting
Post Office Box 809
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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, 2023. Each Corrective Action Plan was prepared by the State agency noted.



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State Agency: Office of Administration

Audit Finding Number: FS2023-001 - Financial Reporting Controls – ACFR Preparation

Name of the contact person responsible for corrective action: Stacy Neal

Anticipated completion date for corrective action: July 2024

Corrective action planned is as follows:

The DOA acknowledges errors occurred during the preparation of the fiscal year 2023 the Annual Comprehensive Financial Report (ACFR). Our ACFR preparation processes are extremely manual and have risk of errors as a result, especially when revisions are submitted. It is expected our new accounting system will reduce the manual processes and increase accuracy. The DOA is also updating ACFR tie out procedures to make them more understandable and usable. This will reduce the time it takes to complete the review of the ACFR as well as allow for more reviews to be performed on each section of the ACFR. We are also investigating opportunities to leverage technology to reduce errors.



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State Agency: Department of Revenue

Audit Finding Number: FS2023-002 Department of Revenue Financial Reporting Controls

Name of the contact person responsible for corrective action: Amanda Bolin

Anticipated completion date for corrective action: April 8, 2024

Corrective action planned is as follows:

The Department of Revenue is aware of the concerns noted in the State Auditor's Office (SAO) finding regarding controls and procedures over the financial reporting of certain governmental and custodial fund financial activities. The Department of Revenue experienced significant turnover in the Administration Division during the fiscal year ended June 30, 2023, and as a result, the two-step review did not ensure our financial reports submitted to the Office of Administration – Division of Accounting (DOA) and SAO were accurate. The Department of Revenue took immediate corrective action by resubmitting the financial reports to the DOA, continuing to use our two-step review process, providing additional cross-training to team members, and maintaining adequate supporting documentation for all financial reports being submitted to the DOA and the SAO. The Department of Revenue will ensure all financial reports are submitted accurately to the DOA and SAO in the future.



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State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2023-003 – DSS Financial Reporting Controls –
Accounts Receivable

Name of the contact person responsible for corrective action: Carla Henry and
Angela Wallace

Anticipated completion date for corrective action: March 1, 2024

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

DSS Response: The department agrees with the SAO's recommendation to
strengthen controls and procedures regarding accounts receivable financial
reporting. It is important to note that there are 26 surveys requested of the
department each year as part of the financial reporting process.

The Corrective Action Plan includes the department's planned action to address
this finding.

Corrective action planned is as follows: DFAS staff are documenting the
Accounts Receivable Financial Reporting processes in order to enhance current
procedures for submitting accurate Accounts Receivable reports to the state's
Division of Accounting (DOA). Additionally, to strengthen controls, DFAS staff
will document the overall process for submitting department financial reports to
the DOA. DFAS staff plan to implement the written procedures during
completion of the State Fiscal Year 2024 financial reports.



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State Agency: Missouri Secretary of State (SOS)

Audit Finding Number: FS2023-004 – SOS Financial Reporting Controls

Name of the contact person responsible for corrective action: Miranda Stephenson

Anticipated completion date for corrective action: August, 2024

Corrective action planned is as follows:

The SOS has established and implemented a process with a methodology to present logical assumptions based on historical information and probability to provide estimated civil penalty uncollectible amounts for financial reporting purposes and for future reporting to DOA and SAO. The SOS will re-evaluate annually and provide timely estimates to OA and the SAO for future ACFR reports.



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State Agency: Office of Administration (OA)

Audit Finding Number: FS2023-005 – OA SAMII Transaction Approvals

Name of the contact person responsible for corrective action: Stacy Neal,
Director

Anticipated completion date for corrective action: February 2024

Corrective action planned is as follows:

As mentioned in the audit finding, "OA has taken steps to limit this risk". Only 1 SAMII Financial User from another agency was noted in the finding, and this individual did not both enter and approve any transactions during the period she had this authority.

Periodic reviews will be performed, and OA will continue to provide oversight of user accounts. We are currently implementing MOVERS to replace the existing ERP system, which will reduce if not eliminate conflicts with security access.



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

Audit Finding Number: 2023-001 - Medicaid National Correct Coding Initiative

Name of the contact person responsible for corrective action: Kim Johnson

Anticipated completion date for corrective action: July 1, 2024

Recommendation: The DSS through the MHD continue to strengthen controls over the NCCI requirements to ensure claims are reprocessed when NCCI edits are not implemented timely, as required.

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

Corrective action planned is as follows: The DSS through the MHD will continue to update the NCCI edits quarterly, within the Centers for Medicare & Medicaid Services (CMS) requirement that the files must be implemented by the beginning of the second month of the calendar quarter. MHD will reprocess January 1, 2023, through February 17, 2023. MHD is not reprocessing claims submitted July 1, 2022, through August 22, 2022, as the system changes were not in place until August 23, 2022. Any claims for this time frame submitted after August 22, 2022, were subject to the updated NCCI edits. Moving forward, claims will be reprocessed when changes are not in the system, as required by CMS.



