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Missouri State Auditor

CITIZENS SUMMARY

Findings in the Fiscal Year 2014 Statewide Single Audit

Recusal	To avoid any appearance of a conflict of interest, the State Auditor recused himself from participation in this audit and directed the Deputy State Auditor to oversee the procedures performed by the State Auditor's professional audit staff.
Single Audit Background	<p>The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Act requires an audit of the state's financial statements and its use of federal awards.</p> <p>Single Audit guidelines require audit work be conducted on "major" programs and utilize a risk-based approach to determine which specific programs are major. Using this methodology, for the fiscal year ended June 30, 2014 (FY2014), our Single Audit involved audit work on 14 major programs at 7 state departments, encompassing \$6.93 billion (60 percent) of the total federal awards spent. The audit contains 14 findings with 18 recommendations. Several of these findings are summarized below.</p>
2014 Federal Awards	The state spent approximately \$11.49 billion in federal awards through 313 different federal programs during FY2014. Although 19 state departments and other state offices expended federal awards, 4 state departments expended the bulk of the federal awards (91 percent).
Medicaid Cost Recovery DSS	The Department of Social Services (DSS) - MO HealthNet Division (MHD) failed to timely take appropriate actions to recover funds from estates of thousands of deceased participants of the Medicaid program. As a result, the DSS-MHD likely forfeited the opportunity to possibly recover millions of dollars in medical expenses paid from state and federal funds.
Child Care Eligibility, Payments, and Provider Eligibility DSS	As noted in our four prior audit reports, significant weaknesses still exist in the DSS controls over the Child Care Development Fund eligibility and provider payments. The DSS could not locate all or part of the eligibility files for 13 percent of cases reviewed, eligibility documentation was not sufficient to support a valid need for childcare for 18 percent of cases reviewed, and 36 percent of payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. For 6 percent of cases reviewed, case file documentation did not support the authorizations for payments. In addition, 4 of 8 providers reviewed were paid for improperly claimed absences after holiday allowances were exhausted. The DSS also lacks adequate controls and procedures to ensure license-exempt child care providers comply with state law. State law does not require child care providers to be licensed if they care for four or less children to whom they are not related. We reviewed 7 license-exempt providers, each caring for between 5 and 15 children, and found that for 43 percent of the providers, the DSS incorrectly classified, or could not substantiate, the relationship between the providers and the related children.

<p>Eligibility and TANF Assistance Payments, Work Participation, and Sanctions DSS</p>	<p>As noted in our three prior audit reports, the DSS-Family Support Division (DSS-FSD) paid Temporary Assistance for Needy Families (TANF) benefits to some recipients who may not have been eligible or were ineligible for the full amount of TANF payments received. We noted concerns for 37 percent of recipients reviewed. In addition, for 40 percent of TANF cases flagged for non-cooperation we tested, either the Child Support Enforcement Unit did not promptly notify the DSS-FSD of the non-cooperation, or the DSS-FSD did not act to sanction the recipient upon notification. Also, as noted in the four prior audits, the DSS-FSD was not in compliance with certain work activity reporting requirements contained in the Work Verification Plan. For 48 percent of recipients tested, the work participation hours were not documented, not verified, and/or not reported correctly. The DSS-FSD still lacks adequate procedures to ensure Missouri Work Assistance contractors notified the DSS-FSD when TANF recipients failed to meet work participation requirements, and 3 percent of recipients tested were not properly sanctioned for noncompliance.</p>
<p>Payment Coding DSS</p>	<p>Coding errors by the DSS-Division of Finance and Administrative Services and Children’s Division (CD) went undetected, causing approximately \$1.5 million in federal expenditures to be incorrectly allocated to either the Adoption Assistance program or the Foster Care program.</p>
<p>Adoption Assistance Eligibility and Assistance Payments DSS</p>	<p>As noted in two previous audits of the Adoption Assistance program, the DSS-CD made payments on behalf of ineligible children, did not retain sufficient documentation to support some eligibility decisions made, and appears to have backdated some subsidy agreements. For 3 percent of cases tested, the adoption subsidy agreement was not signed and in effect before or at the date of adoption and for 2 percent of cases tested, the adoption subsidy agreement was not located in the case file. For some additional cases, it appears the subsidy agreements were not signed and in effect prior to or at the date of the adoption decree because the CD Director's signature date was apparently backdated.</p>
<p>Medicaid Home and Community Based Services Eligibility Redeterminations DHSS</p>	<p>As noted in the four prior audits, the Department of Health and Senior Services (DHSS)-Division of Senior Disability Services (DSDS) does not ensure annual reassessments are performed, as required, to determine continued need of services of Home and Community Based Services recipients. The DHSS-DSDS did not perform annual reassessments for 17 percent of the cases reviewed which required a reassessment.</p>
<p>Medicaid Participant Eligibility and Report Reviews DSS</p>	<p>The DSS-MHD did not ensure monthly supervisory reviews of eligibility determinations were completed as required to ensure compliance with participant enrollment requirements of aged, blind, and disabled individuals, and timely eligibility determinations were not always made. In addition, the DSS-MHD does not have effective controls for reviewing some reports to ensure compliance with enrollment requirements of the Medicare Buy-In program. The DSS-MHD failed to add or delete some participants in the Buy-In program when required.</p>

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