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

Audit Finding Number: 2023-002 - Medicaid Management Information System Access

Name of the contact person responsible for corrective action: Christopher Boyle

Anticipated completion date for corrective action: March 10, 2024

Recommendation: The DSS through the MHD review user access to the MMIS annually and ensure inappropriate access, including that of terminated users, is removed in a timely manner.

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

Corrective action planned is as follows: MHD will continue to perform the annual review, but to ensure that the annual review is completed timely, monthly calendar meetings have been created. The FY24 annual review is in progress.

In addition to the annual review, instead of relying on supervisors to inform MHD of terminations, MHD staff have updated the off-boarding process to identify additional eMOMED and eMMIS users who no longer require access. MHD staff are comparing the MMIS active user lists with lists of terminated users. When an active user is located on a termination list, a request to disable the MMIS account is submitted.



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State Agency: Department of Social Services (DSS) – MO HealthNet Division (MHD) and Missouri Medicaid Audit and Compliance (MMAC)

Audit Finding Number: 2023-003 - Medicaid and CHIP New Provider Eligibility

Name of the contact person responsible for corrective action: Dale Carr

Anticipated completion date for corrective action: June 30, 2024

Recommendation: The DSS through the MHD and the MMAC review, strengthen, and enforce internal controls to ensure complete new provider enrollment application checklists are prepared and retained documenting that new Medicaid and CHIP provider applications were reviewed and screened as required.

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

Corrective action planned is as follows:

1. The MMAC Provider Enrollment Unit (PEU) will add a new final check box at the bottom of the provider enrollment verification form where the PEU clerk will verify each required step to enroll a new provider was completed.
2. The MMAC PEU will increase the number of quality control reviews of completed provider enrollment verification checklists by supervisors and managers.
3. MMAC PEU will train the staff that are scanning the completed enrollment files into FileNet to look at the verification checklist and make sure it has all required initials and checks. If they determine it does not, it will be returned to the PEU staff member that processed the enrollment.
4. All PEU staff working new enrollments will be retrained on the importance of checking each step on the verification checklist to indicate whether each step was completed or "not applicable".



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

Audit Finding Number: 2023-004 – Medicaid and CHIP Receipt Controls

Name of the contact person responsible for corrective action: Ashley Logan

Anticipated completion date for corrective action: June 30, 2024

Recommendation: The DSS through the MHD review, strengthen, and enforce internal controls over Medicaid and CHIP receipts. The MHD should restrict user access within the MMIS for FORU accounting personnel and adequately segregate asset custody and receipt recording duties from accounts receivable duties, or perform documented supervisory reviews of MMIS entries and changes made by employees whose duties are not segregated. In addition, the MHD should establish procedures to account for all cash control numbers to ensure all receipts are deposited or returned to senders.

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

Corrective action planned is as follows: MHD has implemented a process to document supervisory reviews of the Finance Manual Checks Quarterly report to ensure segregation of duties in HeathTrack/AHS. MHD will continue to perform the audit of clerk ID adhoc reports to review any segregation of duties within the MMIS. To ensure all cash control numbers are accounted for, MHD is implementing a new cash control number sequence, exclusive to manual checks logged within the FORU. This will resolve the issue of cash control numbers occurring out of sequence due to AHS running files in the background at the same time checks are being logged.



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

Audit Finding Number: 2023-005 Medicaid and CHIP MAGI-Based Participant Eligibility Redeterminations

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

Anticipated completion date for corrective action: N/A

Recommendations: The DSS through the MHD and the FSD review and correct cases for participants with manual overrides in the MEDES, ensure redeterminations are completed for these participants as required, and close the cases of any ineligible participants. In addition, the DSS should ensure system controls are functioning as designed for these participants.

DSS Response: The DSS disagrees with this finding. The DSS disagrees there is a significant deficiency in internal controls. As noted in the finding, from the 60 participants selected, the SAO did not identify any participants with previously-established overrides; therefore, no incorrect payments were cited.

Section 6008 of the Families First Coronavirus Response Act (FFCRA) required 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 terminated eligibility, is deceased, or moved out of state. As required by the Centers for Medicaid and Medicare Services (CMS) during the PHE, the DSS had processes in place to terminate eligibility for individuals who were deceased, voluntarily requested closure, or reported they have moved out of state when a current change was reported.

The Consolidated Appropriations Act, 2023, signed on December 29, 2022, amended section 6008 of the FFCRA such that the continuous enrollment condition ended on March 31, 2023.

During the PHE, the DSS did not conduct reviews of cases that did not report current changes.



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The DSS developed a report identifying all individuals with manual overrides and their certification dates to complete annual reviews on them. The DSS is actively working the report and have initiated annual reviews on all individuals that have had MO HealthNet eligibility for at least twelve consecutive months. The DSS anticipates completing the review of all individuals by August 31, 2024, to account for the required 90 day reconsideration period as required in 42 CFR 435.916.



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

Audit Finding Number: 2023-006 Medicaid and CHIP Participant Eligibility Terminations

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

Anticipated completion date for corrective action: June 30, 2024

Recommendations: The DSS through the MHD and the FSD review, strengthen, and enforce internal controls to ensure ineligible participant cases are closed when necessary and resume the DHSS vital records death match in the MEDES.

DSS Response: The DSS partially agrees with this finding.

Although, at this time, a death match with Department of Health and Senior Services (DHSS) vital records is not functional in MEDES, the death match is functional in the Family Assistance Management Information System (FAMIS) eligibility system currently used for SNAP, TANF, and MO HealthNet for Aged, Blind, and Disabled individuals. When the match is received into FAMIS from DHSS, that information is included on the eligibility file submitted to MMIS to ensure that the death date is captured in MMIS to prohibit any payments after the death of the individual. This control ensures that no improper payments are made on a beneficiary's behalf after the date of death. DSS has processes in place to close eligibility when death information is received from family members and providers during the certification period. Additionally, DSS administers an electronic verification match with the federal hub during the annual review process to inquire about death. DSS also intends to resume use of the DHSS vital statistics match in MEDES in the future, but does not have an expected resumption date at this time.

During the audit period, the FSD Call Center had processes in place to accept calls for applications, renewals, change in circumstance, and inquiries. However, contracted staff are unable to authorize any action that results in a case closing and that authorization must be completed by a DSS employee. There were procedures in place to transfer a call that will result in a case closing to a DSS



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employee. However, the participant cited in the finding failed to remain on the line during the transfer process, resulting in DSS staff not receiving the request to voluntarily close the case. Although call center staff noted in the electronic case file the purpose of the call, there are not systematic controls in place to take action or create tasks for DSS employees from the case notes.

The DSS is strengthening internal controls by developing technology to receive changes from participants using technology that will populate the changes reported into MEDES and will create a task for DSS staff to review and authorize the change in the case. Additionally, participants can also report changes, including voluntary case closure on the FSD Portal at <https://mydss.mo.gov/>. Changes reported through the FSD Portal are uploaded and tasks are generated for DSS staff to review and complete the determination.

Corrective action planned is as follows: Technology updates to receive changes from participants will be implemented in June 2024.



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

Audit Finding Number: 2023-007 Medicaid and CHIP Eligibility Determination Timeliness

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

Anticipated completion date for corrective action: July 31, 2024

Recommendations: The DSS through the MHD and the FSD ensure participant eligibility is determined within the required timeframes.

DSS Response: The DSS agrees with this finding. During SFY 2022, DSS experienced significant delays in completing determinations of eligibility at application, resulting in sizable backlogs and applications pending beyond the timeframes permitted in regulation. Due to this, Missouri collaborated with CMS to mitigate the backlog. As of September 30, 2022, DSS had completed processing of all overdue applications. The mitigation plan is located at <https://www.medicaid.gov/medicaid/eligibility/downloads/missouri-mitigation-plan.pdf>.

Since DSS completed the processing of all overdue applications as of September 30, 2022, DSS has continued to receive a substantial increase in applications, both directly from applicants and from the Federal Facilitated Exchange (FFE). Additionally, DSS FSD has encountered staffing shortages, which has contributed to the delay in application processing.

To address the continued increase in applications, DSS is leveraging new and available technologies. These technologies are intended to assist the department and participants with necessary actions such as submitting applications, verifying income and resources, and providing required information.

Corrective action planned is as follows: The DSS will continue to work towards completing applications within the established timeframes outlined in 42 CFR 435.912(c)(3) and 42 CFR 457.340(d).



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

Audit Finding Number: 2023–008 – Department of Social Services Cost Allocation

Name of the contact person responsible for corrective action: Arlene Damron

Anticipated completion date for corrective action: April 2024

Recommendation: The DSS continue to strengthen internal controls and procedures over the PACAP, the AlloCAP system, the RMTS process, and the RMTS allocation to ensure costs are properly allocated to federal programs. In addition, the DSS should revise the PACAP to reflect updates to the RMTS process.

DSS Response: The department partially agrees with the recommendation. DSS does not agree internal controls need to be strengthened for the PACAP and the AlloCAP. This part of the process functioned as intended.

The issues identified by the auditor occurred based upon the way the RMTS universe was defined after revisions were made in the HR data that was being entered into SAM II HR. Staff that were not eligible were selected for the RMTS due to these changes.

Corrective action planned is as follows: The RMTS universe has been corrected to exclude staff that do not fall into the specific criteria of eligible staff. An RMTS response report will be pulled monthly to review the results to make sure invalid responses are removed prior to allocating administrative costs.



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

Audit Finding Number: 2023–009 - Adoption Savings

Name of the 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 and procedures to ensure Annual Adoption Savings Calculation and Accounting Reports are accurately prepared and submitted to ensure compliance with federal adoption savings requirements.

DSS Response: The DSS agrees with this finding. The DSS has experienced staff transitions and actively works to ensure staff familiarity with federal workbook instructions and desk procedures.

Corrective action planned is as follows: The DSS plans to implement the SAO's recommendations to further strengthen internal controls and procedures and will adhere to these processes to ensure the federal report is accurate and compliant.



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State Agency: Office of Administration

Audit Finding Number: 2023-010, SLFRF Program Subrecipient Monitoring

Name of the contact person responsible for corrective action: Stacy Neal

Anticipated completion date for corrective action: September 2024

Recommendation A.: Develop policies and procedures to determine whether recipients of SLFRF program funds are subrecipients or contractors. Work with the state agencies to ensure accurate and documented determinations are prepared for all recipients and modify subrecipient records as needed.

OA partially agrees with the auditor's finding.

Corrective action planned is as follows: OA believes there are opportunities to improve the classification of subrecipient vs. contractor to ensure compliance with federal regulations. We concur that OA, as the responsible party, should modify a department determination of subrecipient when there is a conflict with the regulation. Finally, we agree that clear communication on roles and responsibilities of OA vs. departments related to compliance is essential and can be improved. Given this position, we disagree that OA needs to issue procedures that restate the rules the uniform guidance and SLFRF regulations already state. We will continue to have discussions with agencies and ensure compliance with federal regulations.

Recommendation B.: Develop a subrecipient monitoring program in accordance with the Uniform Guidance, that including performing risk assessments for each subrecipient for the purposes of determining the appropriate subrecipient monitoring procedures; monitoring for compliance with federal requirements and subaward terms and conditions and ensuring subaward performance goals are achieved; and reviewing subrecipient single audit reports. Ensure tasks delegated to state agencies are adequately communicated and establish procedures to ensure those tasks are appropriately completed.

OA agrees with the auditor's finding.



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Corrective action planned is as follows: OA approached the SLFRF money to consider all spending (whether to subrecipients or any other payment) as high risk due to the large dollar amount of one-time funding that is subject to rules that have changed over time. We have continued to treat this unique and highly publicized funding as high risk for fraud and exercise due diligence to mitigate that risk. OA agrees however, that our universal determination related to the SLFRF does not meet the specific uniform guidance rules. OA agrees to provide additional communications to departments to ensure agencies understand their responsibilities for sub-recipient monitoring including sub-recipient specific risk assessments and monitoring. Finally, OA will implement random reviews of the sub-recipient monitoring compliance.



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State Agency: Office of Administration

Audit Finding Number: 2023-011 OA Statewide SEFA

Name of the contact person responsible for corrective action: Stacy Neal

Anticipated completion date for corrective action: September 30, 2024

Corrective action planned is as follows: We agree. DOA completed a materially correct SEFA within historically consistent timeframes including providing the document 3 weeks earlier than last year. However, after recent discussions with SAO, DOA does acknowledge a materially correct draft is needed by October to support an efficient single audit and we will provide the document on that timeframe next audit. DOA further recognizes that there are always opportunities for improved training, reduced turnover, and efficient communications.



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State Agency: Department of Health and Senior Services

Audit Finding Number: 2023-012 CACFP Subrecipient Reimbursements

Name of the contact person responsible for corrective action: Sarah Walker, Bureau Chief

Anticipated completion date for corrective action:

The agency does not agree with the audit findings or believes that corrective action is not required.
Explanation and specific reasons are as follows:

CACFP Subrecipient Reimbursements

DHSS disagrees. The DHSS through BCFNA maintains a strong system of internal controls over meal reimbursements to CACFP facilities/sponsors to ensure costs are allowable and supported. The system is in compliance with Uniform Guidance and USDA program requirements. The system includes subrecipient monitoring based on risk assessments per the substance and spirit of Uniform Guidance, initial and ongoing training and technical assistance opportunities, and reviews of invoices.

Throughout the SAO's finding they repeatedly acknowledge that the BCFNA monitoring process is in compliance with Nutritionist Manual which is based on USDA requirements, but is somehow not in compliance with broader federal requirements. This goes against the accepted hierarchy of federal compliance guidance which says that 2 CFR 200 Uniform Grant Guidance is broader and less specific than the higher ranking requirements set forth by specific federal grant funders and awards. The SAO has not noted any specific noncompliance with federal requirements regarding subrecipient monitoring. The SAO's finding noted the DHSS could enhance or improve its process but not that it is out of compliance with federal requirements for subrecipient monitoring. The SAO is trying to hold DHSS to a higher standard than what is federally required.

The DHSS' strong system of internal controls which is documented in the Nutritionist Manual is in compliance with federal regulations and is used as a best practice by the USDA for other states. The report from the most recent USDA Management Evaluation Report for Fiscal Year 2023 issued November 2023 stated "*The FNS¹ determined that the SA² Monitoring of Sponsors and SA Oversight of Sponsor Monitoring's has adequate management controls in place for administering the CACFP in*

¹ FNS: U.S. Department of Agriculture (USDA) Food and Nutrition Service

² SA: State Agency



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accordance with Federal regulations. The FNS staff reviewed SA practices that included detailed SA review forms, spreadsheets that provided extra oversight, and written procedures detailing the monitoring process. The SA provides online CACFP trainings along with a handbook to institutions that detail policies and procedures governed by the SA. The SA developed an extensive tracking system in addition to a very thorough review tool that contains meal component and pattern calculation. The SA conducts oversight of the review process and tracks each step to confirm completion of any follow up required of institution. The SA CACFP training resources and online modules were reviewed and evaluated to ensure it contained the correct information and up to date policies and procedures. The FNS staff reviewed the SA policies and procedures and interviewed key SA staff regarding procedures for each respective area of this Section. All files reviewed are compliant with Program requirements. The FY 2023 CACFP ME review did not identify any significant reportable issues."

This entitlement program provides reimbursements for nutritious meals and snacks to organizations that serve eligible children and adults. CACFP processes an average of 700 claims per month and provided healthy meals in Missouri to over 31 million children and adults in 2023. The increased claim testing and recoupment suggested by the SAO would create a significant barrier to participation for sponsors/facilities (many of which are small child care centers, day care homes, emergency shelters and adult day care centers) which is prohibited by USDA.

Reviewing supporting documentation with every individual reimbursement claim at the time of submission as suggested in the finding is not feasible given the number of reimbursement claims processed monthly by program staff already functioning at capacity. Neither is it required by Uniform Guidance, the USDA or standard subrecipient monitoring procedures. The BCFNA already requires claims to be paid on a reimbursement basis rather than in advance and performs various reviews of the claims in CNPWeb, so the additional step of requiring supporting documentation with every reimbursement claim at the time of submission is unnecessary and is intended as a specific condition to remedy high risk subrecipients per 2 CFR 200.208. Furthermore, BCFNA offers technical assistance training and reviews in addition to regular monitoring reviews.

In addition to the edit checks within the CNPWeb system which validate such things as capacity limits and licensing, BCFNA staff has, and continues to perform, additional verification such as spot-checks for inconsistencies (i.e. a greater number of enrolled participants as compared to licensed or total capacity or suspicious claim irregularities or patterns). Each claim submitted also requires a certification of truthfulness, accuracy, completeness with potential criminal, civil or administrative penalties in accordance with U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812. As noted by the SAO, the risk based monitoring approach implemented by BCFNA has been effective in identifying significant issues and claim errors in recent years.

The USDA established an acceptable level of risk with respect to the CACFP program and provided approved risk management processes and requirements. DHSS disagrees with the methodology the SAO used in its calculations. Out of the SAO's test sample of 60 monitoring reviews, only 9 of the overclaims were over the \$600 threshold of acceptable risk set by the USDA. 7 CFR 226.8(f): *In conducting management evaluations, reviews, or audits in a fiscal year, the State agency, FNS, or OIG may disregard an overpayment if the overpayment does not exceed \$600. A State agency may establish, through State law, regulation or procedure, an alternate disregard threshold that does not exceed \$600.*



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The SAO left the inflated error percentage in the body of the finding despite repeated requests and only included the lower suggested rates in footnote 4. The SAO also did not explain how their test of monitoring reviews performed by BCFNA, instead of a sample of claims submitted, was representative of CACFP reimbursements that would lead to projecting to the total population.

BCFNA monitors using a risk-based approach as required and in response to known erroneous claims and to proactively address issues. A sample of monitoring reviews is proportionally more likely to include a higher number of claims with discrepancies. For example, fifty five percent of the monitoring reviews completed during fiscal year 2023 were graded as a B or C and were give additional technical assistance and/or monitoring follow up as a result.



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State Agency: Department of Health and Senior Services

Audit Finding Number: 2023-013 CACFP Subrecipient Monitoring

Name of the contact person responsible for corrective action: Sarah Walker, Bureau Chief

Anticipated completion date for corrective action:

The agency does not agree with the audit findings or believes that corrective action is not required. Explanation and specific reasons are as follows:

A- Risk Assessments

DHSS disagrees with this recommendation because the risk assessment process performed by BCFNA is in compliance with the substance and spirit of federal regulations – both of the federal funding agency, USDA, and 2 CFR 200, Uniform Grant Guidance. BCFNA risk assessments consider relevant information and are used to determine the extent and timing of monitoring as set out in the Nutritionist Manual. The BCFNA risk-based monitoring approach already allows for monitoring subrecipients more frequently than required by USDA.

2 CFR 200.332 states pass-through entities are 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 described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems;
and
- (4) The extent and results of Federal awarding agency monitoring (*e.g.*, if the subrecipient also receives Federal awards directly from a Federal awarding agency).

The BCFNA formal risk assessment process takes into consideration the results of current and previous experience with the same subaward (item 1 in the suggested criteria) as well as whether the subrecipient has new personnel or new or substantially changed systems (item 3 in the suggested criteria). These observations are made when performing onsite monitoring by Nutritionists who are familiar with the program, its requirements and its participants, and are



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trained in recognizing significant issues. BCFNA also takes into consideration the results of the subrecipient's prior experience with similar subawards in other programs such as SFSP, NSLP and Child Care Licensing Reviews (item 1 in the suggested criteria), audit results (item 2 in the suggested criteria) as well as the results of Technical Assistance Reviews offered to new subrecipients which could move up the planned monitoring schedule.

B- Subrecipient Monitoring Procedures

DHSS disagrees with this recommendation. The State Auditor's Office (SAO) states in this finding, "While our review found the sample monitoring reviews were performed in accordance with the policies and procedures outlined in the Internal Nutritionist Manual we identified areas where these policies and procedures could be strengthened and improved..." The SAO has not noted any specific noncompliance with federal requirements regarding subrecipient monitoring. The SAO's finding noted the DHSS could enhance or improve its process but not that it is out of compliance with federal requirements for subrecipient monitoring. The SAO is trying to hold DHSS to a higher standard than what is federally required.

Throughout the SAO's finding they repeatedly acknowledge that the BCFNA monitoring process is in compliance with Nutritionist Manual which is based on USDA requirements, but is somehow not in compliance with broader federal requirements. This is incongruent with the accepted hierarchy of federal compliance guidance which says that 2 CFR 200 Uniform Grant Guidance is broader and less specific than the higher-ranking requirements set forth by specific federal grant funders and awards.

In addition, the DHSS has a strong system of internal controls documented in the Nutritionist Manual which is in compliance with federal regulations and is used as a best practice by the USDA for other states. The report from the most recent USDA Management Evaluation Report for Fiscal Year 2023 issued November 2023 stated "*The FNS¹ determined that the SA² Monitoring of Sponsors and SA Oversight of Sponsor Monitoring's has adequate management controls in place for administering the CACFP in accordance with Federal regulations. The FNS staff reviewed SA practices that included detailed SA review forms, spreadsheets that provided extra oversight, and written procedures detailing the monitoring process. The SA provides online CACFP trainings along with a handbook to institutions that detail policies and procedures governed by the SA. The SA developed an extensive tracking system in addition to a very thorough review tool that contains meal component and pattern calculation. The SA conducts oversight of the review process and tracks each step to confirm completion of any follow up required of institution. The SA CACFP training resources and online modules were reviewed and evaluated to ensure it contained the correct information and up to date policies and procedures. The FNS staff reviewed the SA policies and procedures and interviewed key SA staff regarding procedures for each respective area of this Section. All files reviewed are compliant with Program requirements. The FY 2023 CACFP ME review did not identify any significant reportable issues.*"

¹ FNS: U.S. Department of Agriculture (USDA) Food and Nutrition Service

² SA: State Agency



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The DHSS through BCFNA has and will continue to review, strengthen and enforce subrecipient monitoring procedures in accordance with federal program requirements and management evaluation. BCFNA has and continues to exceed what is required by the federal awarding agency by implementing a risk-based monitoring plan that allows for more frequent onsite monitoring than required by the USDA. In addition, even though COVID waivers allowed for monitoring to be suspended during the COVID Public Health Emergency, the BCFNA continued to monitor through the use of desk reviews. BCFNA also returned to onsite monitoring months before it was required by the USDA. Furthermore, BCFNA has recently hired a financial manager to help identify red flags with new and returning sponsors and recently enhanced training and technical assistance opportunities based on issues found during monitoring.

Corrective Action Plans

Due to the size of the CACFP program it is imperative that a risk-based approach be used in performing monitoring and follow up activities. DHSS through BCFNA follows up and ensures that subrecipients take timely and appropriate action on all deficiencies detected through on-site reviews of the subrecipient using a risk-based approach approved by the USDA. Standard practices are in compliance with federal regulations. Physical verification or review of supporting documentation immediately at the time of submission to verify the CAP is not a federal requirement. Follow-up during the next scheduled review is in accordance with USDA regulations and BCFNA policy and procedure.

BCFNA reviews Corrective Action Plans (CAPs) submitted by subrecipients to ensure they are acceptable and correct noted issues. Supporting documentation of CAP implementation may be reviewed by BCFNA's trained Nutritionist performing the monitoring reviews prior to the next monitoring visit if deemed necessary, or during the next onsite monitoring visit. This follow up is timely and appropriate because the scheduling of the next monitoring visit is determined by the USDA-approved risk-based approach. For example, subrecipients that had significantly deficient issues in their monitoring will be reviewed onsite within 90 days to verify whether corrective actions have been taken and if not, move towards termination. The corrective action plans of other subrecipients that were deemed to not be as significant by the Nutritionist, such as using the wrong percent of milk, are verified at the next monitoring review which could range from 1 to 3 years. The criteria used by the SAO do not specify what is timely or appropriate and allows for BCFNA's professional judgement and discretion of what is timely and appropriate.

Claims testing

BCFNA standard practice is test only the selected month(s) claim(s) per USDA requirements, although when warranted, additional reviews are conducted beyond the test month. Actual noncompliance has not been noted in regards to testing. The BCFNA Nutritionist Manual allows for expanded testing if needed and BCFNA does perform expanded testing if deemed necessary. However, the USDA risk-based monitoring approach implemented by BCFNA sets prompt follow-up standards for significant deficiencies to determine if addressed, and if not, move on to termination.



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Overclaim recoupment

BCFNA standard practice is to pursue recoupment of overclaims of only the test month per USDA requirements, although when warranted, additional reviews are conducted beyond the test month. In addition, BCFNA officials pursue recoupment of overclaims for facilities/sponsors with terminated contracts on a case-by-case basis, taking into consideration various factors.

BCFNA strives to maintain an appropriate balance between adequate monitoring and not creating barriers to program participation per USDA and the Paperwork Reduction Act. Starting the termination process is more effective than performing additional testing and pursuing historically unsuccessful recoupment of overclaims.

CACFP is an important program that provides healthy meals to children and adults. The CACFP plays a vital role in improving the quality of day care and making it more affordable for many low-income families. This entitlement program provides reimbursements for nutritious meals and snacks to organizations that serve eligible children and adults who are enrolled for care at participating child care centers, day care homes, emergency shelters and adult day care centers. CACFP processes an average of 700 claims per month and provided healthy meals in Missouri to over 31 million children and adults in 2023. USDA prohibits creating barriers to program participation and provision of services. The steps over and above the USDA requirements suggested by the SAO would place significant barriers to participation in the CACFP program and in turn cause harm to needy children and adults.

The USDA established an acceptable level of risk with respect to the CACFP program and provided approved risk management processes and requirements. DHSS disagrees with the methodology the SAO used in its calculations. Out of the SAO's test sample of 60 monitoring reviews, only 9 of the overclaims were over the \$600 threshold of acceptable risk set by the USDA. 7 CFR 226.8(f): *In conducting management evaluations, reviews, or audits in a fiscal year, the State agency, FNS, or OIG may disregard an overpayment if the overpayment does not exceed \$600. A State agency may establish, through State law, regulation or procedure, an alternate disregard threshold that does not exceed \$600.* The SAO left the inflated error percentage in the body of the finding despite repeated requests and only included the lower suggested rates in footnote 4. The SAO also did not explain how their test of monitoring reviews performed by BCFNA, instead of a sample of claims submitted, was representative of CACFP reimbursements that would lend to projecting to the total population. BCFNA monitors using a risk-based approach as required in response to known erroneous claims and to proactively address issues. A sample of monitoring reviews is proportionally more likely to include a higher number of claims with discrepancies.



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

Audit Finding Number: 2023-014 Medicaid SPPC Participant Choice Agreements

Name of the contact person responsible for corrective action:
Kim Toebben, Deputy Division Director, Division of Senior and Disability Services (DSDS)

Anticipated completion date for corrective action: March 2025

Corrective action planned is as follows:

The Division of Senior and Disability Services will implement the following actions to ensure a signed Participant Choice Agreement is completed and retained for all participants of the State Plan Personal Care program:

- DSDS is developing additional training for staff completing the Participant Choice Statement. Staff historically received formal training regarding the use of the Participant Choice Statement at new employee training. Now form completion will be a component of both ongoing in-service trainings offered throughout the year to experienced staff and a component of a new training track designed specifically for those who have been employed 6-9 months. The goals of these new trainings will be to reiterate the importance of form completion at each assessment.
- DSDS will include education on form completion at the twice annual provider update meeting that is required for all providers to attend.
- DSDS continues to work closely with the current Case Management System vendor, Conduent. In the fall of 2023, enhancements were completed to the system to address issues related to attaching documents.
- DSDS is actively developing a new Case Management System to replace the legacy system. The system is anticipated to go live in early 2025. This system will provide additional checks and balances to ensure forms are uploaded for each case completed.



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Regarding the recommendation to identify and replace all missing Participant Choice Agreements with newly completed agreements: While manually checking participant records creates an extreme administrative burden on staff already at full workload capacity, the DSDS Special Projects Team will begin working to identify and remediate missing documents. Remediation will also occur at regularly scheduled reassessments.



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

Audit Finding Number: 2023-015 Medicaid Facility Survey Timeliness

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

Anticipated completion date for corrective action: December 31, 2024

Corrective action planned is as follows:

Missouri Department of Health and Senior Services (DHSS) through the Section for Long-term Care Regulation (SLCR) will continue its efforts to conduct survey procedures within required timeframes.

Since 2019, there has been a substantial increase in the number and severity of complaints, as well as the severity of violations in long term care facilities. Complaints have increased overall by thirty-six percent (36%) from 9,011 complaints in FY2019 to 12,236 complaints in FY2023. The largest increase has been in severe complaints, including a 125% increase in immediate jeopardy complaints (which require an onsite investigation within 24 hours) and a twenty-five percent (25%) increase in non-immediate jeopardy high priority complaints (which require onsite investigation within 10 working days). Surveyors often must be reassigned to investigate these serious complaints, which results in delays in conducting revisits and sending statements of deficiencies.

In addition to frequency and severity of complaints, DHSS has seen an increase in the number of citations issued per recertification survey and per complaint investigation. Since 2019, the average number of health citations issued to a facility during a recertification survey has increased by 25% and the number of citations issued from stand-alone complaint findings has increased 100% during the same timeframe. The number of citations issued at an immediate jeopardy level scope and severity have increased from 2021 to 2023 by almost 38%.

These increases require additional time devoted to investigating often complex violations and additional time spent performing write up activities, including the



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creation of the Statement of Deficiency, plan of correction reviews, onsite and offsite revisit activities and communication with complainants and facilities. Workload increases often require team members to begin investigating new complaints prior to the write up activities or revisits from earlier surveys. Additionally, subsequent complaint investigations often cause revisits to be delayed due to open enforcement cases and substantial compliance date conflicts.

DHSS continues to experience staffing shortages, particularly in the Registered Nurse job classification, which impacts the ability to complete work consistently within the prescribed time frames. Each recertification survey requires at least one team member to be a Registered Nurse and due to the nature of many complaints, a Registered Nurse must also complete these investigations. There has been no meaningful increase in the federal budget since 2015, which further impacts the ability to hire and retain Registered Nurses. In addition, there is an ongoing shortage in the labor market for these professionals. The shortage has driven salaries well beyond the DHSS surveyor salary structure. DHSS has experienced turnover among surveyors leaving for other opportunities offering a much higher salary. DHSS invests at least one calendar year into training new surveyors to meet Centers for Medicare and Medicaid Services (CMS) requirements for surveyor qualifications. In 2015, the number of Registered Nurse vacancies in the Section for Long-Term Care averaged 14 positions. In 2023, the average was 27 positions. Candidates routinely will not apply for positions or show up for interviews because of the salary gap.

In order to attempt to meet these time frames, DHSS has and will continue to request additional funding from both federal and state sources to increase across the board salaries for Registered Nurse and other survey staff.

DHSS has also hired retired federally-qualified surveyors part-time to help with survey and complaint backlogs. DHSS continually works to identify inefficiencies and implement measures to address them, such as bundling complaint investigations with other regulatory processes.

As a short-term, time-limited solution possible through one-time additional funding from the CMS and the Centers for Disease Control and Prevention (CDC) Epidemiology and Laboratory Capacity Enhancing Detection Expansion grant (ELC EDEX), DHSS has contracted with three third-party contractors to complete recertification surveys.



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

Audit Finding Number: 2023-016 Child Care Payments

Name of the contact person responsible for corrective action: Shelley Woods

Anticipated completion date for corrective action: 12/31/2024

Corrective action planned is as follows:

DESE agrees with the auditor's finding. It has been challenging to have adequate internal controls over the child care program with two separate state agencies trying to administer different aspects of the program. The Department of Social Services (DSS) has been implementing eligibility and authorizations for families, while DESE has been administering rates, rules, licensure, and provider agreements. Effective July 1, 2024, eligibility and authorizations for families transfers under DESE's authority to ensure all facets of program implementation are within one state agency for better internal controls.

In addition, DESE transitioned to a new Child Care Data System (CCDS) for provider payments in the beginning of January 2024. Access, interfaces, and updates within the older systems has created multiple barriers and payments issues for the program. This single system, CCDS, allows parents to have a streamlined process for eligibility determinations, report changes in address or income, find or change providers, while also giving providers one place to apply for a contract, view authorizations, update contact information, view payment remittances, and make payment adjustments. By December 31, 2024, the CCDS will have combined all functions of FAMIS, FACES, and CCBIS attendance system into CCDS. DESE users can easily and efficiently make family and rate changes as necessary and view all information in the system, which will also strengthen internal controls.

DESE also continues to revise and clarify internal procedures to ensure consistent and accurate eligibility determinations and claims processing.

CCDF regulations specifically state pursuant to 45 CFR 98.21(a)(1) that because a child meeting eligibility requirements at the most recent eligibility determination



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or redetermination is considered eligible between redeterminations, any payment for such a child shall not be considered an error or improper payment due to a change in the family's circumstances. Based on this regulation, DESE will work with the Administration for Children and Families to repay any claims considered questioned costs.



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

Audit Finding Number: 2023-017 DESE FFATA Reporting

Name of the contact person responsible for corrective action: Shelley Woods

Anticipated completion date for corrective action: July 1, 2024

Corrective action planned is as follows:

DESE expended over \$2.5 billion in federal funds in FY23, of which approximately \$1.8 billion was applicable to FFATA reporting. While this CCDF grant finding constitutes less than 1% of an error rate in FFATA reporting, DESE agrees with the auditor's conclusion and will strengthen internal controls surrounding FFATA reporting. The grant has been reported in FSRs as of November 2023 to meet FFATA requirements. While procedures were updated in FY24 to strengthen internal controls based on previous findings, DESE has made further revisions to the procedure and grant tracking forms to ensure FFATA compliance.



State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2023

**State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2023**

State Agency: Missouri National Guard (MONG)

Audit Finding Number: 2023-018 – MONG Cooperative Agreement Extensions and Final Accounting

Name of the contact person responsible for corrective action: Lindsey Hedges

Anticipated completion date for corrective action: October 2024

Recommendation: The MONG 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.

Corrective action planned is as follows:

Missouri National Guard will implement internal controls and procedures for ensuring final accounting and extension requests are filed timely through regular monitoring of Cooperative Agreement (CA) appendices to identify upcoming lapses in completion of final accounting of all funding and disbursements or for extension request.